

The People's Pension Scheme

Annual Report and Financial Statements
for the year ended 31 March 2025

Pension scheme registry number: 12005993



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Chair's Review

Introduction to the Year & Review for the year ended 31 March 2025

Mark Condron
Chair
The People's Pension Trustee Limited
19 September 2025



Chair's Review

Welcome to the Annual Report and Financial Statements for The People's Pension Scheme ('the Scheme') covering the year to 31 March 2025, issued by The People's Pension Trustee Limited ('the Trustee', 'Trustee Board').

It's all about our members

The People's Pension Scheme continued to go from strength to strength during the year. Member numbers reached 6.9m, up from 6.6m at the end of the previous year, while our assets under management exceeded £30bn for the first time, finishing the year at £31.3bn. This was an increase of £4.9bn or 19%, reinforcing our position as the UK's largest commercial workplace pension scheme and one of the country's fastest-growing asset owners. The number of employer accounts rose from 107,000 to 109,000 and contributions grew from £4.0bn to £4.3bn. Our investment performance was also positive, with our largest fund – the Global Investment (up to 85% shares) Fund – returning 5.8% after fees.

While the Scheme's growth is pleasing in itself, as it shows we're offering an attractive workplace pension to our members and their employers, it also has real-world benefits for our members. Larger funds can be more efficient, offer better service and have a wider reach of investment opportunities than smaller funds, which ultimately should mean increased value for members.

As a Trustee Board, our work on behalf of our members is ably supported by People's Partnership, which is the Scheme's Administrator. We have a strong relationship and a shared ambition to provide excellent value for members. People's Partnership stands out in our industry, as it doesn't have shareholders. This means it can reinvest all its profits in its business, to further improve the service it provides, as well as offering a savings reward on its management fees, with members rewarded for investing more. Since it introduced the savings reward (also known as the rebate), People's Partnership has returned £77.6m to members to date and £31.6m in the last year alone. Subsequent to the Scheme year end, total cumulative rebates exceeded £100m, which is a significant milestone for the Scheme and demonstrates our core value of putting members at the heart of everything we do.

Although we work closely together, the Trustee Board is entirely independent of People's Partnership. This is particularly important because we're accountable to our members. We're always ready to challenge the Administrator and make sure any new proposal helps members as much as possible.

One area the Trustee Board has considered carefully in the last 12 months is the value the Scheme offers to members. While the industry has historically focused on the level of charges, we're clear that value is about much more than low costs. It includes providing high-quality investments, charges that are fair and transparent, and excellent customer service supported by tools and technology to help members manage their money. You can find our Value for Members assessment on [page 20](#) of this report.

During the year, People's Partnership reinvested nearly £14m of its profits in improving products and services for our members. This included introducing personalised videos, to explain key

aspects of their pension such as the size of their pot and the amount contributed in the year. It also added to the range of financial wellbeing services our members can access, through a new partnership with Nudge.

Another important new tool is the pension consolidation calculator. This helps pension savers understand the long-term impact of different charges when they're considering transferring their pensions. We've seen an increase in transfer activity this year and we encourage any member thinking of transferring to take their time and make sure it's the right decision. Our transfer guidance team can support people through the process.

We know just how important it is to have clear information and appropriate support when members need it, so we're pleased that People's Partnership has continued to improve the way our members interact with our transfer process. The member app launched in May 2024 and has seen strong take-up, with 312,000 downloads to date, and the Administrator has also invested in its contact centre, with members providing great feedback on the quality of its phone and webchat support.

Responsible investment to drive better returns

In last year's report, I discussed the significance of our new Responsible Investment Policy. We approved the policy in March 2024 and took important steps to implement it during the year to 31 March 2025. Our objective is for responsible investment to lead to better financial returns for our members through its portfolio construction and stewardship approaches, and help to ensure our members have a healthy and prosperous world in which to retire by encouraging companies to behave in a more sustainable way for the benefit of society and the world. With this in mind, we appointed Amundi and Invesco to run £28bn of our assets. Both managers bring exceptional expertise and share our commitment to responsible investment, reflecting our responsibility to deliver strong and sustainable investment returns. We awarded a £20bn mandate to Amundi for passive developed-market equities, while Invesco has taken on more than £8bn in fixed income investments.

The Investment Team at People's Partnership has provided us with fantastic support and the team's rapid growth over the last two years is another demonstration of People's Partnership reinvesting in its business to support our members. We were delighted that the team's breadth and depth of capability has reached the point where we could appoint it to provide in-house investment advisory services to us. As a Trustee Board, we went through a very careful process to examine all aspects of the team's investment capabilities, to ensure our final decision was in members' best interests.

In January 2025 The People's Pension Scheme appointed People's Investments Limited ('PIL') as the primary investment adviser to the Trustee of the Scheme. This comes after PIL received authorisation from the Financial Conduct Authority ('FCA'). PIL replaced Barnett Waddingham. PIL are a dedicated, in-house team producing investment advice and overseeing the assets, built and developed specifically with the needs of the Trustee and members of The People's Pension Scheme in mind. PIL will continue to utilise the expertise of investment consultants where appropriate, using consulting firms on a project basis with a panel of potential providers. Having PIL advise the Trustee directly will enable the Trustee to find and implement new ideas more efficiently and quickly, leaving additional value in the hands of our members. It will enable us to develop the shared bond between executive and trustee board essential to the long-term success of asset owners.

Continuing to strengthen the Trustee Board

Every meeting of the Trustee Board considers the matters we're responsible for, such as customer service, investment performance, Scheme management, risk and emerging legislation. We also cover new developments, whether that's initiatives to help members such as video statements or external matters such as the Government's Pensions Dashboard initiative.

It's very important that the Trustee Board has the right mix of skills and experience, so we've continued to recruit new Trustee Directors with the capabilities we need. Dr Sheila Doyle joined us on 1 April 2024, having spent more than three decades at executive and board level in major companies. She's brought considerable experience of cyber and digital transformation, which are critical skills for us to have. On 1 April 2025, Vicky Paramour joined the Trustee Board. With more than 25 years in the pensions industry and over a decade as a professional trustee, she'll give us an invaluable new perspective on our governance.

Leading the way in a fast-changing industry

Since the end of the financial year, we've announced that we're one of the 17 pension fund signatories to the Mansion House Accord, a landmark industry-led initiative. The Accord commits signatories to investing in UK private markets and follows our announcement earlier in the year that we'll be allocating a substantial proportion of our assets to these markets, with a target of 10% by 2030. Our continued growth in members' assets and the Investment Team's specialist capability means we're well positioned to broaden our reach into these asset classes. As with all our decisions, we believe this will provide excellent value to our members.

Looking ahead

As always, over the coming year we'll be firmly focused on the issues that matter most to our members, from investment performance to customer service. We'll also work closely with People's Partnership to deliver the necessary changes as both the Scheme and the industry continue to evolve. The Scheme helps members to save for retirement but as pension pots get larger, it's increasingly important that we have the products and services members need to manage their money at the point of retirement and over the years that follow. Our continued growth in member numbers means further investment in digitally enabled products and services, so we continue to deliver the service quality they deserve. We also continually discuss how we can make things simpler for our members, to help them understand and manage their pension savings.

Thank you

I'd like to thank everyone at People's Partnership and my fellow Trustee Directors for their significant contribution to the Scheme's progress in the last 12 months. I also thank every one of our members and their employers, for continuing to place their trust in us. We look forward to delivering even greater value for you in the years ahead.

Scheme Information

for the year ended 31 March 2025



At a glance

1.8m
active members – and just under 7.0m members in total

The People's Pension Scheme now has just under 7.0m members (2024: 6.6m) – 26% (2024: 29%) of whom are actively contributing to their pension pots.

£31.6bn
net assets

The Scheme has overall net assets of £31.6bn (2024: £26.6bn). Members have total Assets Under Management (AUM) of £31.3bn in The People's Pension Scheme (2024: £26.4bn).

£536m
benefits drawn

During the year, a total of £536m (2024: £407m) was paid out to members in benefits.

Ratings

The Scheme retained its 5 Star Rating for 'Workplace Pension' from the independent financial research company Defaqto.

109,000
employer accounts

We now have more than 109,000 (2024: 107,000) employer accounts.

£4.3bn
in contributions

During the year, we received £4.3bn (2024: £4.0bn) of contributions to the Scheme.

£1.6bn
return on investments

The Scheme's default investment strategy grew by £1.6bn (2024: £2.7bn).

Membership

The change in membership during the year is as follows:	
	Members
At the start of the year	6,644,465
New members joining	576,995
Members opting out with refund	(60,766)
Cancellation of duplicate accounts	(34,640)
Net members before leavers	7,126,054
Members retired	(67,722)
Members transferred out	(89,580)
Members deceased / terminal illness	(5,636)
At the end of the year	6,963,116
Active members	1,839,173
Deferred members	5,123,943
At the end of the year	6,963,116

Where an active member has an employer, both the employer and member pay contributions for that member at a rate in line with the employer's participation agreement. A payment schedule for each employer's section of the Scheme shows the due date for the employer's contributions in line with the participation agreement. The employer makes their contributions by submitting a contributions schedule to the Administrator. If the Scheme doesn't receive a contributions schedule or payment by the due date, the Trustee must consider reporting the breach to The Pensions Regulator. Members can make extra voluntary contributions to the Scheme and can also transfer and consolidate other pension arrangements into the Scheme.

Members' benefits

Members can access money held in the Scheme in the following ways:

Retirement

Currently, members aged 55* or over can generally choose from these options (subject to HM Revenue & Customs regulations):

- ✓ Keep their money where it is. Members who don't need to access their pension pot yet can leave it invested.

- ✓ Take it all in one go. Up to 25% is usually tax-free and the remainder will be taxed at the member's marginal rate.
- ✓ Members with less than £10,000 in their pension pot may be able to take a small lump sum payment. They need to take the entire pot at once and must have stopped paying in to the Scheme. Up to 25% of the small lump sum payment is tax-free with the rest taxed at the member's basic rate. Not all members with smaller pots will be eligible to receive this type of payment as there are additional HM Revenue & Customs rules to qualify. Eligibility will be advised to members at retirement.
- ✓ If they have over £10,000 in their pension pot, members can choose to take it flexibly, in one of two ways. The first is 'uncrystallised funds pension lump sums' ('UFPLS'). Here, the member can take some or all their pot as a lump sum. Up to 25% of each lump sum the member takes is tax-free, with the rest taxed at the member's marginal rate. The second way is 'flexi-access drawdown', where the member can choose to take all, or some of their pot, but not all of it is paid out to them straight away. Up to 25% of the amount they withdraw is tax-free, with the rest moved to a 'flexi-access drawdown' account within the Scheme. The money in the flexi-access drawdown account stays invested and the member can then withdraw money from this account as 'income' in the form of lump sums, which are taxable at the member's marginal rate.
- ✓ Buy a guaranteed income on the open market (an annuity). Up to 25% of the pension pot can be paid out as tax-free cash while the remainder is used to purchase an annuity with an insurer to provide a guaranteed level of income, usually for life. (People's Partnership does not offer annuity products.)

*Some benefits may be available earlier than age 55 when retiring on ill-health grounds. The normal minimum pension age will rise to 57 from April 2028 and will apply to members who joined the Scheme (without age protected benefits) on or after 4th November 2021.

Transfer

The Scheme can pay transfers out to other HM Revenue & Customs ('HMRC') UK registered schemes or qualifying recognised overseas pension schemes that are able to accept a transfer in and where appropriate transfer conditions are met.



Members’ benefits (continued)

Death

The Trustee will pay the member’s pension pot to one or more people or organisations if a member dies before taking their money out of the Scheme. The Trustee can pay the pension pot to people (or bodies including charities) including relatives, dependants and member-nominated beneficiaries.

The decision on who receives the pension pot is at the Trustee’s discretion, but members are encouraged to nominate beneficiaries for consideration.

Registered office

The People’s Pension Trustee Limited
Manor Royal, Crawley, West Sussex
England, RH10 9QP

Scheme Administrator

People’s Administration Services Limited

Advisers

Banker:	HSBC Bank plc
Independent Auditor:	KPMG LLP
Investment Managers:	State Street Global Advisors Limited HSBC Global Asset Management Invesco Asset Management Limited (from 18 March 2025) Amundi (UK) Ltd (from 31 March 2025)
Investment Adviser:	Barnett Waddingham LLP (until 31 December 2024) People’s Investment Limited (From 1 January 2025)
Investment Administration Provider:	The Northern Trust Company
Global Custodian:	The Northern Trust Company
Legal adviser:	Eversheds Sutherland (International) LLP

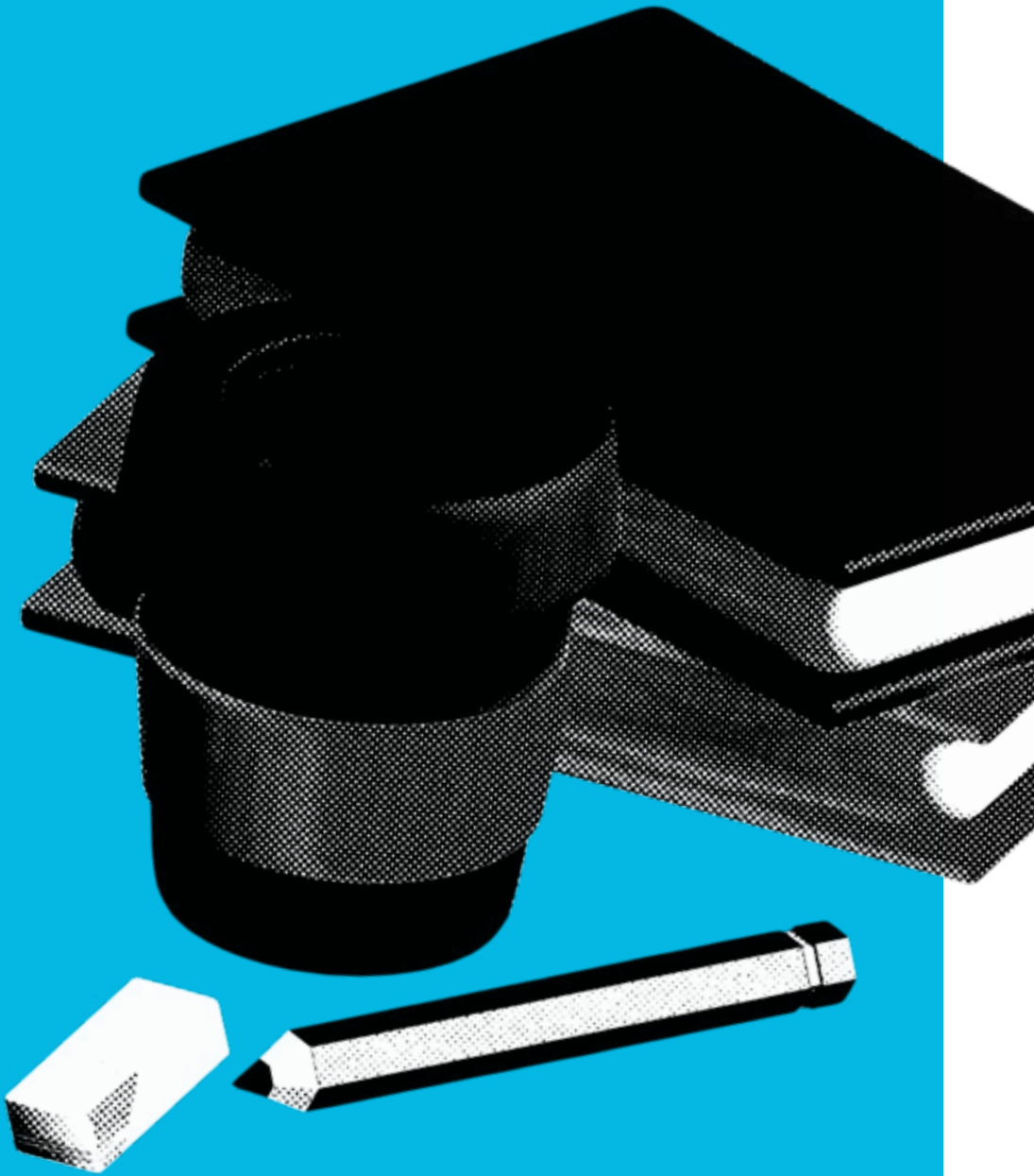
Contact us

Online:	Homepage: www.thepeoplespension.co.uk Online help: thepeoplespension.co.uk/contact-us/member
Phone:	Employers and advisers: 01293 586 666 Members: 0300 2000 555
Email:	info@peoplespartnership.co.uk
Post:	The People’s Pension Trustee Limited Manor Royal Crawley West Sussex England RH10 9QP



Trustee's Report

for the year ended 31 March 2025



The Trustee of the Scheme presents its Annual Report for the year ended 31 March 2025.

Scheme constitution and management

The Scheme was established in 2012 by the first Founder, People's Partnership Holdings Limited ('PPHL') (formerly B&CE Holdings Limited, otherwise known as B&CE), as an occupational defined contribution master trust to provide retirement benefits. PPHL was later replaced in its role as Founder by People's Partnership Limited ('PPL', formerly People's Financial Services Limited). The Scheme is administered and managed according to The People's Pension Scheme Rules, which are the governing documents.

The Trustee is responsible for implementing the strategy and overseeing the operation of the Scheme. The Trustee's objective is to maintain a standard of governance that befits a scheme of this scale, and which meets the standards envisaged by The Pensions Regulator's General Code of Practice relating to the governance and administration of money purchase benefits, as well as the Code for the authorisation and supervision of master trusts, and the Regulator's Master Trust Supervisory regime. The Trustee also follows The Institute of Chartered Accountants in England and Wales ('ICAEW')'s assurance framework for master trusts.

During the year, the Trustee had seven Directors, listed on [page 24](#). The Directors of the Trustee are appointed by, and can be removed by, PPL as the Scheme Founder. The Trustee Directors are paid a salary and reimbursed by PPL for expenses incurred in performing their duties.

The Investment Committee consists of three Trustee Directors, who oversee the Scheme's investments in line with the Trustee's agreed strategies and the Scheme's Statement of Investment Principles ('SIP'). The Committee reports on investment performance to the Trustee and makes recommendations on investment strategy and implementation to the Trustee.

The Risk, Administration and Communications Committee ('RACC'), comprising three trustee Directors, is responsible for risk assessment, overseeing administration services and the effectiveness and accuracy of Scheme communications. It's also responsible for the annual Scheme audit, the risk register and the Annual Report and Financial Statements.

People's Partnership operates the Scheme day-to-day, including communicating with members and processing contributions and allocations to members' pension funds (or the default fund if they haven't made a choice) on behalf of the Trustee.

A service level agreement is in place with the Administrator, which reports quarterly to the Trustee on whether it's met service levels, and on the timeliness of all transactions.

The Administrator has agreed to pay all expenses relating to the Scheme (excluding investment management fees) and receives an administration fee from the Scheme.

The Trustee Board appoints professional advisers and other organisations to support it in delivering the Scheme's objectives, and the Trustee has written agreements with them. They're listed on [page 9](#).

The Trustee Board can also address specific issues by forming ad-hoc committees or working parties. Each will have clear terms of reference or a project brief and must report to the Board to note, approve and/or ratify decisions and actions as appropriate.

This table shows Directors' attendance at Trustee Board and Committee meetings.

	Trustee Board - 5 meetings	Investment Committee - 4 meetings	Risk, Administration and Communications Committee - 5 meetings
Mark Condron	5	4	N/A
David Butcher	4	N/A	3
Sheila Doyle	5	N/A	5
Jeannie Drake	5	N/A	3
Chris Fagan	5	4	N/A
David Maddison	5	N/A	5
Emma Osborne	5	4	N/A

Financial Developments and Financial Statements

The Financial Statements included in this Annual Report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

Key developments

Although global market returns weren't as strong as they were in Scheme year 2023/2024, they were still positive and members in both funds that comprise the default will have experienced positive real returns (above inflation). Our biggest fund, the Global Investments (up to 85% shares) returned 5.8% in the year to 31 March 2025.

Saving for retirement is a long-term journey, and our default arrangement is the balanced investment profile, which is made up of two funds, the Global Investments (up to 85% shares) Fund and the Pre-Retirement Fund, which have both outperformed their Consumer Price Inflation ('CPI') targets (CPI plus 2.5% p.a. and CPI plus 0.5% p.a. respectively) over the total period since inception in January 2013.

During the Scheme year, the Scheme transitioned approximately 90% of its underlying assets from pooled investment funds into segregated mandates that are directly owned by the Scheme on behalf of our members. This provides additional security of assets, a larger range of types of assets the Scheme could invest in, and greater control over the costs of asset management.

The Trustee and investments team also undertook an in-depth review of the provision of asset management services to the Scheme. This process led to the appointment of two new asset managers, Amundi (UK) Ltd who will manage the Scheme's developed market equity portfolio and Invesco Asset Management Ltd who have taken over the fixed interest part of the portfolio.

Investing in a better experience

People's Partnership has continued to invest significantly to improve the experience of all customers – employers, members and intermediaries – and make it easier for members to plan for a secure future.

Key developments include implementing changes to claims payments, almost doubling the number that can be paid through our automated process. Through the introduction of two new customer service applications in our servicing teams, we also reduced our allocation and call handling times.

People's Partnership has developed a mobile app, launched in May 2024, to give members a new way to access information about their pension, educational content and tools to help them decide how much to save. Further enhancements were made to the app during the scheme year, including the introduction of Member Rewards, helping members save money on various purchases, from daily basics to those special days out.

In August 2024 People's Partnership announced a partnership with 'nudge' a leading global financial wellbeing platform, enabling members access to personalised, practical and inclusive financial education and tools.

To help member make better decisions about pension consolidation our website content was updated in the second half of 2024, and two new digital calculators were introduced to enable members to compare charges between pensions and if combining pots with us could save them money before making the decision to transfer.

October 2024 saw People's Partnership start a video statements pilot, looking to improve its competitiveness among larger employers who demand more sophisticated member engagement services when reviewing their workplace pension provision.

Offering value to customers and members

No changes were made to the Scheme's fees and charges during the year (see Member-borne charges and transaction costs for details). People's Partnership's analysis continues to show that under different pot size and time horizon scenarios, The People's Pension Scheme continues to offer good value for money for members while allowing the Administrator to continue to invest significantly in the Scheme.

This year saw People's Partnership undertake an employer sign-up fee pilot, looking to improve its competitiveness among intermediaries who specialises in the small- and medium-sized employer (SME) market, such as Payroll Bureau and Bookkeepers. The purpose of the pilot was to see if waiving the sign-up fee would increase the volume of employers sign-up to the scheme without impacting scheme sustainability. Following the success of the pilot it was agreed to remove the sign-up fee from the next Scheme year.



Handling regulatory changes

Included within the first phase of the Pension Review were proposals to add momentum to the consolidation of Defined Contribution (DC) pension schemes via a Pensions Schemes Bill, including:

- ✓ Requiring DC schemes to prove they are value for money
- ✓ All pension schemes offering default routes to an income in retirement
- ✓ Bringing together small pension pots worth £1,000 or less
- ✓ Creating multi-employer DC scheme “megafunds” of at least £25 billion

Following the General Election of July 2024, the incoming Labour Government announced their intention to drive reform in the UK pensions system to deliver better outcomes for future pensioners and investment into the UK economy. This agenda is being delivered following a Pensions Review, the first phase of which looked at new ways to boost investment, increasing saver returns and tackling waste in the pensions system.

A second phase, expected in the next Scheme year, will build on this foundation and explore longer term challenges around retirement adequacy and outcomes.

In the 2024 Autumn Budget, the Government announced that from 6 April 2027 it would abolish the Inheritance tax ('IHT') exempt status of pensions. At the same time HMRC confirmed that it would recommence the Digitisation of Relief of Source ('DigiRAS') project and with the intention that the changes would be implemented from 6 April 2028. Both these policy initiatives represent significant changes to the UK pension tax system and scheme administration.

Work continued preparing to connect with the Government's Pensions Dashboard, which will allow people to see, in a single place online, what they have in their various pension pots, including their State Pension. Based on the current Government timeline, they hope dashboards will be live for all schemes by October 2026.



Master trust authorisation

The Scheme has been authorised as a master trust by The Pensions Regulator since August 2019.

Auditor

The incumbent auditor is deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of Financial Statements

The audited Financial Statements have been prepared in line with UK Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and are the responsibility of the Trustee. Pension scheme regulations say the Trustee must give Scheme members, beneficiaries and certain other parties audited Financial Statements for each Scheme year which:

- i 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year.
- ii Contain the information specified in The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement of whether the accounts have been prepared in line with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the Financial Statements and has agreed suitable accounting policies to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- i Assessing the Scheme's ability to continue as a going concern; and disclosing, as applicable, matters related to going concern.
- ii Using the going concern basis of accounting unless it either intends to wind up the Scheme or has no realistic alternative but to do so.
- iii. Making available each year, commonly in the form of a Trustee's Annual Report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee is responsible for the internal controls it decides are necessary to prepare Financial Statements that are free from material misstatement, whether due to fraud or error. It also has a general responsibility for ensuring that adequate accounting records are kept and for taking all steps it reasonably can to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

Statement of Trustee's responsibilities (continued)

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Trustee's responsibilities in respect of the Contributions

The Trustee is responsible under pensions legislation for making sure that there is a payment schedule for each participating employer, which is revised from time to time. The schedule shows the rates of contributions payable to the Scheme by or on behalf of the participating employer and the active members of the Scheme, and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in line with the payment schedules.

Investment strategy and principles

In line with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP'), agreed in April 2025 – Appendix 1 of the Chair's Annual Governance Statement on [page 26](#).

The Trustee monitors compliance with the SIP annually. During the year and at the end of the year, all investments were in line with the SIP in force during the period. The Trustee reviews the SIP at least every 3 years and immediately following any significant change in investment policy.

Funds and investment risk

The Trustee's key objective is to enable members to provide adequately for their retirement through appropriate investment of their pension savings.

There are currently three investment profiles for members to choose from in the Scheme:

Profile	Summary
Cautious	✓ Lower risk and volatility ✓ Moderate growth over the long term ✓ Moves to lower-risk investments as the member approaches retirement ✓ For members who are prepared to accept some degree of risk, but who look for investments with lower volatility
Balanced	✓ Medium to high risk ✓ Potential for long-term growth with some security ✓ Moves to lower-risk investments as the member approaches retirement ✓ For members who prefer to take some risk but would also like some of their investments to be more secure
Adventurous	✓ Higher-risk and increased volatility ✓ Aims to maximise growth in the long term ✓ Moves to lower-risk investments as the member approaches retirement ✓ For members who are prepared to take on more risk with the potential for increased growth

New members are automatically placed into the 'balanced' investment profile unless they choose otherwise.

Each of the investment profiles gradually and automatically moves pension savings into lower-risk investments as members get closer to retirement.

This change in asset allocation is known as a glidepath and it normally begins 15 years before a member's State Pension age (or the date they told us they'd like to retire, if different).

Fund share in the 15-year glidepath



Alternatively, members can decide for themselves what funds their money is invested in. They can choose from the Scheme's range of funds, which are classified by risk so members can see which have the potential for higher returns and which might remain more stable. However, any members choosing this 'self-select' option won't see their money move automatically into lower-risk investments as they approach retirement. They must ask for the money to be moved between investment funds or invested in one of the investment profiles if they want it included in the glidepath.

Funds and investment risk (continued)

The Scheme has a range of passive investment funds for members to choose from. These are shown in the table below with the target asset allocations as at 31 March 2025.

Fund	Summary
Global Investments (up to 85% shares) Fund	✓ Used in the 'balanced' investment profile (the default arrangement) ✓ 0% Cash, 21.6% Government and corporate bonds, 78.4% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories) ✓ A 'balanced' fund available as a self-select option
Pre-Retirement Fund	✓ Used within each investment profile and available as a self-select option ✓ 20.0% Cash, 60.4% Government and corporate bonds, 19.6% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories)
Global Investments (up to 100% shares) Fund	✓ Used in the 'adventurous' investment profile ✓ 0.0% Cash, 2.0% Government and corporate bonds, 98% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories) ✓ An 'adventurous' fund available as a self-select option
Global Investments (up to 60% shares) Fund	✓ Used in the 'cautious' investment profile ✓ 0.0% Cash, 46.1% Government and corporate bonds, 53.9% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories) ✓ A 'cautious' fund available as a self-select option

Fund	Summary
Ethical Fund	✓ A higher-risk fund available as a self-select option ✓ Has an investment strategy that invests in global equities, excluding businesses that produce fossil fuels or gain a substantial portion of their income from tobacco, alcohol, gambling, pornography, weapons, recreational cannabis, for-profit prisons, and non-sustainable palm oil ✓ 0.0% Cash, 0.0% Government and corporate bonds, 100.0% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories)
Shariah Fund	✓ A higher-risk fund available as a self-select option ✓ Has an investment approach based on Islamic Shariah principles ✓ 0.0% Cash, 0.0% Government and corporate bonds, 100.0% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories)
Cash Fund	✓ Invests in short-term money markets such as bank deposits and treasury bills ✓ 100.0% Cash, 0.0% Government and corporate bonds, 0.0% Shares (publicly listed) 0.0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories)
Annuity Fund	✓ A medium/low-risk fund available as a self-select option for those members who want to buy an annuity when they retire ✓ Aims to track the price of annuities, providing some protection against falls in level annuity rates, ✓ 0.0% Cash, 100.0% Government and corporate bonds, 100% Shares (publicly listed) 0% Shares (not publicly listed) 0.0% Physical Infrastructure, 0.0% Property (not including physical infrastructure) 0.0% Debt (not government or corporate bonds) 0.0% Other assets (not part of above categories)

Asset allocations are reviewed regularly and updated when appropriate. For information on current asset allocations, contact People's Partnership using the details on [page 7](#).

Management and custody of investments

The Trustee has delegated management of the investments through mandates with professional investment managers – Amundi UK Ltd, Invesco Asset Management Ltd. State Street Global Advisors Limited ('SSGA') and, HSBC Global Asset Management ('HGAM'). The professional investment managers, which are regulated by the Financial Conduct Authority ('FCA') in the United Kingdom, manage the investments within the restrictions set out in the investment management agreements. This is designed to make sure managers follow the objectives and policies set out in the SIP.

Northern Trust provides investment administration services and carries out custody of the underlying investments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and considers them to be appropriate and relative to the reasons for holding each class of investment. For more details about investments, see the notes to the Financial Statements on [pages 93](#).



Review of investments' performance

The Scheme's funds track various indices, as described below. The Global Investments (up to 85% shares) Fund and Pre-Retirement Fund are used as part of the default arrangement. 3-year and 5-year returns are annualised and negative amounts are shown in parentheses.

Fund	Year	Fund performance %**	Performance Objective %*	Performance Objective*
Global Investments (up to 60% shares) Fund	1 Year	5.4%	4.7%	UK CPI +2.5% (Gross of fees) UK CPI +2.0% (Net of fees) Performance shown on a net of fee basis
	3 Year	2.9%	7.4%	
	5 Year	6.7%	6.8%	
Global Investments (up to 85% shares) Fund	1 Year	5.8%	5.2%	UK CPI +3.0% (Gross of fees) UK CPI +2.5% (Net of fees) Performance shown on a net of fee basis
	3 Year	4.0%	7.9%	
	5 Year	9.3%	7.3%	
Global Investments (up to 100% shares) Fund	1 Year	6.2%	5.7%	UK CPI +3.5% (Gross of fees) UK CPI +3.0% (Net of fees) Performance shown on a net of fee basis
	3 Year	5.2%	8.4%	
	5 Year	12.0%	7.8%	
Ethical Fund	1 Year	1.5%	5.7%	UK CPI +3.5% (Gross of fees) UK CPI +3.0% (Net of fees) Performance shown on a net of fee basis
	3 Year	7.1%	8.4%	
	5 Year	13.9%	7.8%	
Shariah Fund	1 Year	3.4%	5.7%	UK CPI +3.5% (Gross of fees) UK CPI +3.0% (Net of fees) Performance shown on a net of fee basis
	3 Year	9.2%	8.4%	
	5 Year	16.0%	7.8%	
Pre-Retirement Fund	1 Year	4.1%	3.2%	UK CPI +1.0% (Gross of fees) UK CPI +0.5% (Net of fees) Performance shown on a net of fee basis
	3 Year	1.1%	5.8%	
	5 Year	2.0%	5.2%	
Cash Fund	1 Year	4.7%	5.1%	SONIA
	3 Year	3.7%	4.1%	
	5 Year	2.0%	2.5%	
Annuity Fund	1 Year	(6.9)%	(6.1)%	Composite+
	3 Year	(10.4)%	(11.7)%	
	5 Year	(7.6)%	(9.4)%	

* The Trustee may review and amend the performance objectives of the funds as appropriate. The performance objectives above are correct as of 31 March 2025.

** The performance figures shown are after the deduction of 0.5% management charge and transaction costs. The Scheme uses single priced funds, so investment performance figures include any anti-dilution levies applied.

+ Performance objective is a composite benchmark of the Annuity fund's sub-funds benchmarks.





The Trustee works with the Scheme’s investment managers to encourage them to comply with the RI policy and to challenge them when their policies diverge from the Scheme’s. The Responsible Investment policy was updated in July 2025, this section relates to the previous version of this document that was first published in 2024.



Policies on climate change and responsible investment

The Trustee introduced its updated policies on climate change and responsible investment ('RI') in 2023 and 2024 respectively. These set out at a high level how the Trustee plans to carry out its fiduciary duty to integrate ESG (Environmental, Social and Governance) and stewardship considerations into its investment decision making process.

Financially material considerations

The Trustee believes that ESG factors can affect the performance of investment portfolios and should be considered as part of the Scheme’s investment policy.

ESG factors are integrated into the portfolio when they are believed to be material to the portfolio’s return prospects or risk characteristics. Integration might mean using the ESG factors to influence the weights of securities, sectors or asset classes held in a portfolio. In general, the Trustee doesn’t believe that large-scale exclusions are consistent with its RI objective, which focuses primarily on potential financial factors. The Responsible Investment Policy (Appendix 2 to the SIP) outlines the Trustee’s position on ESG integration and exclusions. Also, the Trustee has agreed a Climate Change Policy (Appendix 3 to the SIP), as climate change is likely to be the most financially material of the ESG issues because it has the potential to affect every business sector and every part of the world.

The Trustee has a fiduciary duty to consider all material financial risks when making all investment decisions and makes no distinction between the default and self-select funds. In fulfilling this duty, the Trustee also expects its asset manager to take all financially material considerations into account over an appropriate time horizon when selecting, retaining and selling investments. This includes, among other things, ESG factors (including climate change) where they’re considered financially relevant. The Trustee receives, reviews and publishes reports from its asset manager on the steps they take on its behalf, including voting and engagement.

For more details on how this approach works in practice, see Appendix 2 to the SIP (Responsible Investment Policy) and Appendix 3 to the SIP (Climate Change Policy).

The Trustee recognises that its fiduciary duty to members extends to all funds. As such, ESG risks, including climate change, must be managed across all member options as far as possible, recognising that the greatest scale and ability to influence investments lies in the default funds.

Member views and non-financial factors

The Trustee has agreed a Responsible Investment Policy that outlines its approach to non-financial factors, including exclusions.

The Trustee conducts research with members, as and when it needs to, to understand their views on investments as well as ethical and ESG factors.

The Scheme also offers members self-select funds, such as the Ethical Fund and the Shariah Fund, which allow them to invest in line with their views.

Voting rights, corporate governance and engagement principles

The Trustee doesn’t normally monitor or engage directly with issuers or other holders of debt or equity. The Trustee expects the manager of its assets to exercise ownership rights and monitor and engage, with the long-term financial interests of beneficiaries in mind. Topics for this engagement should include capital structure, risk, strategy, performance, social and environmental issues (including climate change), and corporate governance. The Trustee expects its manager of pooled funds to take into account the Trustee’s SIP, Responsible Investment Policy and stewardship priorities when voting or engaging on the Trustee’s behalf.

The Trustee expects its external agents to identify and manage any potential conflicts of interest in line with the Financial Reporting Council ('FRC')’s UK Stewardship Code, putting the best interests of clients and beneficiaries first. The Trustee expects the asset manager to employ the same degree of scrutiny for pooled funds as if they’d made the investment directly.

The Trustee accepts that investment vehicles will generally be governed and constrained by the individual investment policies of the asset manager. The Trustee also recognises its important role in influencing positive ESG standards, both through voting on key policies and decisions at general meetings and through the manager’s ability to engage with boards on the Scheme’s behalf as an asset owner. The Trustee expects its asset manager to implement the Scheme’s net zero voting guidelines through an “expression of wish”, as outlined in the Trustee’s Responsible Investment Policy.

The Trustee has access to regular reports from its asset manager about their stewardship activities, including voting and company engagement, as well as wider industry and policy engagement. The Trustee monitors and discloses the voting and engagement activity carried out on its behalf. If the Trustee believes it’s inadequate, it will engage with the relevant manager to bring their activity more into line with the Trustee’s policy.

The Trustee’s Responsible Investment Policy outlines what it expects from the asset managers’ voting and engagement activities. Within the Scheme year, the Scheme moved from being exclusively invested in pooled funds and segregated mandates, to having approximately 90% of investment funds held in segregated mandates. Accordingly, the Scheme’s Responsible Investment Policy was reviewed and updated in June 2025 to reflect how the Trustee interacts with, monitors, and might look to influence the investment managers. The Trustee’s regular monitoring should spot if an asset manager is failing in these areas.

Asset manager arrangements

Before appointing the asset manager, the Trustee discusses their benchmark and approach to managing ESG and climate-related risks with the Scheme’s investment adviser, and how closely they match the Trustee’s own investment aims, beliefs and constraints.

As well as considering how the asset manager’s investment philosophy, process and policies will make the required investment returns, the Trustee explores how ESG and climate risk figure in their approach. If the Trustee believes any part of the manager’s policies are significantly out of line with their own investment objectives for the part of the portfolio being considered, they’ll consider another manager for the mandate.

Asset manager arrangements (continued)

The Trustee's Responsible Investment Policy outlines its minimum requirements when selecting new managers.

The Trustee reviews the responsible investment strategy at least every 3 years to make sure it's still relevant in the context of the Scheme and the asset managers' aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate-related risks on an annual basis.

If an asset manager stops meeting the Trustee's aims, including on managing ESG and climate-related risks, or using the approach the Trustee expects, we'll look to work with them to bring their objectives into line. If this doesn't succeed, we might review or terminate their appointment. The Trustee has made this clear to our investment managers.

We review asset managers' ESG policies in the context of best industry practice and our expectations, and give feedback when we need to.

We understand that the impact on performance of ESG factors and climate change may be long-term. But we're also aware that the risks associated with them could be much shorter-term. The Trustee has acknowledged this in our investment management arrangements.

The Trustee agrees a rolling timeframe with the asset manager for managing their objectives (including ESG and climate risk objectives) and assessing how they perform against them, helped by the Scheme's investment adviser. The Trustee believes these timeframes, typically three to five years, are consistent with our investment aims, beliefs and constraints, and help investment managers make decisions based on an appropriate time horizon.

The Trustee expects asset managers to vote and engage on behalf of the fund's holdings, and the Scheme monitors this at least annually. The Trustee doesn't expect asset managers to disregard ESG considerations to achieve any short-term targets.

Within the Scheme year, the Scheme invested in pooled funds and segregated mandates. The Trustee pays the asset managers based on the assets they manage on our behalf. The Trustee believes this enables the asset managers to focus on long-term performance without worrying about short-term dips. When the Trustee chooses a manager, it asks the Scheme's investment adviser to check the asset management fee is inline with the market and to review it annually.

As part of the appointment process, we consider past and anticipated portfolio turnover levels (how often asset managers buy and sell assets). Overall performance is assessed as part of regular investment monitoring, and can be affected by turnover costs, though the Trustee recognises that these costs can be unavoidable, for example if there's a change of manager.

The Trustee doesn't target a specific portfolio turnover. Instead, it recognises that turnover costs are a necessary part of making sure the Scheme's investments sustain long-term performance. The Trustee monitors the level of these costs, and the reasons for them, and investigates if it needs to.

For the open-ended pooled funds the Scheme invested in, there are no predetermined terms of agreement with the investment managers.

Climate Progress Report

The Trustee is legally required to identify, assess and manage climate-related risks and opportunities in a proportionate way and to report on what it's done, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD'). The People's Pension Scheme produces this report annually, outlining the actions taken over the previous year, with goals and targets which are relevant for the year end. For the reporting period ending 31 March 2025, the report has been renamed the 'Climate Progress Report'.

The Scheme has disclosed the total carbon emissions and carbon footprint of its current investments according to the data available. An emissions-based target of net zero greenhouse gas emissions by 2050 has been set, supported by short- and medium-term targets.

The report is aligned with the objectives of the Responsible Investment and Climate Change Policies in supporting the Paris Agreement goal of limiting global temperature rise to no more than 1.5°C above pre-industrial levels. Training on climate-related topics continues to be provided to Trustee representatives, including the investment committee members, as part of ongoing development. In addition, the Scheme's advisers are regularly assessed to ensure they are able to demonstrate a strong understanding of climate issues across all relevant stakeholder groups.

The Climate Progress Report for the year to 31 March 2025 is available at www.thepeoplespension.co.uk/climate-risks

Employer-related investments

For details of employer-related investments, see note 18 to the Financial Statements on [page 85](#).

Further information

For more information about the Scheme generally, or queries about members' own benefits, ask the contact listed on [page 7](#).

Approval

The report was approved by the Trustee and signed on its behalf by:

Mark Condron

Mark Condron
Chair of The People's Pension Trustee Limited
19 September 2025

We assess the suitability of the Scheme's asset allocation and its compatibility with the Trustee's investment aims, beliefs and constraints, every three years, or when changes mean this should happen more often. This includes assessing the suitability of investment managers, and the strategies they use.

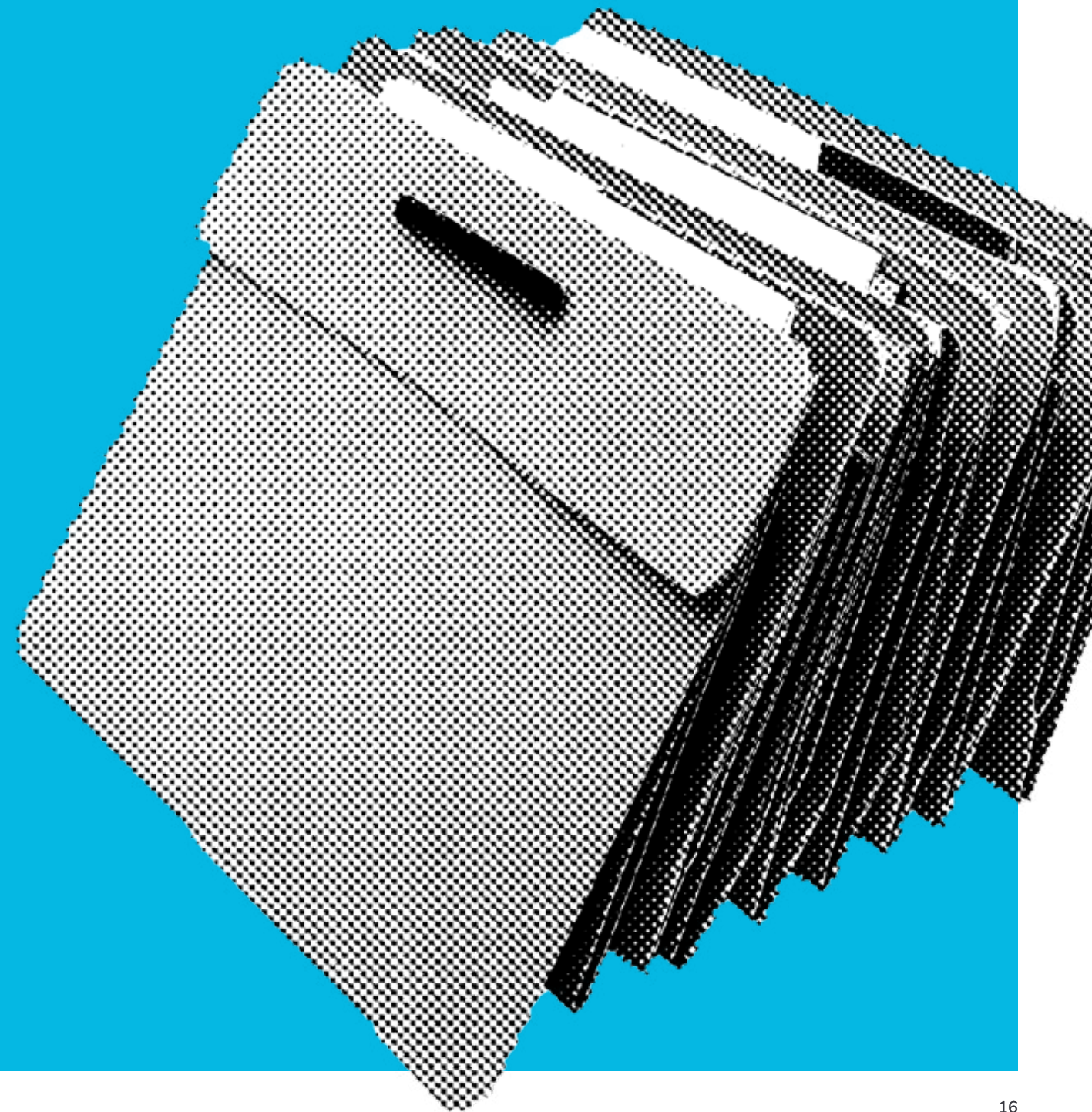


Chair's Annual Governance Statement

Appendix 1 - Statement of
Investment Principles

Appendix 2 - Illustration of
Charges & Transaction Costs

Appendix 3 - Fund Performance
for the year ended 31 March 2025



Statement objective

This is the annual Chair's Statement from The People's Pension Trustee Limited ("Trustee") about the governance of The People's Pension Scheme ("Scheme"). This Statement is included in the Scheme's annual report in line with Regulation 23 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Administration Regulations), as amended. It describes how the Scheme has met statutory governance standards in relation to default investment arrangements, processing of financial transactions, assessment of charges, costs and Value for Members (VFM), requirements for Trustee knowledge and understanding, member views, and the independence of Trustee Directors. The Scheme is designed to give both employees and employers a well-governed, good value pension scheme. As at 31 March 2025, the Trustee is responsible for assets under management worth £31.3bn for just over 6.9m members, from 107,000 employer accounts.

Strategic objectives

During the Scheme year, the Trustee set strategic objectives in order to fulfil its mission statement "to deliver the best possible outcomes and value for money by working in collaboration and being a highly effective trustee board". The objectives include making decisions based on a clear understanding of member needs, achieving a first-class system of administration to support a best-in-class customer experience, delivering a varied and engaging communication strategy to support members in making appropriate decisions throughout their pension journey, setting investment strategies that seek to deliver the best possible returns for members, and working with the Sponsor on the successful evolution of the Scheme. Progress against these objectives will be evaluated in the following Scheme year.

Default investment arrangement

The Scheme offers three investment profiles to members (see Trustee's Report, [page 8](#)). These are designed to build up a member's savings and, 15 years before their State Pension age or the date they've told us they'd like to retire, the profiles start moving those savings into lower-risk investments.

If a member doesn't choose an investment profile when they start to save with the Scheme, their money will automatically be invested in the default arrangement, which is the 'balanced' investment profile.

This moves a member's pension savings gradually from the Global Investments (up to 85% shares) Fund into lower-risk funds as the member nears retirement. The Global Investments (up to 85% shares) Fund is viewed as a balanced risk fund and is made up of individual passive funds, each closely tracking a pre-determined index.

By investing in this way, the Trustee expects to deliver capital growth over the member's time in the Scheme without incurring excessive cost or taking inappropriate risk.

There's an increased focus in the later years on reducing the volatility of returns and reducing the potential for substantial falls in the value of investments. This helps enable members approaching retirement to plan with confidence.

The Trustee reviewed the Scheme default arrangement in November 2024. The Trustee believes that the current investment strategy remains in the best interests of the members and their beneficiaries, therefore no changes to the default arrangement was made.

Members can also choose their own combination of available funds. If the member doesn't want to use one of the three investment profiles to manage their investments, they can choose their own combination of the Scheme's eight available funds.

The Trustee is responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default arrangement. This is delegated to the Investment Committee, which looks at material matters, including:

- ✓ Maintaining an up-to-date Statement of Investment Principles ('SIP'), (see Appendix 1, [pages 26 to 53](#)), setting out the principles governing how the Trustee makes decisions about investments.
- ✓ Considering the needs and demographic profile of the Scheme's membership when designing and reviewing all investment options, including the default investment profile.
- ✓ Considering and setting appropriate investment strategies for all investment options, including the 'balanced' investment profile (the default arrangement).
- ✓ Regularly reviewing the investment strategy and performance of all investment options, including the 'balanced' investment profile (the default arrangement), and making recommendations on investment strategy changes to the full Trustee Board.

The three key developments for investments during the 2024/25 scheme year were:

- ✓ The appointment of People's Investment Ltd ('PIL'). as the scheme's investment adviser.
- ✓ During the Scheme year, the Scheme transitioned approximately 90% of its underlying assets from pooled investment funds into segregated mandates that are directly owned by the Scheme on behalf of our members.
- ✓ The appointment of Amundi (UK) Limited ('Amundi') to manage the developed market equity and Invesco Asset Management Limited ('Invesco') to manage the fixed interest portions of our portfolio.

The Investment Team also added European and US short-duration bond funds and rebalanced the equity holdings, reducing the holdings in the North American, Asia Pacific ex-Japan and Europe ex-UK regions and added to the Emerging markets, Japanese, and UK holdings.

The Trustee Board operates an Investment Committee, which provides investment oversight on behalf of the Trustee. The Committee met on 3 May 2024, 1 August 2024, 25 November 2024 and 12 February 2025. Key areas for review at each meeting included:

- ✓ The overall performance of the default arrangement against its objective
- ✓ The performance attribution of the default arrangement (i.e. how each of the arrangement's components contributed to its overall performance)
- ✓ The volatility of the funds

- ✓ Analysis of the default investment arrangement, namely the returns and annualised volatility for a member in the default arrangement
- ✓ Alternative choices selected by members who are not in the default arrangement.

The Trustee Board was advised by Barnett Waddingham, until 31 December 2024 and then by People's Partnership Limited from 1 January 2025. Both are authorised by the FCA to provide investment advice. Their representatives attended all the Investment Committee meetings.

Protecting members' interests with transfer due diligence

Transfers out of pension schemes remains an area of concern because of financial incentives being offered by some pension providers to people to transfer pension pots from other providers. People's Partnership regularly highlights that this may not be in a member's best interests, as research has shown that these decisions are often not based on a full appraisal of the benefits of each scheme in terms of costs, performance, etc, and the Trustee fully supports this stance.

The Administrator has a Transfers team to carry out due diligence for members wanting to transfer out of the Scheme. The Trustee fully supports this, and this will be a focused area for review in the 25/26 financial year as part of our ongoing investment in continuous improvement.

Investment market developments

Global equity markets continued to demonstrate resilience and growth from March 24 to March 25, driven by several key factors.

US equities continued their upward trajectory and continued to lead global equity regions, buoyed by strong corporate earnings and the ongoing boom in AI-related stocks related to the "Mag 7". However, the pace of gains slowed in early 2025 due to tempered expectations for interest rate cuts, drastic planned slimming of government spending in the US and concerns over earnings growth sustainability.

*The Mag 7 is a group of technology stocks, namely Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

In contrast, European equities, which had lagged for most of 2024, saw stronger relative returns in 2025 to the end of March, as optimism for co-ordinated fiscal expansion led to expectations that European growth could improve.

In the fixed interest market bond values rallied in early 2024 on expectations for easier monetary policy and a view that central banks were about to embark on a prolonged period of cutting rates. Expectations for rate cuts however shifted towards the end of 2024 and early 2025 as inflation prints started to tick higher again, which saw UK & US Government bonds falling in value as the bonds were repriced to align with the new outlook. Investment Grade and High Yield credit spreads finished March 2025 roughly where they started 12 months ago, but with significant intra-year moves reflecting the changing rate environment.

Overall, the investment markets demonstrated resilience and continued growth, with Artificial Intelligence (AI)-related stocks playing a pivotal role in driving performance. The growth in AI stocks is underpinned by a belief that AI could end up as important as other historical game changing innovations such as the internet.

Investment market developments (continued)

Looking ahead, the IMF forecasts global economic growth at 3.3% for both 2025 and 2026. This projection is slightly below the historical average, with an upward revision for the United States offsetting downward revisions in other major economies.

Global inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. The near-term outlook is characterized by divergent risks, with potential policy-generated disruptions to the disinflation process posing challenges for fiscal sustainability and financial stability.

Statement of Investment Principles

The current Statement of Investment Principles ('SIP') was agreed by the Trustee on 1 April 2025. It appears in Appendix 1 on pages 26 to 53. It's also available at www.thepeoplespension.co.uk/jargonbuster/statement-investment-principles-sip/

The SIP covering the period of this statement was agreed by the Trustee on 1 April 2024. It's available at www.thepeoplespension.co.uk/jargonbuster/statement-investment-principles-sip/

The aims and objectives of the default arrangement, as stated in the SIP, are to:

- ✓ Enable members to provide adequately for their retirement via appropriate investment of their accumulated pension contributions.
- ✓ Provide an investment strategy that is intended to be suitable for a typical member.
- ✓ Ensure that the expected volatility of the returns is achieved, and so manage the level of volatility and risk in the value of members' pension pots through appropriate diversification between different asset types.

Environmental, social and governance overview

The primary objective of the Scheme's responsible investment ('RI') approach is to add financial value and resilience to its members' savings through portfolio construction and stewardship. The Trustee also wants to encourage companies to behave in a more sustainable way for the benefit of society and the world into which members will eventually retire. Ultimately, this aim is likely to lead to better and more sustainable retirement outcomes for members. The Trustee believes it can achieve these complementary objectives by:

- ✓ Prioritising environmental, social and governance ('ESG') risks and opportunities where the investment case for financial materiality over the medium to long term is strongest.
- ✓ Identifying ESG issues that contribute value to wider society and embedding them into the Scheme's stewardship approach¹
- ✓ Using exclusions to a limited extent²

The Trustee has developed a strategic framework to guide its RI approach, based on principles divided into three groups:

- ✓ **Portfolio construction** – how we invest the portfolio
- ✓ **Stewardship** – what we expect of our key stakeholders – e.g. fund managers and investee companies – when it comes to our stewardship priorities of climate, nature and human rights
- ✓ **Reporting** – how we publicly report and engage on what we're doing.

Within the scheme year, the Trustee appointed two new asset managers: Amundi will be managing over £20bn in developed market equities, and Invesco will take responsibility for more than £8bn in fixed income investments. A key part of the selection and appointment process was the asset managers' greater alignment to the Scheme's responsible investment policy's asset manager expectations. These expectations will also underpin the ongoing manager monitoring programme conducted by the People's Partnership Responsible Investment Team.

A summary of voting activity by the Scheme's fund managers on the Trustee's behalf appears in the Implementation Statement on pages 63 to 84.

Core financial transactions

The Trustee has a specific duty to make sure that core financial transactions relating to the Scheme are processed on time and accurately. Core financial transactions include, among others:

- ✓ Investment contributions
- ✓ Transferring member assets into and out of the Scheme
- ✓ Switches between different investments within the Scheme
- ✓ Payments to and in respect of members/beneficiaries.

These transactions are carried out on the Trustee's behalf by People's Administration Services Ltd (the Scheme's Administrator, and part of People's Partnership), the investment administration provider (Northern Trust Company) and the investment managers. Further details of the investment managers can found of [page 7](#).

People's Partnership processes core financial transactions through its Operations team. Also, a Controls and Assurance team monitors and assesses the efficiency and accuracy of processing, and the Finance department monitors and reconciles financial transactions and reports to the Trustee Board. Performance of Northern Trust, and the Scheme's investment managers' is monitored by People's Partnership's Investment Team and reported regularly to the Investment Committee of the Trustee.

The main core financial transactions undertaken by People's Partnership are receiving employer and member contributions, making transfers in or out and paying claims, which include small pots, flexible drawdown, uncrystallised funds pension lump sums and bereavement claims. People's Partnership also handles member and employer enquiries.

¹ As long as there is no material financial detriment in pursuing this activity. See also the glossary included in the RI Policy on [page 53](#) for the Scheme's definition of stewardship, which does not include portfolio construction.

² As above, as long as there is no material financial detriment in its use, in line with [the Law Commission's recommendation on exclusions](#).

Defining levels of service

A Framework Services Agreement details the Service Level Agreements ('SLAs') and what the Administrator does for the Trustee, the standards expected and how quickly any tasks will be carried out. The SLA spans the full member engagement from information gathering to the final response. The Administrator's processes to help meet the SLA include daily monitoring of bank accounts, a dedicated contribution processing team, and checking all investment and banking transactions, where teams support with checking and validation, with at least 2 individuals supporting this, ensuring accurate processing.

For example, the SLA covering claims encompasses this process: a member wanting to claim their benefits makes the initial enquiry, the Administrator sends them a claims pack, the member completes this pack, the Administrator verifies the claimant's identity and then processes and pays the claim within the agreed timelines, to the highest degree of accuracy.

Protecting members' money

Electronic transfers through the Origo Options electronic portal have extra safeguards (in terms of regulatory permissions and source of funds) through the advance checks Origo makes against providers and schemes who register to use the service. For paper transfers outside the portal, agreed due diligence processes are carried out and validated to successfully identify the ceding and receiving scheme's regulatory credentials and source of funds, in line with anti-money laundering guidelines. Any potentially suspicious activities on all transfers, regardless of processing method, are referred to People's Partnership risk and compliance teams for further investigation.

During the year, the Administrator confirmed its commitment to The Pensions Regulator's pledge on scams, which commits us to regularly warning members about scams, and to reporting any concerns of our own. This initiative by The Pensions Regulator looks to harness industry resources to protect members during the transfer process. It requires the Scheme, through the Administrator, to do varying levels of due diligence (depending on the category and risk profile of the receiving scheme) and tell customers about any issues.

The Administrator has continued to prioritise support for vulnerable customers. In July, a partnership with Helen Pettifer Ltd was completed, providing valuable insights into our current approach and identifying areas for improvement. The Administrators commitment to addressing customer detriment remains strong.

Face-to-face training was delivered to several colleagues, with a particular focus on those within Customer Engagement teams. This complements the intensive training rolled out in 2024/25. Looking ahead, the online training suite is being revamped and will be made available to all staff once development is complete, ensuring consistent understanding and capability across the organisation.

Additionally, the creation of a new internal network dedicated to vulnerable customer support is under active investigation, aiming to further strengthen collaboration and knowledge sharing in this critical area.

Prioritising cyber security

Cyber security is a high priority for the Trustee and gets the utmost attention from the Administrator and the wider People's Partnership Group. It runs a continuous vulnerability assessment of all assets and systems every day, prioritising any remediation work required. It also reports regularly to the Trustee's Risk, Administration and Communications Committee ('RACC') on the ongoing development of the Cyber Security framework. The Group has completed its four-year IT security improvement programme and obtained ISO27001 accreditation. Following the programme, cyber workstreams have passed to the Group's IT function. The programme was designed to fundamentally enhance the cyber security footprint of People's Partnership. But cyber is a threat that continues to grow in volume and complexity, so the Administrator expects to increase its capabilities and improve its defences to protect Scheme members.

The Administrator reports quarterly to the Trustee Board and to the RACC. This reporting year, the Administrator also updated the Trustee on administration matters and service delivery through monthly calls.

The RACC makes sure the Scheme considers members' needs properly and meets the requirements for processing core financial transactions. Monitoring the promptness and accuracy of processing of a financial transactions is a key function of the RACC, which met on 2 May 2024, 22 July 2024, 2 September 2024 , 7 November 2024, and 6 February 2025.

Among other things, this Committee:

- ✓ Reviewed processes and controls and considers them to be suitably designed for processing core financial transactions promptly and accurately. This included investing and reconciling contributions, transfers of assets into and out of the Scheme, switches of assets within the Scheme and payments from the Scheme to members that are processed in line with agreed service levels. Given that some of the metrics fell short of target, the lengthy and detailed conversations between the RACC and Administrator focused on ways to improve service to members
- ✓ Discussed the annual communications plan, commenting on the success of factual guidance to members on transfers, reviews of new joiner correspondence and the issue of annual benefit statements
- ✓ Discussed with the Administrator the effectiveness and ongoing improvements of IT security and control
- ✓ Received and reviewed regular management information, which included:
 - ✓ Membership demographics (numbers, fund sizes, claims and inflows)
 - ✓ Opt-out rates
 - ✓ Service level performance
 - ✓ Customer satisfaction performance
 - ✓ Complaints and breaches
 - ✓ Contribution arrears updates
 - ✓ Common and scheme-specific data scores.

- ✓ Worked with the Operations team, who carry out monthly contribution reconciliations based on a sample level and include detailed results in the quarterly administration report reviewed by the RACC and Trustee
- ✓ Commissioned People's Partnership's Group Internal Audit function to assess processes and controls on an ongoing basis
- ✓ Monitored the completeness and accuracy of member data at each quarterly Trustee meeting.
- ✓ Worked with the Operations team on preparing for the Pensions Dashboard

Improving customer satisfaction despite increasing workload

Customer satisfaction, and quality scores stayed at previously high levels, with customer satisfaction increasing slightly to 84%, and quality scores reaching 4.5 / 5. Complaint numbers averaged 0.87 per 1,000 policies – significantly down on last year's figure of 1.05 and comfortably inside the target of 1.5 per 1,000 policies.

As well as seeing continued overall growth in transactions, the Administrator experienced higher volatility in volumes in some areas. Transfers Out was the most prominent of these, with a spike of +60% at the start of the year, and overall increase of 28%, making it challenging to service within SLA targets.

This was the key contributor to the overall administration SLA ending the year at 90%, down slightly from 93% last year, against the target of completing 95% of queries within 5 days. Despite this, focused efforts to increase capacity and automation brought the Administrator back within SLA targets by the end of the year, and improvements will continue to be made within 25/26 to protect against future volatility in the market.

Other key areas of transaction growth within the year were claims, which grew by 16% with a 63% increase in value, designations to FAD which increased by 59%, and UFPLS claims which rose by 56%. There were marginal reductions in small pot claims (4%) and bereavement claims (0.4%).

The Administrator has agreed additional investment in recruitment and automation that will continue to support improvements to overall service efficiency and delivery. In addition to the focus on Transfers, we will undertake targeted work on the Claims and Accident and Bereavement journeys in 25/26.

The Trustee is satisfied that the Administrator processed all core financial transactions promptly and accurately during the Scheme year.

Member-borne charges and transaction costs

This statement must set out administrative charges to members and the Trustee confirms that it has taken account of statutory guidance when preparing it. These are annual fund management charges plus any extra fund expenses, such as custody costs, but excluding transaction costs.

The Trustee and Administrator refer to this as the member annual management charge, which is made up of:

- 1 An annual charge of £4.50 on members' pots of £104.50 and over, deducted during the Scheme year.
- 2 A management charge of 0.5% of a member's pot each year.
- 3 A tiered savings reward (also known as a rebate) on the management charge, for savings over £3,000.

The Trustee confirms that the Scheme's member annual management charge is comfortably within the Government charge cap for schemes with combination charges. The Scheme can charge a maximum of £10.00 or less per year as a flat fee charge, as well as a maximum of 0.6% of funds under management.

Considering the breadth and quality of the Scheme's core service elements (investment, administration, communications, governance), the Trustee is satisfied that the costs and charges are appropriate for the Scheme both as a whole and compared to other options in the market. The Trustee believes the Scheme represents good value for members.

The Trustee reviews the transaction costs associated with the investment funds used by the Scheme at least annually, and most recently at the 1 August 2025 (previously 1 August 2024) Trustee Investment Committee meeting. Transaction costs result from buying, selling, lending or borrowing of investments. They're part of the overall costs borne by members, as they have the effect of reducing the funds' net investment returns.

Transaction costs are incurred by pension schemes in two ways. Firstly, an asset manager will trade in markets to invest money flowing into or out of a fund (when Scheme members contribute to or leave a fund). Secondly, they will implement investment decisions in the course of day-to-day management to achieve the fund's objectives.

Transaction costs can be broadly broken down into explicit and implicit costs. Explicit costs are observable and, where the costs are incurred, an invoice could be generated. Examples include brokerage fees, stamp duty and custodian fees, and foreign exchange levies.

Implicit costs form part of the overall transaction costs that members pay. Implicit costs can't be directly observed or invoiced. These include bid/offer spreads, implementation shortfall (the difference between the decision price and the execution price of a trade) and market impact (the change in the price of a security caused by the trade). Implicit costs will use a 'slippage cost' methodology to calculate the market impact of trading. This method calculates the trading cost by comparing the price at which the transaction was actually executed with the price when the order to transact entered the market. Implicit costs can be positive or negative depending on whether market movements were favourable or not.

The average transaction costs over the five years to 31 March 2025 are shown in the table below. The transaction cost data was provided by State Street Global Advisors for the assets held in pooled funds and Northern Trust for those assets directly held by the Scheme. The transaction costs were prepared in line with statutory guidance. All transaction cost information required was received and is reflected in the figures tabled below.

Default arrangement: charges and transaction costs

The Scheme's default arrangement is used by 98.20% of the membership.

Fund	Management charge	Transaction costs
Global Investments (up to 85% shares) Fund*	0.5%	0.09%
Pre-Retirement Fund*	0.5%	0.05%

* These funds are also available as self-select options.

When assessing value for members, the Trustee considers questions such as:

- ✓ Are the charges made to members reasonable?
- ✓ Are appropriate investment choices available?
- ✓ Are the features of the Scheme appropriate and likely to provide good outcomes for members?
- ✓ Does the Scheme compare well to other similar arrangements?



Non-default arrangements (self-select investment options): charges and transaction costs

Fund	Management charge	Transaction costs
Global Investments (up to 60% shares) Fund	0.5%	0.06%
Global Investments (up to 100% shares) Fund	0.5%	0.07%
Ethical Fund	0.5%	0.03%
Annuity Fund	0.5%	0.01%
Shariah Fund	0.5%	0.02%
Cash Fund	0.5%	0.00%

An Illustration of the charges and transaction costs is shown in Appendix 2 (Illustration of Charges and Transaction Costs) to this Statement on [pages 54 to 60](#).

Value for members

When thinking about whether the Scheme offers members good value for money, the Trustee looked at different aspects of what the Scheme offers and took account of the areas suggested by The Pensions Regulator ('TPR') in its General Code of Practice. While there's currently no precise legal definition of 'good value', the Trustee considers that good value can be determined by answering questions against an agreed set of principles that are reviewed each year. The overarching principle is that 'members are at the heart' of the assessment.

When assessing value for members, the Trustee considers questions such as:

- ✓ Are the charges made to members reasonable?
- ✓ Are appropriate investment choices available?
- ✓ Are the features of the Scheme appropriate and likely to provide good outcomes for members?
- ✓ Does the Scheme compare well to other similar arrangements?

The Trustee notes that value for money doesn't necessarily mean the Scheme is low-cost with the lowest fee, and the overall quality of the service should also be considered. The value members receive will be influenced by how much a member pays in, the investment returns on their contributions, the choices members make and how the Scheme is run.

Having considered these questions, the Trustee believes the Scheme is good value for these reasons:

01 The costs and charges are reasonable and appropriate

As explained previously, a member pays a low, flat £4.50 annual charge and a management charge that is 0.5% of their pension pot, a portion of which may be rewarded back to the member according to the size of that pot. This structure was introduced to improve fairness in the Scheme by better matching charges with operating costs of operation, while reducing cross-subsidy between larger pension pots and smaller ones.

Taken collectively, this annual management charge covers the cost of administering the Scheme and managing member investments.

The Trustee reviews all member-borne charges (including transaction costs where available) annually to make sure members are getting value for money given the circumstances of the Scheme. The Trustee reviewed all member-borne charges in the 2024-25 Scheme year as part of a transaction costs review at the 1 August 2025 Investment Committee meeting.

02 The value added through investment performance

	5 years to 31 Mar 2025 (annualised gross of fees)	5 Years to 31 Mar 2025 (cumulative gross of fees)
Global Investments (up to 85% shares) Fund		
Performance	9.8%	59.6%
Objective: CPI + 3.0%	7.8%	45.6%
Pre-Retirement Fund		
Performance	2.5%	13.0%
Objective: CPI + 1.0%	5.7%	32.1%

02 The value added through investment performance (continued)

The performance of the Global Investment (up to 85% shares) fund is now ahead of its long-term target, the fund benefitting from strong global equity performance in 2024. The Pre-retirement fund remains behind its long-term target due to the sharp falls in bond prices in 2022 and inflation being consistently above the Bank of England's target. CPI was 4.7% annualised over this period (as at end of March 2025). These funds are the component parts to the default investment arrangement.

Members are subject to the same base charging structure, regardless of which fund they're invested in. Following last year's introduction of scheme specific pricing some members will benefit from even lower 'net management charges' through higher savings rewards on the 0.5% management charge than the standard savings reward on the management charge.

As well as the Scheme's performance, the Trustee's analysis compared returns and volatility against a selection of alternative schemes available on the market. The data (sourced by Corporate Adviser) provides an average return delivered by 20 default strategies. The Corporate Adviser Pensions Average, ('CAPA'), is the average (mean) return delivered by the largest default funds of the 20 main multi-employer DC providers, covering both master trusts and group personal pensions ('GPPs'). Shown below are providers biggest defaults by number of active members.

	The People's Pension	CAPA
30 years before retirement		
Performance	9.8%	10.8%
Volatility	10.3%	10.4%
5 years before retirement		
Performance	6.6%	7.5%
Volatility	7.9%	8.3%

The data as at 31 March 2025 shows that the Scheme's default investment arrangement underperformed the average but had lower volatility than the market average (volatility measures how risky a fund is by measuring how large the day-to-day movements in price are). For more details on fund performance, refer to Appendix 3 on [page 62](#).

The changes to the underlying investments for the default arrangement last year have improved the funds' relative performance against the CAPA average over the year. It is anticipated that these changes combined with the additional changes made in the Scheme year 2024/2025 and planned for 2025/2026 will enhance the Scheme's relative performance whilst remaining one of the greenest master trusts on the market.

03 The Scheme offers a good range of investment options for members

Members of The People's Pension Scheme have a choice of where to invest their savings. There are three investment profile options or a range of self-select funds, including a Shariah Fund and an Ethical Fund. While the self-select fund range is not as broad as some other providers, it's designed to include the main investment categories and make selection simpler. If members don't choose an option, their savings are invested in the 'balanced' investment profile, the Scheme's default arrangement, which initially invests in the Global Investments (up to 85% shares) Fund before gradually switching their savings into the Pre-Retirement Fund which carries less risk in the years before retirement.

As at 31 March 2025, 98.20% of Scheme's members' savings were invested in the default investment arrangement.

04 The Scheme offers a quality and quantity of member, employer and adviser services and communications

Our continued investment in improving customer service contributed to the highest customers satisfaction we've achieved since we started tracking it five years ago, reaching 85% for the year (23/24: 83%). Call volumes increased by 11% in the year and on average it took us 60 seconds to answer them (23/24: 77 seconds). During the year we rolled out Genesys, a cloud-based contact centre software solution, which helps colleagues better engage with customers through knowledge prompts and note summarisation. Our ongoing focus on local automation leaves more time for our colleagues to have valuable conversations with customers, and we intend to further increase our investment in this area in 25/26.

People's Partnership uses various communication methods to reach as much of the Scheme's large membership as possible in the format they prefer. Research and analysis into what members want, and to understand how to communicate with them better, happens throughout the year. Many members prefer to interact with us digitally at a time that suits them, so we're continuing to expand the self-service capabilities we offer. Following the launch of our member app and further improvements to our customer portal, we've introduced a completely new claims journey, with excellent customer feedback so far and will similarly improve the experience for members transfers in during 25/26.

05 The Scheme is well governed and managed

The Scheme operates to strong governance and administration standards and is overseen by an independent board of Trustee Directors. During the Scheme year, the Trustee Board had seven Trustee Directors, with a good balance of skills and experience, and a Trustee Training Plan to help it maintain the necessary competencies to provide strong governance of the Scheme. During the year, the Trustee Directors undertook a full programme of training to develop their knowledge and understanding. They also undertook both individual skills and effectiveness assessments to make sure the Board and Committees are working effectively, and that the training plan is focused and beneficial.

The Trustee meets regularly with representatives from People's Partnership's operations team, who attend each Board and RACC meeting, to report on performance across all member transactions and processing. While reporting reviews performance against agreed service level agreements in the previous quarter, the Trustee works with operations to make sure there's a forward-looking plan to continually improve service levels and member experience.

Through the year, the Trustee has worked with the risk team in the Business Assurance department on developing a more effective risk management framework, and with the Investment Team on developing a new Responsible Investment Policy.

More evidence that the Scheme is well run comes from the audit of a report of the Scheme's controls, covering its systems and processes (this is called the TECH 05/20 AAF Master Trust Assurance Framework Report). Authorised master trusts must demonstrate that their Trustee Board has oversight of, and monitors, certain governance activities, arrangements and relevant systems and processes. The Trustee uses external assurance of these governance controls and procedures to confirm with TPR that these responsibilities have been fulfilled. After the audit, the eighth Annual Report for the Scheme year ending 31 March 2025 was approved by the Trustee Board on 12 June 2025, setting out details of the controls and oversight in place to help provide stability and protection to its members, with no major exceptions noted by the independent service auditor.

In summary, and considering all these factors, the Trustee believes The People's Pension Scheme gives members a good-quality scheme and services at a competitive cost that will deliver good member outcomes.

There are areas for further development and improvement where we'll continue to work with the Administrator over the coming years.

Over the next Scheme year, these include:

- ✓ Continuing to streamline the processing of transfers and claims
- ✓ We are committed to continually enhancing the digital experience for our members - including investing in further improvements to the member app and online portal- to make it easier for members to engage with their pension and plan for the future.

Work also continues on designing and implementing a retirement proposition framework to meet our members evolving needs. For example, we are supportive and committed to delivering default retirement income (decumulation) solutions in line with the timelines set out in the UK Government's Pension Schemes Bill.

Trustee’s knowledge and understanding

In line with section 248 of the Pensions Act 2004 and TPR’s General Code of Practice, the Trustee has, and will maintain, relevant knowledge and understanding (‘TKU’) to run the Scheme effectively. The Trustee supports this with a training programme and induction process for any new Trustee Directors.

As well as their relevant experience and expertise, each Trustee Director is appointed for how their particular specialist background complements the rest of the Trustee Board and gives it diversity of experience. This makes sure that, collectively, the Trustee Board, with support and input from People’s Partnership and advisers, has the right balance of skills, knowledge and competencies to govern the Scheme effectively, and to challenge People’s Partnership and each other.

An annual skills assessment reviews the Trustee Directors’ strengths and identifies training needs. Throughout the Scheme year, the Trustee Directors have demonstrated they meet the requirement for Trustee knowledge and understanding in these ways:

- ✓ The law relating to pensions and trusts – the professional independent Trustee Directors are familiar with the laws relating to pensions, as demonstrated through their qualifications and experience, as well as their collective industry awards and achievements. Examples include serving as Trustees (and often Chairs) of many pension schemes.
- ✓ Scheme Trust Deed and Rules – the Trustee Directors have demonstrated a working knowledge of the Trust Deed and Rules (which they can access through the Scheme document portal) in making decisions in line with them.
- ✓ The principles for investing the Scheme assets – the Trustee Directors have a clear knowledge of the SIP, having considered the performance of both the default investment arrangement and self-select funds against the requirements in the statements, through performance information provided and discussed in Investment Committee meetings throughout the year. Also, they have a good understanding of the overall principles relating to the funding and investment of occupational pension schemes.
- ✓ Task Force on Climate-Related Financial Disclosures (‘TCFD’) – the Trustee Directors have demonstrated a working knowledge of TCFD reporting requirements for identifying, assessing and managing risks and opportunities relating to the Scheme, including those arising from steps taken because of climate change.
- ✓ Trustee policies – the Trustee Directors have demonstrated a working knowledge of the Scheme’s policies, as they’re reviewed regularly to make sure they’re still fit for purpose. All policies have been reviewed during the Scheme year in line with the policy review schedule.

The Trustee Secretary is responsible for making sure all Trustee Directors meet the Regulator’s requirements for trustee knowledge and understanding.

Taking into account the knowledge and experience of the Trustee Directors and the specialist advice (both in writing and while attending meetings) from professional advisers (e.g. investment advisers, legal advisers), the Trustee believes they’re well placed to carry out their functions as Trustee Directors properly and effectively.

Trustee Board skills and training

Trustee Directors complete and maintain a personal training log and are expected to develop their general pensions knowledge on an ongoing basis. This can be through training on specific subjects, attending seminars or reading relevant articles. Each Trustee Director submits a quarterly log of all continuing professional development to the trustee governance services team.

As well as the Trustee Board skills assessment, the Chair also reviews the effectiveness of the Trustee Board annually. This review looks into individual knowledge and understanding, collective experience, decision-making and the ability to challenge, the expertise of advisers, and steps taken to address any training gaps. Training happens throughout the year, including two specific Trustee training days, and future training needs are discussed at each Trustee meeting.

The cumulative training for the seven Trustee Directors for 1 April 2024 to 31 March 2025 was:

Key areas	Governance	Investment	Administration	Scheme management	Knowledge and understanding	Communication
Strength						
Training completed hours	129	142	100	106	129	108

The Trustee Board is committed to continuous improvement to provide the highest level of governance. As a result, the Trustee undertook a significant training programme in the Scheme year, aimed at improving skills, knowledge and understanding. It covered administration, IT security, governance, the General Code, investment, risk management, member engagement, More training will happen through the year as part of the Trustee’s ongoing development plan. The next external effectiveness review is scheduled for the third quarter of the 2025/26 Scheme year.

During the year, the Trustee Board undertook an independent review of its effectiveness. The Trustee appointed Isio to complete the review, which included a comprehensive questionnaire and observation of meetings. The report to the Trustee was very positive, confirming that the Trustee Board has strengths in many areas, and that it fully understands its responsibilities and is carrying them out well, working together on a basis of trust and openness. The Trustee Governance Services team supports the Trustee effectively, and the independent assessors also saw a good working dynamic between the team and the Trustee Directors.

The Chair of the Trustee and the Head of Trustee Governance Services also carried out an evaluation of each Director’s skills in January 2025, and how these skills combine at Board level, presenting the information graphically to support year-on-year monitoring of trends. The outcome was that the Trustee demonstrated a very good balance of skills, TKU and competencies among the Trustee Board, enabling it to govern the Scheme effectively.

Each Trustee Director has extensive defined contribution pension, administration, investment, trusteeship and/or consumer industry experience – there’s more information about them on [page 24](#). These Trustee Directors bring significant diversity of experience, and cognitive diversity in particular. The Trustee continues to safeguard effective standards of governance, taking into account the size and complexity of the Scheme.

Trustee Board and structure

The number of Directors is kept under review to make sure the Board has the skills and resources to meet the Scheme’s work levels and apply the right levels of governance.

The Scheme Founder, People’s Partnership Limited, has appointed seven Trustee Directors to sit on the Board of The People’s Pension Trustee Limited, the Trustee of the Scheme, to provide continued effective governance to the Scheme. Dr Sheila Doyle was appointed to the Trustee Board with effect from 1 April 2024, this was a new role, specifically created to strengthen the skills and knowledge of the Board relating to digital transformation, data protection and cyber security. Vicky Paramour was appointed to the Trustee Board with effect from 1 April 2025.

The Trustee believes the Board currently has the right skills and knowledge as a group to deliver dynamic, responsive and flexible decision making under an effective governance structure, and to meet increasing and changing demands. Even so, the Trustee and the Founder will continue to review knowledge and understanding, as well as the appropriate number of Directors, in line with the needs of the Scheme.

None of the Trustee Directors are directly affiliated to any company that provides advisory, administration, investment or other services or undertakings to the Scheme. Nor have they taken payment or benefits from such organisations, or are they affiliated with PPHL (the Group’s parent company) or any of its subsidiary companies. No-one has been appointed or re-appointed for a term of more than five years since 6 April 2015.

Trustee Directors have the discretion to appoint the Chair of the Trustee, in line with the Model Articles of Association, as determined by the Articles of Association of The People’s Pension Trustee Limited. The Chair of the Trustee Board, Mark Condon, is not affiliated in any capacity with The People’s Pension Scheme. The appointment process is covered in more detail on [page 25](#).

The Board is supported on technical matters by People’s Partnership’s trustee governance services team, (the Head of Trustee Governance Services, the Pensions & Governance Manager, the Trustee Pensions Specialist and the Trustee Secretary) and by professional advisers. The Trustee has a policy for evaluating advisers’ performance and selecting new advisers. Relevant skills and experience are crucial criteria.



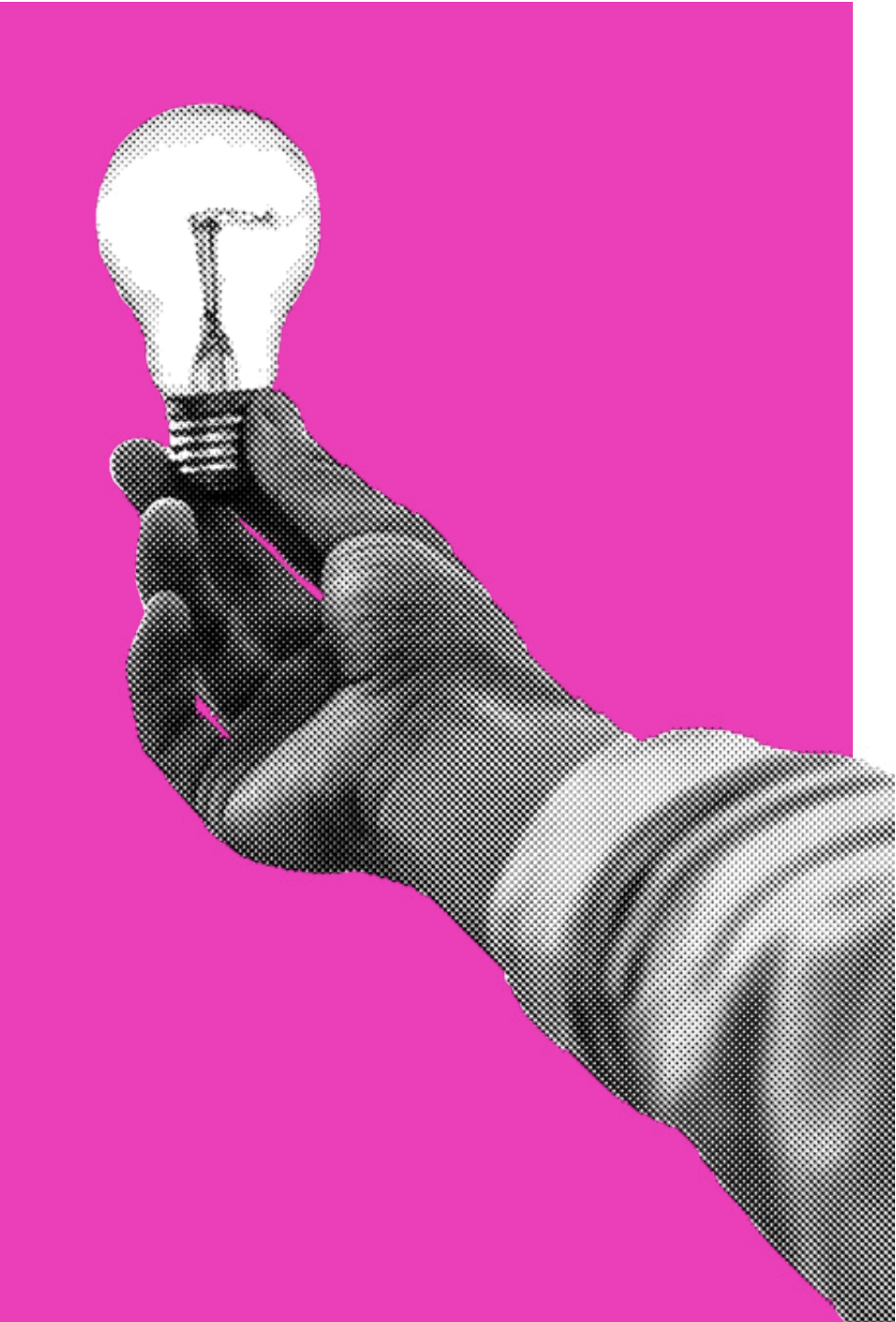
Trustee Director term of office and status

Trustee Director	Appointed	End of current Term	Complete years served (to 31 March 2025)
David Maddison	Re-appointed 1 April 2021 (previously effective from 1 June 2018)	31 March 2026	6
Chris Fagan	Re-appointed 1 April 2022 (previously effective from 1 July 2018)	31 March 2026	6
Baroness Jeannie Drake	Reappointed 1 April 2024 (previously effective from 1 April 2020)	31 March 2027	5
Mark Condron	Reappointed 1 April 2025 (previously effective from 1 April 2020)	31 March 2025*	5
David Butcher	1 June 2022	31 March 2025**	2
Emma Osborne	1 September 2022	31 March 2026	2
Sheila Doyle	1 April 2024	31 March 2027	1
Vicky Paramour	1 April 2025	31 March 2028**	0

* During January and February 2025, an open and transparent recruitment process was carried out to potentially replace Mark Condron, who reached the end of his appointment term in March. Mark Condron also applied under this process and, after considering all applicants, the Founder approved his reappointment for a further five-year term. It was also agreed by the Trustee Board that he would continue in his capacity as Chair of the Trustee for the duration of his appointment.

** During January and February 2025, an open and transparent recruitment process was carried out to potentially replace David Butcher, who reached the end of his appointment term in March. After considering all applicants, the Founder appointed Vicky Paramour for a three-year term with effect from 1 April 2025.

The Board members are confident that their combined knowledge, skills and experience, together with the advice available to them from their advisers, enable them to properly exercise their functions as Directors of the Trustee.



Directors of The People's Pension Trustee Limited

The Directors of the Trustee who served during the year or up to the date of signing are listed below.



Mark Condron
Chair of the Trustee (re-appointed 1 April 2025)

Mark joined the Board in 2020 and has been Chair of the Trustee since October 2022. Mark is a professional trustee and actuary and has over 30 years' pensions experience covering all aspects of investment, funding, governance, and administration. Earlier in his career, Mark held senior positions with responsibility for pensions advisory and administration businesses. In his advisory work, he has helped many large UK pension funds and companies on all aspects of pension provision, and now serves on a number of UK trustee boards, investment and pension scheme governance committees. He is a Fellow of the Institute and Faculty of Actuaries and an Accredited Professional Trustee.



David Butcher
Trustee Director (appointed on 1 June 2022, resigned 31 March 2025)

David has more than 40 years' experience in the pension and investment industry. A CEO three times in his executive career, David also has nine years' governance experience as a non-executive director and as a trustee on four pensions boards including BlackRock Pensions and trustee director of the Legal & General and Scottish Widows master trusts. A practitioner of mindfulness for more than 40 years, David is the founder of Mindful Pensions, whose objective is to bring the benefits of mindfulness to the pensions industry.



Sheila Doyle
Trustee Director (appointed on 1 April 2024)

Sheila is a senior technology executive with more than three decades of experience operating at executive and board level across organisations including Deloitte, BP, Norton Rose Fulbright, IBM, and Deutsche Bank. She is a specialist in delivering transformational change by applying innovative digital solutions. As well as her extensive experience in professional services and other sectors, Sheila also serves as a non-executive director for both NHS Supply Chain and London Ambulance Service. Sheila consulted in Hong Kong, Singapore and Australia for the financial services and manufacturing sectors. She served as a non-executive director on the board of Companies House and was also a member of the Audit Committee.



Baroness Jeannie Drake CBE
Trustee Director (re-appointed on 1 April 2024)

Baroness Drake is a former member of the Turner Pension Commission, which recommended introducing auto-enrolment. She was also on the Board of the Pension Protection Fund, the Board of The Pensions Advisory Service, and was Acting Chair of PADA, the forerunner to NEST. She has more than 30 years' experience in the trade union movement, including as President of the Trade Union Congress (TUC) and was a member of both the Equality and Human Rights Commission and the Equal Opportunities Commission.



Chris Fagan
Trustee Director (re-appointed 1 April 2022)

Chris is an independent Accredited Professional Trustee and investment specialist with more than 30 years of pensions industry experience. In addition to his role at The People's Pension Scheme, he is a trustee of one other pension scheme. Before his appointment by The People's Pension Scheme, he was a Trustee of the Towers Watson Pension Scheme and worked in Willis Towers Watson's Investment Advisory and Fiduciary Management Teams. He has also led the internal Investment Team at a major UK pension fund.



David Maddison
Trustee Director (re-appointed 1 April 2021)

David is an independent trustee who has 40 years of pensions industry experience. He worked with RPMI Ltd (now Railpen) where he fulfilled a number of senior operational and governance roles. He chairs the People's Pension Risk, Administration and Communications Committee and has had a number of non executive roles and is a Department for Transport nominee on two railway pension schemes, one of which he chairs.



Emma Osborne
Trustee Director (appointed on 1 September 2022)

Emma's pension experience includes having been Chair of a defined benefit scheme and currently a trustee director of the Church of England Pensions Board and the BBC Pension Scheme where she is Senior Director and chairs the Investment Committee.

Previously, Emma's career had mainly been in institutional investment management, including positions as Head of Quantitative Investment Management and Derivatives for Credit Suisse Asset Management and as Chief Investment Officer for the international assets of the Chubb Corporation, a US insurance company.



Vicky Paramour
Trustee Director (appointed on 1 April 2025)

A trained pensions actuary, Vicky has over 25 years' experience in the pensions industry and a decade of experience as a professional trustee. She has worked with a range of schemes, both defined benefit and defined contribution, across a variety of different sectors supporting them on their individual journeys. She has rich experience in pensions which includes governance solutions, scheme design, funding and investment strategy review work, and member engagement.

Prior to joining The People's Pension Scheme, Vicky was Managing Director at the Law Debenture Pensions Trusteeship and Governance business as well as previously working in a number of consulting roles at EY, WTW and Hymans Robertson.

Non-affiliation of Trustee Directors

During the Scheme year, the requirement for the majority of the Trustee Directors (including the Chair of the Trustee) to be non-affiliated was met. Details of their professional experience are above. The Trustee continues to safeguard effective and leading standards of governance for the size and complexity of the Scheme.

The independent members of the Trustee Board are each 'non-affiliated' as defined in Regulation 27(8) and Regulation 28 of The Occupational Pension Schemes (Scheme Administration) Regulations 1996. They are all independent from any firm which provides advisory, administration, investment or other services to the Scheme. In particular, they're not a director, manager, partner or employee of such a firm (or one connected to such a firm), and nor were they in the five years before their appointment as a Trustee Director.

No Trustee Director has received any payment or other benefit from a service provider, except as permitted by Regulation 28(3)(b) of The Occupational Pension Schemes (Scheme Administration) Regulations 1996.

The extra requirement of Regulation 28 regarding terms of office for a Trustee Director to count as non-affiliated was satisfied. The majority of the Trustee Directors have been appointed since 6 April 2015, when this requirement was introduced for terms of less than five years, and if they're re-appointed they can serve a maximum of 10 years from the start date noted above. The requirements of Regulation 28(3)(c) of The Occupational Pension Schemes (Scheme Administration) Regulations 1996 have been considered. There are no conflicts of interest, and this has been captured in the Trustee conflicts of interest register.

Trustee appointment process

Appointments to the Trustee Board are open and transparent and meet the requirements set out in Regulation 28(2) of The Occupational Pension Schemes (Scheme Administration) Regulations 1996. Member Nominated Trustee requirements don't apply because the Scheme is a master trust. The process comprises:

- ✓ An assessment of the composition of the Trustee Board, and its breadth of skills, experience and knowledge, followed by a gap analysis. The profile of the candidate role is drawn from these conclusions
- ✓ National advertising of the new role, alongside support from an external headhunting specialist. People's Partnership's Head of Trustee Governance Services screens CVs with the Scheme Founder, who appoints Trustee Directors
- ✓ A two-stage interview managed by People's Partnership in conjunction with the Trustee. Final interviews are conducted by the Chair of the Trustee, or a Trustee Director if there's a potential conflict of interest, and the Chief Executive Officer of People's Partnership.

During the Scheme year from 1 April 2024 to 31 March 2025, Dr Sheila Doyle was selected as the preferred candidate for the seventh Trustee Director role and was formally appointed from 1 April 2024. In the run up to that date, Dr Doyle started the Scheme's induction programme.

In addition, Mark Condron was successfully re-appointed from 1 April 2025 for a five-year term. Vicky Paramour was also selected as the preferred candidate to replace David Butcher following the end of his term and was formally appointed from 1 April 2025.

Induction process for new Trustee Directors

New Trustee Directors must complete TPR's Trustee Toolkit – an online learning programme for pension trustees – within their first six months or have relevant, suitable and appropriate experience. In that same period, they must also complete a detailed induction programme with these components:

- ✓ A comprehensive reading list that includes the SIP, the Scheme Rules and the Conflicts of Interest policy. Trustee Directors must read 12 items in all, as well as minutes of previous Trustee and relevant committee meetings.
- ✓ Induction sessions provided with key personnel across the People's Partnership Group.
- ✓ Familiarisation with relevant documents such as TPR's 'Welcome to Pension Scheme Trusteeship'.
- ✓ Newly appointed Trustee Directors must provide the Trustee Secretary with a detailed list of items, including, among other things, a signed fit and proper person declaration, the Trustee Knowledge and Understanding log and conflicts of interest register update.
- ✓ The induction may, with the Chair's agreement, include externally provided training courses. Following the induction, Trustee Directors get more ongoing training and can suggest future training requirements.

All Trustee Directors have completed TPR's Trustee Toolkit and remain up to date.

Member views

The People's Pension Scheme exists for the benefit of its members, and their views play a key role in the way the Scheme is run.

The Trustee works closely with People's Partnership to discover, monitor and, whenever possible, act on these views to improve the experience for members.

People's Partnership conducts a robust, biannual Customer Barometer to track sentiment, satisfaction, and relationship health across all customer groups of The People's Pension - including members, employers, payroll professionals, and advisers. This long-standing programme provides consistent insight into the drivers of loyalty, advocacy, and retention. In addition, feedback is gathered at key touchpoints with members and through targeted qualitative research to test current experiences and proposed solutions.

Likelihood to recommend for members has remained stable but perceptions on the quality and level of comms has improved compared with 2023-24. When asked whether they'd recommend the Scheme, an average of 6.3 out of 10 said they would (2023-24: 6.2 out of 10). Other customer satisfaction metrics have improved. For example, when asked to rate the quality of the Scheme's communications, 88% of members surveyed responded with 'very good to fair' (2023-24: 83%). While 58% of members think they receive about the 'right' level of communications (2023-24: 53%).

Effective communications are vital in engaging and supporting members on their savings journey. As part of our master trust obligations to improve understanding of work-based pension schemes, the Scheme is constantly looking for innovative and engaging ways to fulfil this requirement from The Pensions Regulator. Regulations say master trust trustees must provide a process for members' views to be heard by the trustees at board level. At the end of each Scheme year, the

People's Pension Trustee Board gives an update on how the Scheme has performed in the last year and gives members the opportunity to 'ask the Trustee a question'.

Once again, this year's update was through a pre-recorded video with Mark Condron, the Chair of the Trustee. Also, we added to the update short 'an introduction to' videos, which answer some of members' most frequently asked questions about pension savings, based on previous member feedback. These were delivered by several Trustee Directors as well as subject matter experts from People's Partnership. We're aware of the different working patterns of our membership base and by producing short videos, members can access them whenever it suits them and in an easy-to-access format. This has meant more video views than in previous years.

People's Partnership runs regular research to find out how members feel and what they want. Each year, 1,000 members are surveyed (as well as 500 employers and 500 intermediaries) to measure customer satisfaction and find out more about them. Members' views are also surveyed at key touchpoints, such as at the end of phone calls to the Administrator's contact centre. Also, a Customer Research Lab has been set up to test any proposed solutions to make sure of the best outcomes for members. The findings from much of this work are shared with the Trustee, so we have a good understanding of our members and their needs.

The Trustee also worked with People's Partnership to support members with:

- ✓ Details on the website about the rise in the minimum retirement age to 57 and what members can do to protect their ability to retire at 55
- ✓ Warnings about pension scams, both on the Scheme website and through social media channels
- ✓ Information about support available from third-party organisations, including Pension Wise and MoneyHelper
- ✓ Guidance on how members and employers can self-serve using their online accounts and get more support when they need it
- ✓ More accessible details about how the Scheme approaches responsible investment.

The Trustee gets detailed information each quarter from People's Partnership on the profile of the Scheme's membership, and about any complaints or disputes. All second stage decisions on submissions through the Internal Dispute Resolution Procedure are considered by the Risk, Administration and Communications Committee, and reported at the next Trustee Board meeting.

All members have the facility to make a submission to the Trustee at www.thepeoplespension.co.uk/contact-us.

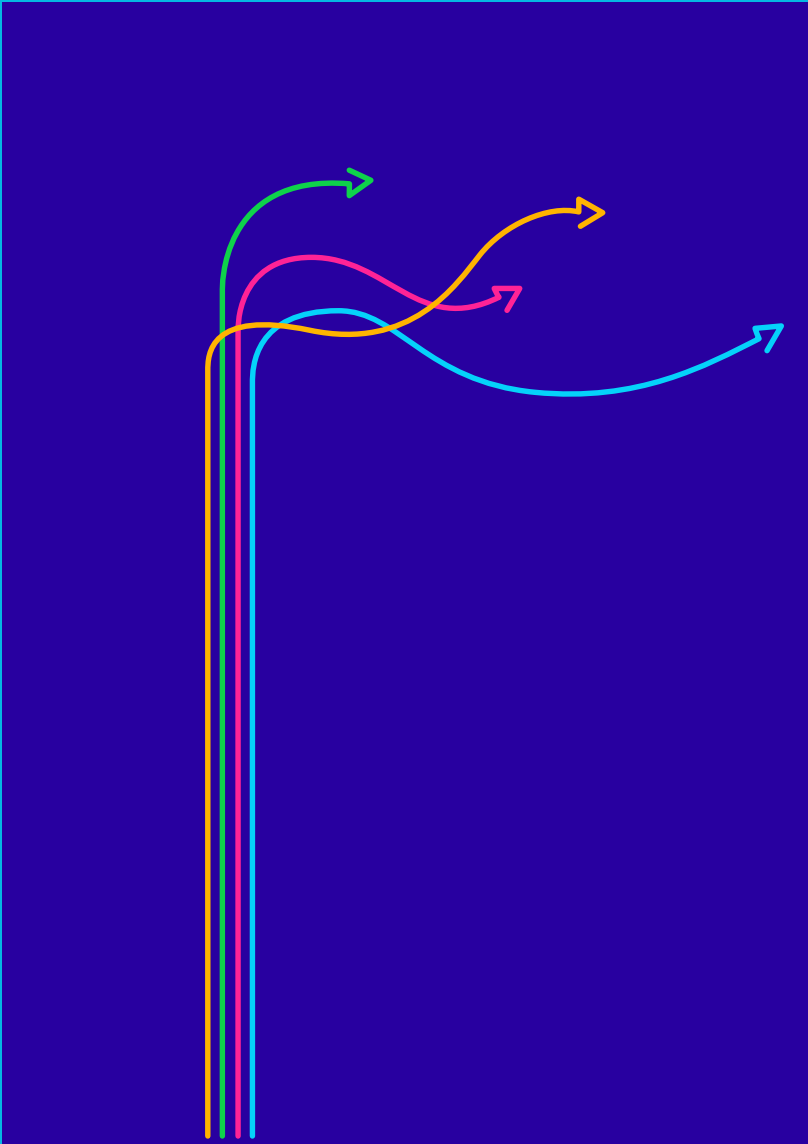
The Statement regarding governance was approved by the Trustee and signed on its behalf by:

Mark Condron

Mark Condron
Chair of The People's Pension Trustee Limited
19 September 2025



Appendix 1 - The People's Pension Scheme Statement of Investment Principles



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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Introduction

1. Introduction

- 1.1 This Statement of Investment Principles (SIP) has been prepared by The People's Pension Trustee Limited (the Trustee), the Trustee of The People's Pension Scheme (the Scheme).
- This statement sets down the principles that govern the investment decisions that enable the Scheme to meet the requirements of relevant regulations currently in force, including:

The Pensions Acts 1995 and 2004.

The Occupational Pension Schemes (Investment) Regulation 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015, as well as to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK.

The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023.

1.2 The Trustee has consulted a suitably qualified person by obtaining written advice from People's Investment Ltd. (PIL), the Trustee's primary investment advisers. PIL is authorised and regulated by the Financial Conduct Authority.

1.3 The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by this statement or in the profile of the Scheme's membership. The Trustee will take expert investment advice and consult with the founder of the Scheme (as the nominated representative of the employers of the Scheme) over any changes to the SIP.

1.4 The powers of the Trustee are set out in Rule 51 of the Definitive Trust Deed and Rules, dated 30 May 2022. This statement is consistent with those powers.
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- Statement of investment principles
2. Choosing investments
- 2.1 The Trustee's policy is to offer a default investment arrangement plus a core range of investment funds suitable for the Scheme's membership profile. Details of these are given in Appendix 1. In doing so, the Trustee considers the advice of its investment adviser.

2.2 The Trustee carefully considers its investment objectives, shown in Appendix 1, when designing the range of investment options to offer to the Scheme's members. The Trustee also acknowledges that members will have different attitudes towards risk and different aims for accessing their retirement savings. Therefore, while seeking good member outcomes net of fees, it also considers the level of risk that is appropriate based on the anticipated needs of the membership profile of the Scheme.

2.3 The day-to-day management of the Scheme's assets is delegated to the Scheme's asset managers. As at 01/04/2025, the Trustee has approved Amundi, Invesco, and State Street Global Advisers for use by the Scheme. For the Shariah Fund, State Street Global Advisers has delegated the stock selection to HSBC Asset Managers. The asset managers are authorised and regulated by the Financial Conduct Authority and are responsible for stock selection. The asset managers will be responsible for the exercise of voting rights, in line with their policies.

2.4 The Trustee reviews the appropriateness of the Scheme's investment strategy on a continual basis. This review includes consideration of the competence of the asset managers with respect to their performance within any guidelines set.
3. Investment objectives
- 3.1 The Trustee has discussed and agreed on key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustee faces in achieving these objectives. The funds' high-level objectives are set out in the table below. For all funds apart from the Cash and Annuity funds, their long-term performance objectives reference the Consumer Price Index (CPI). Further detail is provided in Appendix 1.

It should be noted that those funds whose objectives reference CPI have their long-term performance objectives net of fees.
- | Fund | Long-term performance objective |
|---|---|
| Global Investments (up to 85% shares) Fund | CPI +2.5% |
| Pre-Retirement Fund | CPI +0.5% |
| Global Investments (up to 60% shares) Fund | CPI +2.0% |
| Global Investments (up to 100% shares) Fund | CPI +3.0% |
| Ethical Fund | CPI +3.0% |
| Shariah Fund | CPI +3.0% |
| Cash Fund | Returns equivalent to cash returns |
| Annuity Fund | To protect against the rise in the level of annuity prices. |
- 3.2 The default strategy is designed to be appropriate for the majority of our members, considering membership demographics and risk tolerance. It aims to balance the risk and expected return over the lifetime of a member.
4. The kind of investments to be held
- 4.1 The Trustee is permitted to invest in a wide range of assets, including equities, bonds, cash, property, derivatives, private market assets, and alternatives, subject to complying with relevant legislation.

4.2 In practice, the kinds of investments held by the Trustee depend upon the investment strategy of the relevant fund. Details of these are given in Appendix 1.
5. Policy on illiquid investments
- 5.1 The default strategy does not currently invest directly in illiquid assets such as private equity, infrastructure, and real estate.

5.2 PIL is currently in the process of building up research capability and expertise in private markets investing. If suitable opportunities can be found, the Scheme will, subject to Trustee approval, allocate some of the members assets into private markets.
- 6 | The People's Pension Scheme statement of investment principles
- The People's Pension Scheme Annual Report and Financial Statements for the year ended 31 March 2025
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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

6. The balance between different kinds of investments

- 6.1 The Trustee has made available a range of investment profile options. Through these options, members' assets are automatically invested in line with a pre-determined strategy that changes at different stages of membership. For example, while a member is a long way off accessing their retirement savings, emphasis is placed on medium to higher-risk funds (ie, investment largely in growth assets such as equities) in search of long-term, inflation-protected growth. As the member's target retirement date approaches, their retirement savings are progressively switched to hold a larger proportion of lower-risk assets so as to protect the value of their savings.
- 6.2 Members can choose to invest in any of the funds detailed in Appendix 1 or can elect to invest in a lifestyle strategy. Where members don't choose where their contributions and those made on their behalf by the employer are invested, the Trustee will invest these contributions according to the default investment strategy set out in Appendix 1.
- 6.3 The Trustee considers the merits of both active and passive management for the various elements of the Scheme's portfolio and may select different approaches for different asset classes.
- 6.4 The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and that the asset allocation may change as the membership profile evolves.

7. Investment risk

- 7.1 Risk in a defined contribution scheme sits with the members themselves. The Trustee has considered members' circumstances and considered ways of managing risks when designing the investment strategy for the Scheme. Details of this are given in Appendix 1.
- 7.2 A comprehensive list of risks is set out in the Trustee risk register. The main investment risks affecting all members and the ways the Trustee measures and manages these are listed below.

Risk	Description	Mitigation
Inflation risk	The risk that the investments do not provide a return at least in line with inflation, therefore eroding the purchasing power of the member's retirement savings.	The Trustee makes available investment options that are expected to provide a long-term real rate of return.
Conversion risk	The risk that fluctuations in the assets held, particularly in the period before retirement savings are accessed, lead to uncertainty over the amount likely to be received.	In the investment profile options made available through the Scheme, the Trustee changes the proportion and type of investments so that in the run-up to retirement, the investments gradually start to more closely match how the Trustee expects members to access their retirement savings. The Trustee keeps the appropriateness of the strategies under review. The Trustee also makes alternative funds available, which members may select to better suit their own circumstances.
Retirement benefit risk	The risk that a member's retirement benefit falls short of the amount expected, whether this is due to lower investment returns than expected or insufficient contributions being paid.	The Trustee periodically reviews the appropriateness of the investment options offered to consider whether there are opportunities to improve members' expected outcomes. The level of contributions is outside the Trustee's control. Members will receive regular Statutory Money Purchase Illustration (SMPI) projections, providing them with an indication of the size of their pension pot at retirement.

Risk	Description	Mitigation
Performance risk	The risk that an asset manager or benchmark does not perform as expected over the long-term assessment period. This encapsulates both systemic and 'active' risk.	The Trustee monitors the performance of the Scheme's assets on a regular basis. The Trustee will review the performance of the funds against their benchmarks, whether the selected benchmarks remain appropriate, and will have regular meetings with the asset managers. The Trustee has a written agreement with the asset managers that contains a number of investment restrictions on how they may operate.
Market risk	Market risk refers to the risk that an investment may fall in value due to fluctuations in the market.	The investment consultant is expected to invest in properly diversified portfolios and spread assets across a number of individual shares and securities.
Sequencing risk	The risk that the sequence of returns, particularly poor returns in the early stages of a member taking drawdown income from their pension, may impact that member's ability to sustainably withdraw income through the whole of their retirement.	The Pre-Retirement fund is a broadly diversified fund, with a maximum of 20% invested in equities. The remainder is split between 60% in fixed interest securities and 20% in money market securities. This should, in most market conditions, reduce the downside risk of the fund.
Currency risk	Some of the funds made available to members by the Trustee invest in overseas assets that will be denominated in currencies other than Sterling. There is, therefore, a risk that the relative movements of Sterling and other currencies will lead to losses (or gains) in the value of the investment.	The Trustee monitors the impact of currency risk on the portfolios. The currency exposure associated with a proportion of certain assets held is hedged back to Sterling to reduce the potential impact.
Illiquidity risk	The risk that some assets the Scheme invests in are more difficult or take longer to sell.	The Scheme will only invest a relatively small proportion of its assets in illiquid investments. The Trustee will closely monitor the level of those assets to ensure the Scheme has sufficient liquidity.
Operational risk	The risk of fraud, poor advice, errors, administrative failure, or acts of negligence.	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.
Environmental, social, and governance (ESG) risk	ESG risks can have a significant effect on the long-term performance of assets held by the Scheme.	The Trustee has a policy on responsible investment that addresses how these risks should be managed. This is included in Appendix 2.
Index selection risk	The risk that an inappropriate index is selected.	The Trustee takes advice from regulated advisers when making investment decisions.

8. Expected return on investments

- 8.1 The Trustee has regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The Trustee is advised on these matters by its investment adviser. However, the day-to-day selection of investments is delegated to the asset managers.
- 8.2 The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

9. Realisation of investments

- 9.1 The Trustee has delegated the responsibility for buying and selling investments to the asset managers. This role includes considering the liquidity of the investments in the context of the likely needs of members and the payment obligations of the Scheme.

10. Financially material considerations

- 10.1 The Trustee believes that environmental, social, and governance (ESG) factors can affect the performance of investment portfolios and should be considered as part of the Scheme's investment policy.
- 10.2 ESG factors are integrated into the portfolio when they are believed to be material to the portfolio's return prospects or risk characteristics. Integration may mean using the ESG factors to influence the weights of securities, sectors, or asset classes held in a portfolio. In general, the Trustee does not believe that large-scale exclusions are consistent with its Responsible Investment objective that focuses primarily on potential financial factors. The Responsible Investment Policy (Appendix 2) further outlines the Trustee's position on ESG integration and exclusions. In addition, the Trustee has agreed to a Climate Change Policy (Appendix 3) as climate change is likely to be the most financially material of the ESG issues due to its potential to affect every business sector and geography.

- 10.3 The Trustee has a fiduciary duty to consider all material financial risks when making all investment decisions and makes no distinction in this between the default and self-select funds. In fulfilling this duty, the Trustee also expects its asset managers to take all financially material considerations into account over an appropriate time horizon of the investments when selecting, retaining, and realising investments. This includes, but is not limited to, ESG factors (including, but not limited to, climate change) where these are considered relevant financial factors. People's Investment Ltd. will receive, review, and publish reports from the asset managers on the steps they take on the Scheme's behalf, including voting and engagement.

Further detail on how this approach is implemented in practice is set out in Appendix 2 (Responsible Investment Policy) and Appendix 3 (Climate Change Policy).

The Trustee recognises that its duty to act as a fiduciary for the members extends to all funds. As such, ESG risks, including climate change, must be managed across all member options as far as possible, recognising the greatest scale and ability to influence investments lies in the default funds.

11. Member views and non-financial factors

- 11.1 The Trustee has agreed to a Responsible Investment Policy (Appendix 2) that outlines its approach to non-financial factors, including exclusions.
- 11.2 The Trustee conducts research with members, as and when required, to understand their views on investments as well as ethical and ESG factors.
- 11.3 The Scheme also offers members self-select funds, such as the Ethical Fund and the Shariah Fund, which allow them to invest in accordance with their views.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

12. Voting rights, corporate governance, and engagement principles

12.1 The Trustee has a duty to act responsibly with regards to the assets it owns on behalf of its members. The Trustee believes that in order to fulfil this duty and to protect and enhance the value of the Scheme's investments over the long term, it must act as a responsible asset owner and market participant.

The Trustee does not, in the normal course of events, monitor or engage directly with issuers or other holders of debt or equity. The Trustee expects the asset managers to exercise ownership rights and undertake monitoring and engagement, considering the long-term financial interests of the beneficiaries. Topics included under this engagement should include capital structure, risk, strategy, performance, social and environmental issues (including climate change), and corporate governance. The Trustee expects its asset managers to take into account the Trustee's SIP (and Responsible Investment Policy) and the Trustee's stewardship priorities in exercising votes and company engagement on the Trustee's behalf.

Where there is a potential for any conflicts of interest, the Trustee expects its external agents to identify and manage any conflicts in accordance with Principle three of the Financial Reporting Council's (FRC's) UK Stewardship Code, putting the best interests of clients and beneficiaries first. The Trustee expects the asset managers to employ the same degree of scrutiny for pooled funds as if the investment had been made on a direct basis.

The Trustee recognises the important role it plays in influencing positive ESG and stewardship standards, both through voting on key policies and decisions at general meetings and through its managers' ability to engage with companies on the Scheme's behalf as an asset owner. The Trustee expects its asset managers to implement the Scheme's net zero voting guidelines through an 'expression of wish', as outlined in the Trustee's Responsible Investment Policy (Appendix 2).

The Trustee has access to regular reports from its asset managers on their stewardship activities, including voting and company engagement, as well as wider industry and policy engagement. The Trustee monitors and discloses the voting and engagement¹ behaviour carried out on its behalf. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.

12.2 The Trustee's Responsible Investment Policy (Appendix 2) outlines its minimum requirements and expectations of the asset manager on voting and engagement² activities. The Scheme works closely with its asset managers to help it support good corporate behaviour. Part of the Trustee's procurement process for choosing asset managers involves ensuring their voting policies are sufficiently robust and achieve broad alignment with the Trustee's Responsible Investment Policy. The Responsible Investment Policy is therefore framed around how the Trustee interacts with, monitors, and may seek to influence its asset managers. Should an asset manager be failing in these respects, this should be captured in the regular monitoring of the manager's activity.

13. Asset manager arrangements

13.1 Prior to appointing an asset manager, the Trustee discusses that asset manager's benchmark and approach to stewardship, as well as the management of ESG and climate-related risks, with the Scheme's investment adviser, and how they are aligned with the Trustee's own investment aims, beliefs, and constraints.

When appointing an asset manager, in addition to considering that asset manager's investment philosophy process, and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how stewardship, ESG, and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be materially out of line with its own investment objectives for the part of the portfolio being considered, it will consider another manager for the mandate. The Trustee's Responsible Investment Policy (Appendix 2) outlines its minimum requirements when selecting new managers.

¹ Includes company, industry, and policy engagement activities, as well as collaborative initiatives.
² Ibid



The Scheme's investment adviser is PIL. PIL is a subsidiary of People's Partnership, the group of companies that operate The People's Pension. PIL is independent and does not provide asset management services. This, and its Financial Conduct Authority (FCA)-Regulated status, makes the Trustee confident that the asset manager recommendations it makes are free from conflict of interest. The Trustee has confidence that PIL has sufficient resources and expertise to provide them with appropriate investment advice.

The Trustee carries out a strategy review at least every three years, where it assesses the continuing relevance of the strategy in the context of the Scheme and its aims, beliefs and constraints. The Trustee monitors the asset managers' approach to stewardship, ESG and climate-related risks on an annual basis.

In the event that an asset manager ceases to meet the Trustee's desired aims, including stewardship and the management of ESG and climate-related risks, using the approach expected of them, the Trustee will expect to work with the asset manager to improve the alignment of their objectives. Should the collaboration with the asset manager be deemed unsuccessful by the Trustee, their appointment may be reviewed or terminated. The asset managers have been informed of these expectations by the Trustee.

Asset managers stewardship, ESG and climate policies are reviewed in the context of best industry practice, and feedback will be provided to the asset managers.

13.2 The Trustee is mindful that the impact on the performance of stewardship, ESG and climate change may have a long-term nature. However, they are aware that the risk associated with them may be much shorter-term in nature. The Trustee has acknowledged this in their investment management arrangements.

When considering the management of objectives for an asset manager (including stewardship, ESG and climate risk objectives) and then assessing their effectiveness and performance, the Trustee assesses these over mutually agreed rolling timeframes. The Trustee believes the use of rolling timeframes, typically three to five years, is consistent with ensuring the asset manager makes decisions based on an appropriate time horizon.

The Trustee expects the asset managers to vote and engage on behalf of the fund's holdings, and the Scheme monitors this annually. The Trustee does not expect ESG and stewardship considerations to be disregarded by the asset managers in an effort to achieve any short-term targets.

13.3 The Trustee monitors the performance of their asset managers over medium to long-term time periods that are mutually agreed upon with the asset manager and are consistent with the Trustee's investment aims, beliefs and constraints. The investment adviser assists the Trustee in this monitoring process.

The Scheme invests in both pooled funds and segregated mandates. The asset managers are remunerated by the Trustee based on the assets they manage on behalf of the Trustee.

In general, the Trustee believes that the fee-based structure without performance fees enables the asset managers to focus on long-term performance without worrying about short-term dips significantly affecting their revenue. However, the Trustee accepts that there may be certain fund structures for particular types of assets that will include performance fees.

The Trustee asks the Scheme's investment adviser to assess if the asset management fees are in line with the market when the manager is selected, and the appropriateness of the annual management charges is considered annually.

13.4 The Trustee defines portfolio turnover as how often assets are bought and sold by the manager in the course of their investment management activities. During the asset manager appointment process, the Trustee considers both past and anticipated portfolio turnover levels. Overall performance is assessed as part of the regular investment monitoring process, which can be impacted by turnover costs.

The Trustee recognises that there are circumstances when turnover costs are unavoidable, eg, changing managers.

The Trustee does not target a specific portfolio turnover. The Trustee recognises that turnover costs are necessary where they are incurred to ensure the Scheme remains in investments that will provide rather than detract from performance over the long term. The Trustee is mindful of the costs associated with portfolio turnover, while the portfolio will primarily use passive investment, which typically has low turnover. The Trustee recognises that there may be some areas of investment where active management can provide value to members even if portfolio turnover costs are higher. When monitoring turnover costs, both the level and reason behind them are considered and, if necessary, investigated further.

13.5 For the open-ended pooled funds in which the Scheme invests, there is no scope to amend the terms of agreement with the asset managers.

Each of the segregated mandates the Scheme invests in is governed by an individual Investment Management Agreement (IMA), between the Scheme and the asset managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints are assessed every three years, or more frequently when changes deem it appropriate to do so. As part of this review, the ongoing appropriateness of the asset managers and the specific funds used is assessed.

14. Monitoring

14.1 **Investment performance:** The Trustee reviews the performance of each investment option offered through the Scheme against the stated performance objective and receives a performance monitoring report. This monitoring considers both short-term and long-term performance. The asset managers' overall suitability for each mandate will be monitored as frequently as the Trustee considers appropriate in light of both its performance and other prevailing circumstances.

14.2 **Objectives:** The Trustee monitors the suitability of the objectives for the Scheme (Appendix 1) and performance (net of fees) against these objectives at least every three years. It also does this when there is any significant change in the investment policy, underlying economic conditions, or profile of the members.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



The People's Pension Scheme statement of investment principles | 13

Appendix 1

Note on investment policy in relation to the current Statement of Investment Principles, dated 1 April 2025

1. Scheme investment objective

- 1.1 The Trustee's key objective is to enable members to provide adequately for their retirement via appropriate investment of their accumulated pension contributions.
- 1.2 In relation to the default option in particular, the objective is to provide an investment strategy that is intended to be suitable for the majority of the Scheme's members.
- 1.3 To ensure that the expected volatility of the returns is achieved, the level of volatility and risk in the value of members' pension pots is managed through appropriate diversification between different asset types.

2. The default option

- 2.1 Having analysed the Scheme's membership profile, the Trustee decided that the investment profile set out below represents a suitable default investment option for the majority of members who don't make a choice about how their contributions (and those made on their behalf by the employer) are invested. The aims, objectives and policies relating to the default option are intended to ensure that assets are invested in the best interests of relevant members and their beneficiaries.
- The default strategy is known as the 'balanced' investment profile.
- 2.2 The 'balanced' investment profile is made up of two funds.

Fund name	Objective	Asset allocation
Global Investments (up to 85% shares) Fund	Purpose: The fund is a balanced-risk fund focused on long-term capital growth. Return frame: To generate returns in excess of consumer price inflation (CPI). Return objective: CPI+2.5% per annum on a net of fees basis.	76.8% Global Equity 3.2% Infrastructure 13.5% Global Corporate Bonds 6.5% Global Sovereign Bonds
Pre-Retirement Fund	Purpose: The fund is a low to medium-risk fund that balances capital preservation and capital growth. Return frame: To generate returns in excess of consumer price inflation (CPI). Return objective: CPI+0.5% per annum on a net of fees basis.	19.2% Global Equity 0.8% Global Infrastructure 40.5% Global Corporate Bonds 19.5% Global Sovereign Bonds 20% Money Market

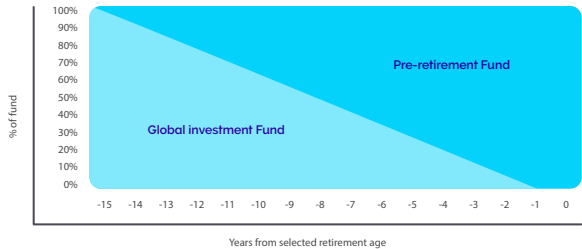
Correct at 1 April 2025

- 2.3 The investment profile gradually moves a member between the two funds depending on their proximity to retirement age (state pension age unless the member has selected otherwise), as illustrated below:

Years from retirement	Global Investments (up to 85% shares) Fund	Pre-Retirement Fund
-15	93.75%	6.25%
-14	87.50%	12.50%
-13	81.25%	18.75%
-12	75.00%	25.00%
-11	68.75%	31.25%
-10	62.50%	37.50%
-9	56.25%	43.75%
-8	50.00%	50.00%
-7	43.75%	56.25%
-6	37.50%	62.50%
-5	31.25%	68.75%
-4	25.00%	75.00%
-3	16.67%	83.33%
-2	8.34%	91.66%
-1	0.00%	100.00%
0	0.00%	100.00%



Fund share in the 15-year glidepath



- 2.4 The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their savings, so it's not possible to offer a default investment option that will be suitable for all. However, the Trustee believes that the default option provided represents a suitable default investment option for members who don't make a choice about how their contributions (and those made on their behalf by their employer) are invested.

3. Alternative investment choices

- 3.1 The Trustee acknowledges that members will have different attitudes to risk and different aims for accessing their savings. Therefore, it's not possible to offer a single investment option that will be suitable for each individual member.
- 3.2 Investment profiles
- Alongside the default, the Trustee has made two alternative investment profiles available.

The 'cautious' investment profile uses the same basis as described above but initially invests in the Global Investments (up to 60% shares) Fund instead of the Global Investments (up to 85% shares) Fund.

The 'adventurous' investment profile uses the same basis as described above but initially invests in the Global Investments (up to 100% shares) Fund instead of the Global Investments (up to 85% shares) Fund.

3.3 Self-select options

The Trustee has made a number of funds available for members to self-select from. These are shown in the table on page 16.

Members may also self-select from the Global Investments (up to 85% shares) Fund and the Pre-Retirement Fund.

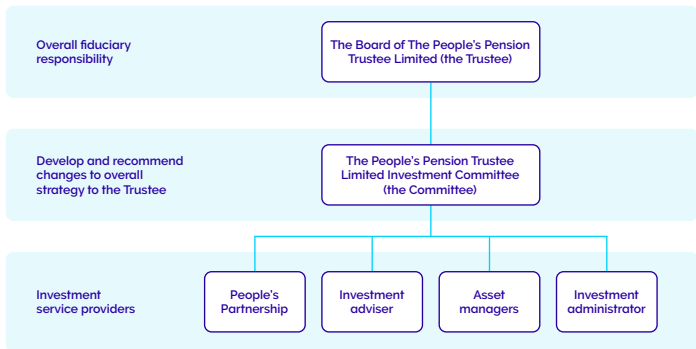
Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Fund name	Objective	Asset allocation
Global Investments (up to 60% shares) Fund	Purpose: The fund is a moderate-risk, long-term capital growth fund. Return frame: To generate returns in excess of the Consumer Price Index (CPI). Return objective: CPI+2.0% per annum on a net of fees basis.	57.6% Global Equity 2.4% Global Infrastructure 26.0% Global Corporate Bonds 14.0% Global Sovereign Bonds
Global Investments (up to 100% shares) Fund	Purpose: The fund is a higher-risk, long-term capital growth fund. Return frame: To generate returns in excess of the Consumer Price Index (CPI). Return objective: CPI+3.0% per annum on a net of fees basis.	96% Global Equity 4% Global Infrastructure
Ethical Fund	Purpose: The fund is a higher-risk, long-term capital growth fund. Return frame: To generate returns in excess of the Consumer Price Index (CPI) while screening out companies that do not exhibit high ESG standards. Return objective: CPI+3.0% per annum on a net of fees basis.	100% Global Equity
Shariah Fund	Purpose: The fund is a higher-risk, long-term capital growth fund. Return frame: To generate returns in excess of the Consumer Price Index (CPI) while investing in the largest global shariah-compliant companies. Return objective: CPI+3.0% per annum on a net of fees basis.	100% Global Equity
Cash Fund	Purpose: The fund is a low-risk capital preservation fund. Return frame: To maintain the capital value of investments. Return objective: Returns equivalent to cash returns net of 0.5% annual management charge.	The fund invests in the short-term money markets, such as bank deposits and Treasury bills
Annuity Fund	Purpose: The fund is a low-risk, long-term income fund. Return frame: To provide current income and low-moderate capital appreciation. Return objective: To protect against the rise in the level of annuity prices.	70% Corporate Bonds 30% Gilts

Correct at 1 April 2025

4. Governance

4.1 The Trustee of the Scheme is responsible for the investment of the Scheme's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has considered whether it has the appropriate training and expert advice in order to make an informed decision. The Trustee has established the following decision-making structure:



4.2 Roles and responsibilities

The Trustee

- Sets the structures and processes for carrying out its role.
- Selects appropriate experts to provide advice as and when required.
- Sets the structure for the implementation of the investment strategy.

Investment committee

- Selects and monitors the planned asset allocation strategy.
- Reviews the self-select fund range and investment profiles on a regular basis.
- Monitors investment adviser and asset managers.
- Makes ongoing decisions relevant to the operational principles of the Scheme's investment strategy.
- Monitors investment performance and costs.

People's Partnership

- Administrative and operational liaison with the asset managers.
- Negotiation of fee terms and contractual terms.
- Recommendations on generic fund options required to keep the Scheme attractive to participating employers.
- Scheme secretarial and reporting liaison with the asset manager.

Investment adviser

- Advises on all aspects of the investment of the Scheme's assets, including implementation.
- Advises on this SIP.
- Provides the required training to the Trustee.
- Ensures that it delivers advice that is compliant with the requirements of the Financial Conduct Authority.

Asset managers

- Operates within the terms of this SIP and its written contracts.
- Selects individual investments with regard to their suitability.
- The Trustee expects the asset managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this SIP so far as is reasonably practicable.

Investment administrator

- Fund administration.
- Unit pricing.



Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

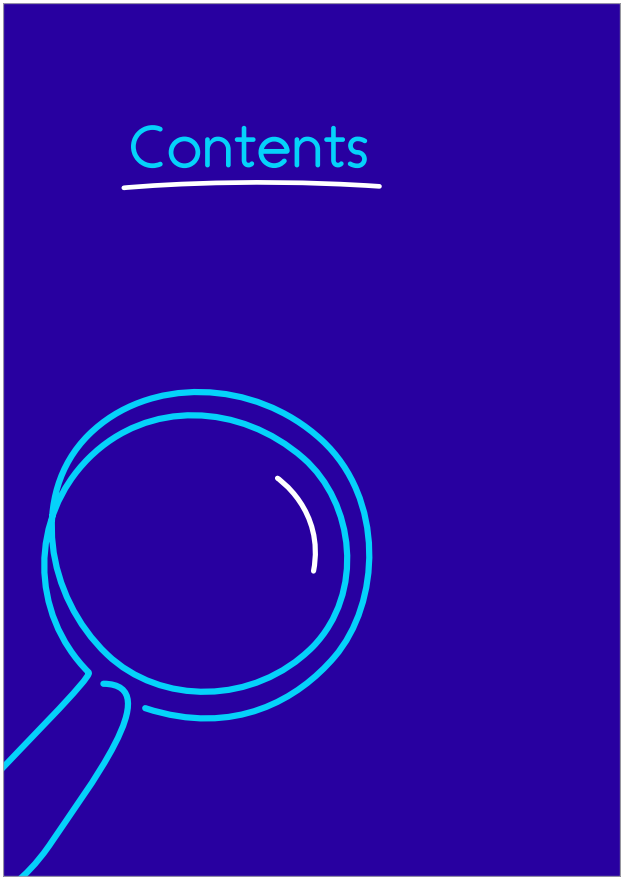


Appendix 2
Responsible investment policy

20 | The People's Pension Scheme statement of investment principles



Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



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Overview

The People's Pension ('the Scheme') is a defined contribution (DC) master trust open to all UK employers. The Scheme has over 6m members and is growing by more than £3bn in contributions annually. As an open and growing master trust, it has a long-term investment outlook. The People's Pension Trustee ('the Trustee') acts as fiduciary over the savings held in the Scheme.

The primary objective of the Scheme's responsible investment (RI) approach is to add financial value and resilience to its members' savings through its portfolio construction and stewardship approaches. As a complement to the primary objective, the Trustee also wishes to encourage companies to behave in a more sustainable way for the benefit of society and the world the members retire into.

The Trustee believes that it can achieve these complementary objectives by:

- Prioritising ESG risks and opportunities where the investment case for financial materiality over the medium to long term is strongest.
- Identifying ESG issues that contribute value to wider society and embedding them into the Scheme's stewardship approach.¹
- A limited use of exclusions.²

The Trustee has concluded that its fiduciary duty is to address these issues as part of its investment decision making.

¹ So long as there is no material financial detriment in pursuing this activity. Also refer to Glossary for the Scheme's definition of stewardship, which does not include portfolio construction.

² As above, so long as there is no material financial detriment to its use, in alignment with the Law Commission's recommendations regarding exclusions.

2 | Responsible Investment Policy



Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Menu

The Trustee has identified the importance of considering and managing ESG risks and opportunities as part of its portfolio construction alongside and connected to a stewardship programme that includes not only investee companies but wider industry and policymakers. Due to the breadth and scope of these issues, prioritisation is essential.

The Trustee has chosen to focus on:

- Issues that relate to climate, nature, and human rights, as these are deemed to be most material to the Scheme's stakeholders.
- Stewardship 'asks' where a business materiality to the company or sector involved can be identified.
- Industry-wide stewardship programmes where the 'asks' are already well-established.
- Stewardship initiatives where there is a comparative advantage in undertaking that particular course of stewardship.

This Policy was approved by the Trustee in March 2024. It will be reviewed and updated at least every 3 years or following any significant change in approach, policy, or the demographic profile of members.

This Policy is divided into 2 main parts:

- **Part 1: The Scheme's responsible investment approach**, which highlights its responsible investment objectives and beliefs and the strategic framework through which this Policy will be implemented.
- **Part 2: The Scheme's stewardship priorities**, which outline the key ESG issues and connected key-stakeholder expectations upon which the Trustee will focus its stewardship activities.

Responsible Investment Policy | 3

Part 1

The Scheme's responsible investment approach

4 | Responsible Investment Policy

Introduction

Menu

The Responsible Investment Policy ('the Policy') describes the framework governing the approach of The People's Pension ('the Scheme') to integrate environmental, social, and governance, and stewardship considerations into its investment decision making. The Policy is approved by the Trustee of the Scheme ('the Trustee').

As a primary directive, the Policy has been developed to serve the Scheme's main stakeholders – its members. However, due to the technical nature of the Policy, the information on the Scheme's website may better serve their needs. The main audiences for this document are the Scheme's asset managers, other service providers (ie, data and index providers, investment consultants), policymakers, and investee companies. This is because the document sets out the Trustee's 'asks' of these stakeholders, and the People's Partnership Investment Team uses this information to inform its investment approach, including asset manager and service provider selection and oversight. This document may also be of interest to employers using the Scheme for their pension arrangements, advisers, and other wider stakeholders.

This Policy should be read in conjunction with the following associated Scheme policies and reporting:

- **Statement of Investment Principles (SIP)**, which outlines the Scheme's investment strategy, objectives, policies, and governance arrangements in which this Policy and the Climate Change Policy are included in the appendix.
- The **Climate Change Policy**, which should be considered a subset of the Policy.
- The Scheme's **Taskforce for Climate-Related Financial Disclosures (TCFD) report**, which is required to be updated annually, outlines further details regarding the Scheme's climate-related governance, strategy, risk management, and metrics and targets.
- The Scheme's yearly **Implementation Statement**, which provides a high-level summary of its stewardship activities and the Scheme's performance against its SIP.

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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

What responsible investment means to the Scheme

Responsible investment objectives and beliefs

The primary objective of the Scheme's RI approach is to add financial value and resilience to its members' savings through its portfolio construction and stewardship approaches. As a complement to the primary objective, the Trustee also wishes to encourage companies to behave in a more sustainable way for the benefit of society and the world the members retire into.

The Trustee believes that it can achieve these complementary objectives by:

- Prioritising ESG risks and opportunities where the investment case for financial materiality over the medium to long term is strongest.
- Identifying ESG issues that contribute value to wider society and embedding them into the Scheme's stewardship approach.³
- A limited use of exclusions⁴

The Trustee has concluded that its fiduciary duty is to address these issues as part of its investment decision making. The investment beliefs that underpin the aforementioned RI objectives are outlined below.

Investment beliefs	
Portfolio level	
Many environmental, social and governance (ESG) issues within investee companies can impact upon member outcomes, both financial and non-financial	
The Scheme has universal owner characteristics with a long-term investment horizon and a very diversified portfolio. This means that the Scheme investment returns are dependent on the wellbeing of economy as a whole, and a wide variety of individual company ESG issues are financially material to the Scheme and its stakeholders.	
Company level	
Well-governed companies that manage material ESG risks and opportunities in their operations and supply chains, such as those that impact employees, suppliers, customers, communities, and the environment, are expected to enhance value for shareholders, including the Scheme's members over the long term. ⁵	

³ So long as there is no material financial detriment in pursuing this activity. Also refer to Glossary for the Scheme's definition of stewardship, which does not include portfolio construction.
⁴ As above, so long as there is no material financial detriment in its use, in alignment with the UK Government's recommendation regarding exclusions.
⁵ 2018-10-01_AnnualReport_PurposefulBusiness.Tiff (greshamco.uk) Note that enhancing shareholder (and stakeholder) value stems from having a robust process for prioritising stakeholders, so there will inevitably be trade-offs. Microsoft Word - 1_Business Purposeful.docx (investments.com)

Responsible investment spectrum

The below figure shows a spectrum of capital allocation techniques in the context of RI, and highlights where the Scheme operates within that spectrum.

		Responsible Investment			Impact Investment		
		Traditional	Screening	ESG integration	Themed	Impact-first	Philanthropy
		Targeted social and environmental impact					
Focus	Limited or no focus on ESG factors of underlying investment.	Negative or exclusionary screening and positive or best-in-class screening, based on criteria defined in a variety of ways (ie, by product, activity, sector, international norms).	The use of qualitative and quantitative ESG information in the investment process, by taking into account ESG-related trends at the portfolio, security or issuer level.	The selection of assets that contribute to addressing challenges such as climate change or water scarcity.	Environmental or social issues which create investment opportunities with some financial trade-off.	Focus on one or a cluster of issues where social and environmental need requires a 100% trade-off.	
Examples	Can be an active choice to not include ESG or due to a lack of data for that asset class or security type.	Screening out global norms violators (eg, UN Global Compact) and Climate-related screening (eg, Thermal Coal).	• Tilting towards companies with higher ESG scores. • Setting constraints on emissions linked to investee companies.	• Private equity renewables projects • Emerging markets healthcare themed fund.	• Fund providing debt or equity to social enterprise or a trading charity.	• Donating or creating a charitable organisation without expectation of return.	
Funds	Cash Fund	• Global Investments (up to 100% shares) Fund • Global Investments (up to 85% shares) Fund • Global Investments (up to 60% shares) Fund • Pre-Retirement Fund • Ethical Fund • Shariah Fund • Annuity Fund					

Dark blue denotes where on the Responsible Investment spectrum The People's Pension operates. Themed investment is being researched as a potential area of investment in the short to medium term.

Strategic framework

The Scheme has developed a strategic framework to guide its RI approach. It consists of a set of principles divided into 3 pillars: **portfolio construction**, **stewardship**, and **reporting**. In summary, the Trustee has committed to:

Portfolio construction

- Consider and manage ESG risks and opportunities as part of the Scheme's portfolio construction (Principle 1).

Stewardship

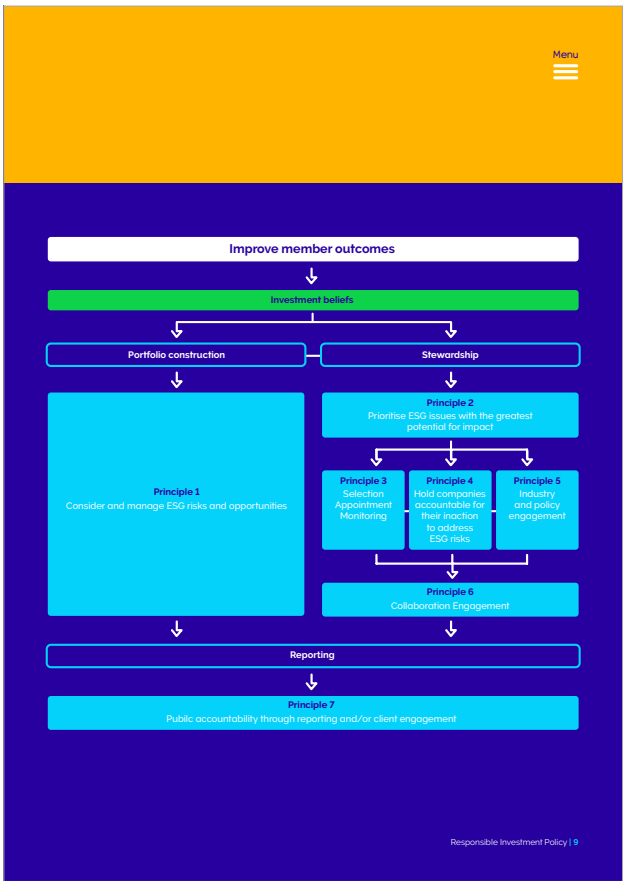
- Prioritise ESG issues with the greatest potential for impact (Principle 2).
- Integrate ESG and stewardship considerations into how the Scheme selects, appoints, and monitors its asset managers and other service providers (Principle 3).
- Through the Scheme's asset managers' activities, hold investee companies to account for the actions they are taking to address business-material ESG risks and opportunities (Principle 4).
- Hold key industry players and policymakers accountable to ensure they are able to help the Scheme achieve its RI objectives (Principle 5).
- Collaborate with other like-minded investors and stakeholders to increase influence (Principle 6).

Reporting

- Annually report on the Scheme's progress (Principle 7).

The chart opposite outlines the Scheme's RI approach and how the strategic pillars and the underlying RI principles interconnect with each other.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



Strategic framework

Pillar 1: Portfolio construction

Principle 1: Consider and manage ESG risks and opportunities as part of the Scheme's portfolio construction.

The Trustee incorporates the assessment and management of ESG risks and opportunities into the investment decision-making process using 2 main approaches: integration and exclusion.

The Trustee considers climate change to be a systemic ESG risk with the greatest potential impact on member outcomes. In its 2019 Climate Change Policy, the Trustee first stated its ambition to align its investment portfolio with the 1.5°C pathway⁶ set out by the Intergovernmental Panel on Climate Change ("IPCC"). The appropriateness of this decision will be continually assessed to ensure this ambition remains in alignment with the fiduciary duty to act in the best financial interests of the Scheme's members.

With this in mind, the Trustee has set the following emissions reduction targets⁷ for the portfolio:

- Net zero greenhouse gas (GHG) emissions by 2050
- Halving its GHG emission intensity by 2030 for the Scheme's growth assets
- 30% GHG emissions intensity reduction by 2025 for the developed equity portion of the portfolio.

⁶ Based on IPCC's 1.5°C with no or limited overshoot scenario.
⁷ Reassessed against a 2023 baseline. Targets will be measured against Scope 1+2.
⁸ For assets not accounting within GHG emissions.

Further detail on how the Scheme is working to achieve this is detailed below. As highlighted in the Scheme's climate change policy, improving data quality and/or company disclosure remains a key pillar to achieving these targets.

The Trustee remains open to exploring the integration of other ESG risks and opportunities, such as nature and human rights, into its portfolio construction, subject to an evaluation of the availability and robustness of data and analytics. As a result, this will be kept under review.

Integration

The integration of ESG analysis into the investment decision-making process is done on the basis of financial materiality. If there is a manageable risk that it is believed may negatively impact the performance of the portfolio or an accessible opportunity that it is believed may positively impact the performance of the portfolio, the Trustee will consider how this can be integrated into the portfolio construction. A key consideration in this area concerns the extent to which ESG factors are already reflected in pricing and valuation.

To date, the Scheme has begun integrating climate change into its portfolio construction decision making. In 2024, the Scheme transitioned its developed market equity tracking investments to a methodology that is intended to align with the 1.5°C scenario set out by the IPCC.

Through the introduction of this strategy, these assets:

- Have an initial 30% reduction in GHG emissions compared to market indices
- Provides incentive to companies that are setting targets
- Increased investment in companies that see opportunities from a net zero transition
- Decarbonise annually based on the trajectory established by the IPCC in order to reach 1.5°C with no or limited overshoot.

Exclusions

In general, the Trustee does not believe that large-scale exclusions⁸ are consistent with its RI objectives, which focus primarily on potential financial factors. The Trustee believes, as a general principle, it should retain the option to make a decision on a case-by-case basis rather than make a blanket exclusion, which rules a significant number of companies out on the basis of their business. On balance, the Trustee believes that a robust stewardship programme will influence corporate behaviour more effectively than divestment. Enforcing large-scale exclusions limits our ability to work collaboratively with others to develop investment solutions designed to bring about change.

Using climate change as an illustration, the Trustee prefers a tilting methodology that can reduce its exposure to individual securities (such as those in the fossil fuel industry), potentially to zero, but this is distinctly different from blanket exclusion. With regards to investment in conflict-affected regions, the Trustee will continue to monitor where assets are held and work with its asset manager(s) to make sure all our investments are compliant with current sanctions.

There are, however, certain issues where exclusions are considered appropriate, and those that have already been implemented into the investment profile funds are detailed below. Before any exclusions are added to the portfolio, research will be conducted to understand key questions such as:

- Is further engagement likely to have a material impact?
- Are the excluded investments financially material to the portfolios' expected future returns?
- Is the business activity likely to be exposed to reputational or policy risk that could result in an impact on the company's pricing and valuation that is not currently reflected in the price?

Once the above is understood, the Trustee will be able to make an informed decision on whether or not to introduce an exclusion.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Strategic framework

Exclusions ¹²		
Category	Assets	
Controversial weapons	• Equity-tracking investments • Fixed-income tracking investments (corporate bonds)	
Very severe ESG controversies (eg, UN Global Compact violations)	• Equity-tracking investments • Fixed-income tracking investments (corporate bonds)	
Severe environmental controversies	• Developed-market equity-tracking investments	
Tobacco-related business	• Equity-tracking investments	
Thermal coal extraction and mining	• Equity-tracking investments	

In addition to the exclusions in the investment profile funds, there are also exclusions present within the asset allocation for the Annuity Fund, Ethical Fund, and Shariah Fund.

The Annuity Fund is made up of corporate bonds and sovereign debt (primarily from the UK). The corporate bonds for this fund have exclusions in place for companies:

- Involved in controversial weapons
- Violating global norms, ie, UN Global Compact
- Direct involvement in the production or manufacturing of tobacco
- Connected to the extraction or use of thermal coal to generate electricity (above 10% revenue or involvement)

For more information on the Ethical Fund, please see 'Our Ethical Fund in focus' webpage: <https://thepeoplespension.co.uk/investment-funds/the-ethical-fund/>

For more information on the Shariah Fund, please see 'Our Shariah Fund in focus' webpage: <https://thepeoplespension.co.uk/investment-funds/the-shariah-fund/>

Potential trade-offs

A portfolio with a 1.5°C decarbonisation pathway may introduce additional concentration risks if there is a wider industry and policy consensus that 1.5°C is no longer achievable. To address this risk, the Trustee will conduct yearly monitoring of industry and policy developments, or earlier as needed, to confirm whether or not the current climate strategy remains fit for purpose.

¹² Responsible Investment Policy



Pillar 2: Stewardship

Introduction

Stewardship has the potential to create long-term value for clients and beneficiaries. To maximise effectiveness, stewardship priorities¹³ underpinned by a robust prioritisation process are key. To address the trade-offs inherent in prioritising a small subset of stewardship activities, the Scheme has used the following criteria to decide where to allocate its stewardship resources:

- Prioritise ESG issues that are considered to be systemic risks.
- Focus on stewardship 'asks' where a connection can be made to generate shareholder value in a way that aligns with value to the Scheme's members as well as wider society.
- Focus on stewardship activities where the Scheme has a comparative advantage¹⁴ in undertaking that stewardship.
- Focus on companies where a material ESG issue also has business materiality for the company or sector considered.
- Focus on stewardship 'asks' that are part of established industry-wide frameworks with existing momentum and a track record behind them.

Principle 2: Prioritise ESG issues with the greatest potential for impact.

Using the above prioritisation framework, the Trustee has identified **climate change, nature, and human rights** as its stewardship priorities. The stewardship priorities in Part 2 of this Policy sets out the following with respect to each of these priorities:

- The rationale that has driven the selection of the thematic and sectoral focus areas
- Key investee company expectations on the issue in question, including voting
- Key policy expectations
- Key industry engagement and collaborations
- Potential trade-offs involved

Overall, the stewardship priorities document also outlines how these expectations and engagements will drive the Scheme's asset manager monitoring programme (Principle 3).

¹³ DWP also recommends stewardship priorities in its June 2022 guidance, *Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement* (Stability and Non-Stability Guidance - GDS UK) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/106444/stewardship-report.pdf

Strategic framework

Principle 3: Integrate ESG and stewardship considerations into how the Scheme selects, appoints, and monitors asset managers and other service providers.

Asset managers

Minimum requirements

The Trustee will incorporate the following minimum requirements into its asset manager selection process:

- Become a signatory to and remain compliant with the 2020 UK Stewardship Code or an equivalent local stewardship code applicable in their jurisdictions.
- Support the Scheme's net zero strategy through its own net zero actions.
- Suitable commitment to the resourcing of the manager's own stewardship function above the average level of industry peers.
- Commitment to training and development of key fund management individuals on RI.

If circumstances arise whereby (an) existing manager(s) does/do not meet these minimal requirements, the Trustee will allow the manager(s) a suitable grace period to meet them. If, after this grace period, the minimum requirements are not met, an appropriate escalation strategy will be triggered, as highlighted on page 16.

Expectations

As part of its monitoring programme, the Trustee will annually review all the Scheme's asset managers to evaluate whether their approach to RI is:

- Continuing to meet the minimum requirements as outlined on this page
- Demonstrating reasonable progress against the expectations outlined in the table on the following page.

¹⁴ As of the date of the Policy, the Financial Conduct Authority's *Vote Reporting Group* has not yet published its final industry recommendations regarding improving vote disclosures at an industry level. These recommendations will be incorporated into the monitoring metrics when they are made publicly available.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Menu

Topic	Asset manager expectations	Key monitoring metrics
Purpose	Alignment with the Scheme's RI objectives and beliefs	- Evidence of a prioritisation framework that drives the stewardship strategy. If present, whether it is in broad alignment with the Scheme's approach - Stewardship resourcing allocation (see Governance below) – eg, industry and policy engagement programme that aligns with, not undermines, the Scheme's RI objectives and beliefs
Governance	Robust governance systems that drive effective stewardship	- Sufficient board-level ESG oversight - Adequate stewardship resourcing (financial investment, skills, training, headcount, market coverage) - Evidence of a diversity action plan and completion of the Asset Owner Diversity Charter questionnaire
Voting and engagement activities	- Exercise voting rights on the Trustee's behalf in companies in which the Scheme has holdings (baseline expectation) - Align stewardship activity with the Scheme's stewardship priorities - A formalised and robust process for setting and tracking engagement milestones, including escalation	- Voting policy alignment with good-practice corporate governance principles - Executes engagement programme as outlined in the Scheme's Stewardship Priorities - Executing the Scheme's net zero voting guidelines - Appropriate disclosure of deviations from the house voting policy views and appropriate rationales - Appropriate disclosure of deviations from the proxy adviser recommendations (ie, to address issues of 'abso-voting') - Evidence of a link between equity and bond stewardship activity, where doing so will increase influence and impact - Evidence of an integrated tracking system for voting and engagement activity - Evidence of a robust process for escalation activity linked to failed engagement or policy breaches
ESG integration and exclusions	Robust oversight of index construction and management processes	- Incorporating changes in ESG trends into the data and index construction process, including exclusions - Breaches to index construction rules are handled appropriately - Changes to index construction are implemented appropriately - How exclusions are implemented when at a fund-level rather than an index-level
Industry and policy engagement	Align industry and policy engagement activities with the Scheme's stewardship priorities	- Percentage of the Scheme's industry and collaborative engagements that the asset manager participates in - Quality of industry and policy engagement (eg, leading versus supporting, light touch versus intensive, etc) - Proportion of resources allocated to industry and/or policy engagement (or systemic stewardship) versus company engagement - Proportion of policy and/or industry engagement tied to the Scheme's ESG priorities
Quality of client reporting ¹³	Provide best-in-class, strategy-level stewardship reporting on the Scheme's stewardship priorities	- Engagement reporting in alignment with the Investment Consultants' Sustainability Working Group's engagement reporting guide - Detailed voting records on the Scheme's significant votes¹⁴ - Quality of voting rationales for votes against management and a controversial vote

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Strategic framework

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The Trustee acknowledges that some managers may be on a journey to achieve these expectations. If significant gaps are identified, asset managers will be put on notice to improve within the agreed timelines. If those timelines are not met and collaboration with the asset manager is deemed unsuccessful by the Trustee, their appointment will be reviewed, which may result in a redirection of new investments or their contract may be terminated.

The minimum requirements and expectations will be reviewed by the investment team with appropriate escalation to the Trustee at least annually to ensure alignment with industry developments.

Advisers

The Trustee expects its adviser(s) to demonstrate its/their competency in the field of RI. Key focus areas¹² in the competency assessment will include:

- Firmwide ESG expertise and commitment, notably in the Scheme's stewardship priorities.
- Individual consultant ESG expertise, notably in the Scheme's stewardship priorities.
- Tools and software (climate-specific, but this will evolve over time to include other ESG issues).
- Policy advocacy.
- Evidence of a diversity action plan and completion of the **Asset Owner Diversity Charter** questionnaire.

- Robust assessment of managers that draws clear lines between leading and lagging RI practice.
- Commitment to training and development of key RI individuals grounded in real-world outcomes.

The Trustee conducts an annual review of its adviser(s), which includes its/their RI credentials.

Data and Index Providers

The Trustee expects its data and index provider(s)¹⁴ to:

- Operate with robust governance, with the appropriate workforce, resources and incentives to drive effective product delivery to clients (including evolving their products in line with market developments).
- Be sufficiently transparent in its/their methodology, information, and data inputs and assumptions, working with openly available inputs wherever possible, including:
 - Where data is estimated as opposed to directly measured.
 - Being open about the limitations of its/their data.
- Determine their outputs by applying systematic processes, sound systems and controls.
- Identify, manage, and disclose conflicts of interest.

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Menu

- Identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
- Provide appropriate reporting to support the Scheme's requirements.
- Have the ability to provide information aligned with the Scheme's evolving needs and expectations.
- Provide complementarity and additionality in comparison with similar offerings by other industry peers.

Monitoring index providers against the Scheme's expectations will be incorporated into the 'ESG integration and exclusions' section of its asset manager monitoring framework (refer to the table on page 15).

The People's Partnership Investment Team conducts an annual review of the suitability of the ESG data and analytics strategy and, by extension, its ESG data provider(s) to determine whether its/their offering remains suitable for the Scheme.

Principle 4: Through the Scheme's asset managers' activities, hold investee companies to account for the actions they are taking to address business-material ESG risks and opportunities.

The Scheme currently delegates voting and engagement with investee companies to asset managers. Therefore, the primary avenue the Scheme has to implement this

principle is through the voting and engagement policies of its managers and holding them accountable for their approach against its stewardship priorities. Further details on this can be found in Part 2 of this Policy.

Any company-level engagement that the Scheme chooses to undertake itself would be decided on an exceptional basis, informed in part by:

- The gap between the Scheme's asset manager expectations and its asset managers' stewardship approach.
- The systemic importance of the sector in which the company is situated or the company itself (the potential efficacy of the company's actions in addressing the issue).
- The business materiality of the ESG issue to the company itself.
- The comparative advantage of us undertaking the stewardship as opposed to other investors.
- The ability to leverage existing investors' collaborative engagement platforms, such as the **Principles for Responsible Investment (PRI)** and the **Institutional Investors Group on Climate Change (IIGCC)**.

The Scheme's company expectations of its stewardship priorities are outlined in Part 2 of this Policy.

13 | Taken from the Investment Consultants' Sustainability Working Group Climate Competency Framework.
14 | Note that it is the Scheme's asset manager that has a direct commercial relationship with the index providers. Therefore, the monitoring programme against the Scheme's expectations will be reflective of that relationship. The Trustee encourages data and index providers to be signatories to the PRI's Stewardship Code for Service Providers in fulfillment of these expectations.

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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Strategic framework

Principle 5: Hold key industry players and policymakers to account to ensure they are able to help the Scheme achieve its RI objectives.

The Trustee recognises the importance of other investment actors (eg, data and index providers, advisers and policymakers) in delivering its RI objectives. The Trustee will prioritise investor collaboration (Principle 6) in engaging with these key stakeholders and prioritise issues where material breaches in the service provider and policy expectations of the Scheme's stewardship priorities occur.

The Scheme's key industry engagements are outlined in Part 2 of this Policy (Stewardship priorities).

Principle 6: Collaborate with other like-minded investors and stakeholders to increase influence.

Building coalitions of like-minded asset owners and managers is perhaps one of the most important ways the Trustee can drive real change, given the Scheme's market position and influence. As a result, the Trustee will continue to:

- Lend support to selected existing collaborative initiatives that are focused, well organised, and can add more power to our stewardship approach.¹⁸
- Look to build coalitions of support in key, material ESG areas where we have a comparative advantage in doing so and existing initiatives do not exist.

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- Convene or participate in collaborative engagement if there are particular issues the Scheme has identified, recognising that it may have more success when dealing with asset managers, service providers, data providers, and policymakers collectively.

The Scheme's key collaborative initiatives are outlined in Part 2 of this Policy (Stewardship priorities).

Pillar 3: Reporting

Principle 7: Annually report on the Scheme's progress.

The Scheme's activities will be publicly reported on as part of its annual Implementation Statement and TCFD reporting, as well as any additional reporting deemed necessary as the Scheme evolves its approach. The Trustee has identified improving member communications in its RI activities as a priority. To that end, it is the Trustee's intention to submit an annual stewardship report to the Financial Reporting Council (FRC) starting in early 2025 to apply for continuing Stewardship Code signatory status.

The Scheme's SIP outlines the internal monitoring and reporting of its responsible investment activities, of which the Trustee has oversight.

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19 Examples include being part of various Principles for Responsible Investment (PRI) and Institutional Investors Group on Climate Change (IIGCC) working groups to address industry challenges. For full details of the Scheme's participation in these working groups, please refer to its website.

Part 2

The Scheme's stewardship priorities

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Summary

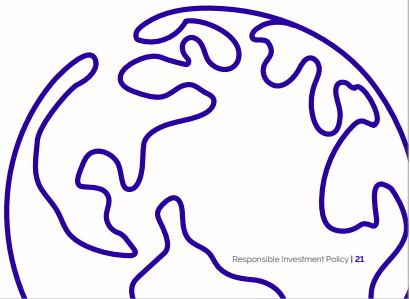
The Trustee has identified climate change, nature and human rights as its stewardship priorities. For each priority, this section lays out:

- The rationale that has driven the selection of the focus themes and sectors
- Key investee company expectations, including net zero voting guidelines
- Key policy expectations
- Key industry engagement and collaborations
- Potential trade-offs involved

The stakeholder expectations outlined in this section will be predominantly used to drive the Scheme's asset manager monitoring programme. The Trustee expects its asset managers to:

- Align with the investee company expectations and hold them accountable for adhering to them.
- Implement the net zero voting guidelines.
- Participate and demonstrate leadership in industry engagement and collaborations referenced in this document.
- Broadly align with the policy expectations and demonstrate leadership with policymakers and government bodies in holding them to account for adhering to them.

If these expectations are not materially met, the findings will be incorporated into the broader asset manager monitoring programme, as outlined in Part 1 of this Policy (Principle 3).



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Summary

Targeted stewardship activity

The tables below provide a summary of the key targeted stewardship activities within the Scheme's stewardship priorities. Further details regarding company and policy expectations, as well as the Scheme's participation in industry and collaborative engagement, are presented in subsequent sections.

Rationale for prioritisation	Focus sectors and themes	Key stakeholder expectations
Company expectations and voting escalation		
Insufficient progress on company net zero strategies requires increased voting escalation.	• Climate Action 100+ (CA100+) companies • Banks • Net zero commitment • Science-based targets • TCFD reporting • Decarbonisation strategies	Investee companies – adhere to the Scheme's company expectations. Asset managers – adhere to the Scheme's company expectations and implement net zero guidelines.
Further scrutiny (in addition to the above) on: a) Fossil fuel-reliant sectors (including supply and demand) given their importance in the energy transition. b) Banks, given their gatekeeping role in fossil fuel financing.	• Oil and gas • Auto • Utilities • Steel • Banks • CAPEX • Report and accounts • Lobbying	
Net zero cannot be achieved without addressing deforestation.	Sectors linked to agricultural-linked commodities¹⁸ Deforestation policy and/or commitment	

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Rationale for prioritisation	Focus sectors and themes	Key stakeholder expectations
Policymaker expectations		
Inadequate policy frameworks weaken stewardship effectiveness, especially with well-diversified investors (universal owners).	• Climate • Nature • Human rights	Policymakers – adhere to the Scheme's policy expectations. Investee companies – to implement responsible lobbying practices (see page 22). Asset managers – to participate and take a leading role in policy engagement activities.

Rationale for prioritisation	Focus sectors and themes	Key stakeholder expectations
Industry and collaborative engagements		
With respect to company engagement, prioritising existing industry and collaborative engagements over individual engagements will greatly increase the likelihood of a successful outcome.	• CA100+ (climate) • Nature 100+, PRI's Spring (nature) • PRI's Advance (human rights) • Global Investor Commission on Mining 2030	Asset managers – to participate and take a leading role in these collaborative engagements.
Given its nascency, prioritising driving better-quality human rights data and analytics through industry and collaborative engagement is the most effective way to advance the Scheme's approach to this issue.	Human rights	Asset managers – to participate and take a leading role in industry and collaborative engagements to drive better-quality human rights data and analytics.

18 As identified by the Science Based Targets Network (2023) SBTi High Impact Commodity List

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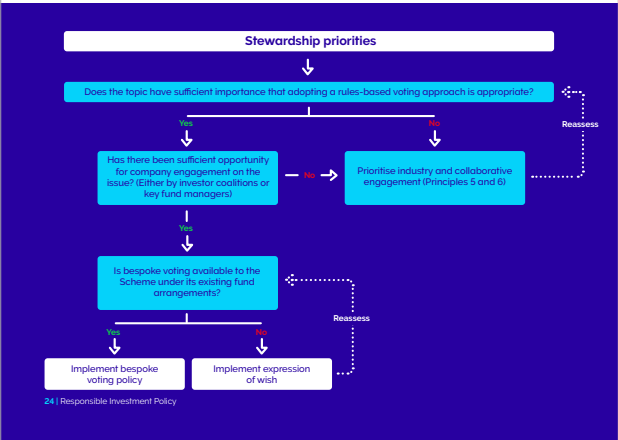
Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Summary

Maturity map

The chart below provides the decision-free framework, which allows the Scheme to further hone its stewardship approach in accordance with the maturity—or rather, importance—of each individual stewardship priority. By following this framework, the Trustee has identified the need to prioritise:

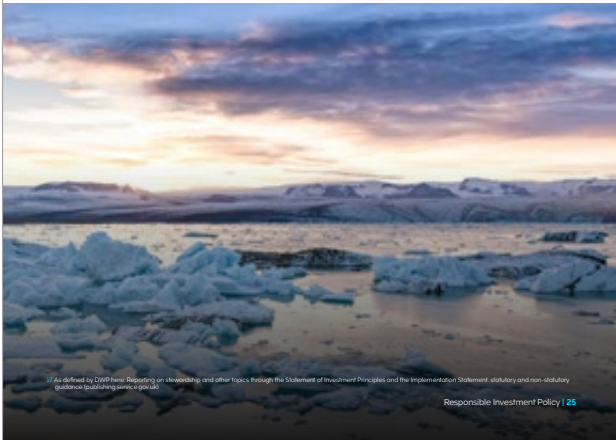
- The implementation of the Scheme's net zero voting guidelines through an 'expression of wish'²⁷ to its asset manager(s).
- Industry and collaborative engagements to improve the quality and availability of human rights data and analytics in the market.



Measures of success

The Trustee will measure the success of the Scheme's stewardship programme by considering indicators such as:

- How the Scheme's asset managers exercise company engagement, proxy voting, industry, policy, and collaborative engagement in alignment with the Scheme's expectations.
- The Scheme's participation in industry, policy, and/or collaborative engagement resulted in a tangible positive impact, with emphasis on those initiatives where the Scheme took a leading role.



Company expectations

The company expectations outlined below will be predominantly used to drive the Scheme's asset manager monitoring programme. The Trustee expects its asset managers to embed these company expectations into their stewardship activities and implement its net zero voting guidelines.

Good corporate governance is the foundation of any well-run business. How the company's board aligns with shareholders' long-term interests is a critical underpinning of whatever stewardship priority has been selected. The Trustee encourages all companies in which it invests on a global scale to closely align with the International Corporate Governance Network's **Global Governance Principles**, the **Organisation for Economic Co-operation and Development's (OECD) Principles of Corporate Governance**, as well as regional good practice frameworks such as the UK's **Corporate Governance Code**, all of which set out the fundamentals of corporate governance. The Trustee encourages companies to begin aligning their sustainability reporting to the **International Sustainability Standards Board's** sustainability standards.

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Climate

For further details on the investor and company-level materiality of climate, please refer to the Scheme's Climate Change Policy. Some companies operate in sectors where climate change risks are closely related to the core business or have a business materiality. In these areas, the Trustee expects boards to pursue value creation in ways that align with the grain of climate change mitigation activities. The Trustee believes that this is best enacted by aligning with the requirements of Climate Action 100+ and the Transition Pathway Initiative's banking tool.²⁸

Specifically, the Trustee expects all CA100+ focus companies and banks to:

- Set an ambition to achieve net zero GHG emissions by 2050 or sooner.
- Work towards achieving a credible business plan to achieve this ambition that sets out clear interim targets and milestones, material actions, activities, and accountability mechanisms that are appropriate for their sector and market.
- Align their disclosures with relevant, recognised industry benchmarks.²⁹
- Disclose evidence of board or board committee oversight of the management of climate change risks and demonstrate that it has the capabilities and competencies to assess and manage climate-related risks and opportunities at board level.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Menu

- Provide robust reporting on the effectiveness of systems of internal control and risk management for climate-related risks and how climate change issues are considered when reviewing the company's financial performance, strategy and business plans.
- Appropriately define and consider any material climate-related risks in preparing the financial statements.
- Set short, medium, and long-term science-based targets¹⁹ for Scope 1, 2 and material Scope 3 emissions built around robust methodologies.
- Disclose evidence of a decarbonisation strategy that explains how it intends to meet its medium and long-term GHG reduction targets.
- Disclose evidence of:
 - how it is working to decarbonise its capital expenditures (CAPEX) and/or lending practices
 - how it intends to invest in climate solutions.

- Make an explicit statement of how it has phased out or is planning to phase out capital expenditure and/or lending in new unabated carbon-intensive assets or products by a specified year.
- Review all trade association funding and corporate lobbying activities and ensure they are fully aligned with the company's public position and policies on climate change.²¹
- Show a commitment to the principles of a 'just transition' (see glossary for further detail).



¹⁸ Banking Tool - Transition Pathway Initiative.

¹⁹ Examples include the Climate Action 100+ Net Zero Company Benchmark, the Transition Plan Taskforce Gold Standard Disclosure Framework, and sector-specific guidance such as Net Zero Standards for Oil and Gas, Banks and Diversified Mining.

²⁰ Examples: Science-based Targets Initiative.

²¹ The Trustee supports the Global Standard for Responsible Climate Lobbying, and thus, on a comply or explain basis, expects companies to adhere to it.

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Company expectations

The below table outlines the net zero voting guidelines that the Trustee expects its asset manager(s) to implement as an 'expression of wish'.

Year	Voting guidelines	Focus sector(s)
	Climate	
Directors – baseline expectations		
2024	Where a company fails, one or more of the following: • TCFD reporting • Net zero by 2050 (or sooner) ambition • Short, medium, and long-term science-based emission reduction targets • A decarbonisation strategy in place, with a defined set of quantitative and qualitative actions to reach the emission reduction targets	• All CA100 companies • Banks²²
Vote against the Chair of the Board.		
2025	If above remains unmet, vote against the entire Board	
Directors – deeper scrutiny of key sectors for fossil fuel reliance		
2025	If a company meets baseline expectations but does not provide sufficient disclosure with respect to: • How it plans to align its capital expenditure and lending practices to net zero • How material climate-related matters are incorporated into the financial statements (UK and EU only) • How the auditor of the company has assessed the material impacts of climate-related matters (UK and EU only) • How its lobbying activities are aligned to net zero	• Oil and gas • Auto • Utilities • Steel • Banks
Vote against the Audit Committee Chair (all markets) and the auditor (UK/EU only).		
2026	If the above remain unmet, vote against the entire Audit Committee	

²² Any reference to 'Banks' in the net zero voting guidelines will refer to those banks covered by TFI's banking tool.

²³ Voting escalation beyond 2025 will be updated subject to industry developments.

²⁴ This escalation does not attempt to confirm the quality of the deforestation commitment – eg a no versus no net deforestation target – it is a presence or absence assessment. However, this baseline escalation trigger will be kept under review, and will become more stringent over time with industry developments.

²⁵ Example: SBTi/UNEP Joint Guidance for corporates.

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Year	Voting guidelines	Focus sector(s)
	Climate	
Criteria for shareholder resolution support		
2024 onwards	Vote FOR climate-related shareholder proposals: • Supported by management, so long as the proposal is not vague, leading to suspicion of greenwashing • Asking for enhanced disclosure on climate-related risks and opportunities, ideally in alignment with the TCFD • Requesting the company to set reduction targets for their scope 1 and/or 2 emissions and/or material scope 3 reduction ambitions • Requesting more transparency on corporate lobbying and membership of industry organisations • Submitting non-executive board member candidates who have relevant nature-related expertise and/or asking to increase relevant nature-related expertise at the board-level where such knowledge is currently absent and where nature-related risks are material in the near future	• CA100+ companies • Banks
Deforestation and land use		
Directors		
2025 ²³	If the company does not publicly demonstrate a commitment to end deforestation in its supply chains or lending practices²⁴ Vote against the Chair	• Sectors associated with agricultural-linked commodities • Banks
Criteria for shareholder resolution support		
2024 onwards	Vote FOR deforestation-related shareholder proposals: • Supported by management, so long as the proposal is not vague, leading to the suspicion of greenwashing • Asking companies to assess, monitor, and disclose how they contribute to nature depletion via their own operations and supply chains • Asking companies to assess, monitor, and disclose their direct and indirect exposure to deforestation • Asking companies to adopt a science-based deforestation target²⁵ • Asking companies to adopt policies and targets to improve the level of traceability in their supply chain • Asking companies to develop and/or disclose the grievance mechanisms in place to deal with eventual incidents of deforestation in their own operations and supply chain • Requesting more transparency on corporate lobbying and membership of industry organisations	• Sectors associated with agricultural-linked commodities • Banks

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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



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Potential trade-offs

Just transition

Pursuing as fast as possible decarbonisation and energy transition will impose uneven costs to countries and societies. For example, in the developing world, 600m people are without electricity today, and an accelerated global decarbonisation pathway might slow their ability to gain access. In addition, many jobs, especially in the developing world, depend on fossil fuel extraction and the transport chain. A fast reduction in fossil fuel consumption puts these jobs and livelihoods at risk, creating societal harm, which in turn can impact the ability to achieve a net zero economy. To address this, the Trustee believes in a commitment to the principles of a just transition.²⁵

Shareholder value

A fast decarbonisation pathway may conflict with shareholder value generation in certain companies and sectors. At some point, it may become clear that certain business models and even entire sectors are no longer able to generate shareholder value in ways consistent with mitigating climate change. The Trustee acknowledges there is currently no framework for directors of a business to voluntarily move away from creating shareholder value. To address this, the Trustee will:

- Review its position in these sectors on a yearly basis to determine whether it remains suitable to maintain exposure to these assets.
- Put stewardship emphasis on the demand side of the fossil fuel reliance value chain – notably the automotive sector – where incentives to decarbonise are higher.
- Continue to prioritise industry and policy engagement as part of its stewardship activities.

Selling assets

A company's decarbonisation strategy may involve the selling of assets (eg. oil and gas), which may then be bought by a third party that may not have net zero commitments and/or be transparent about their climate strategy (eg. private equity). This is a complex issue that will need to be dealt with on a case-by-case basis as part of the Scheme's asset manager monitoring programme.

25 It is also a CAAD+ indicator

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Company expectations

Nature

The Trustee expects companies in high-impact sectors²⁷ to:

- Begin disclosing their approach to addressing nature-related financial risks in alignment with the **Taskforce for Nature-related Financial Disclosures** (TNFD) and work towards setting Science-Based Targets.²⁸
- As a complement to the above, work towards adhering to the high-level investor expectations of **Nature Action 100** related to the areas of: Ambition, Assessment, Targets, Implementation, Governance, and Engagement.
- Adhere to the Finance Sector Deforestation Action, with more specific **investor expectations of companies** in sectors associated with agricultural-linked commodities.²⁹
- Consider embedding principles of the **circular economy** into their business model. Applying the circular economy business model can help companies address regulatory obligations, reduce waste and disposal costs, improve company image, and create new business opportunities through innovative new products and services.

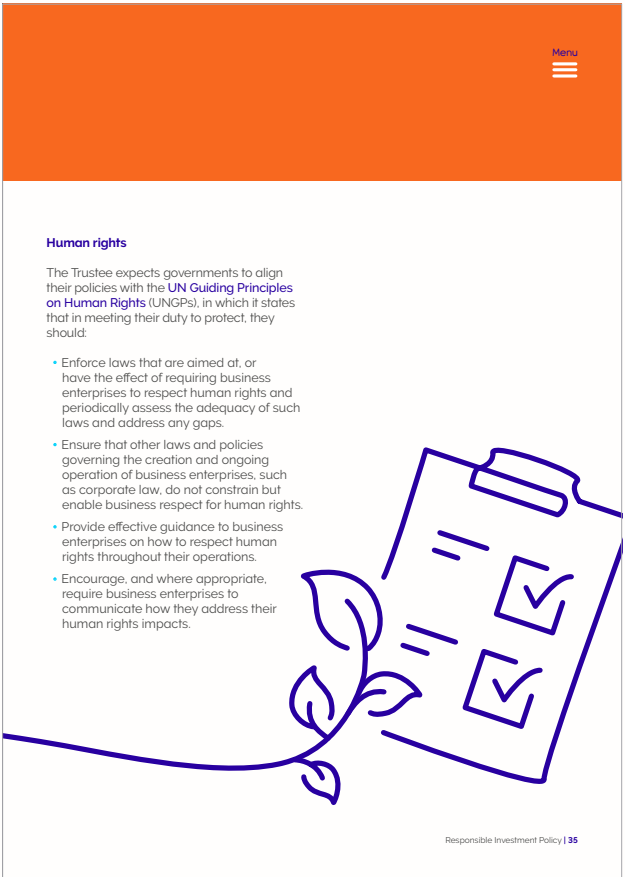
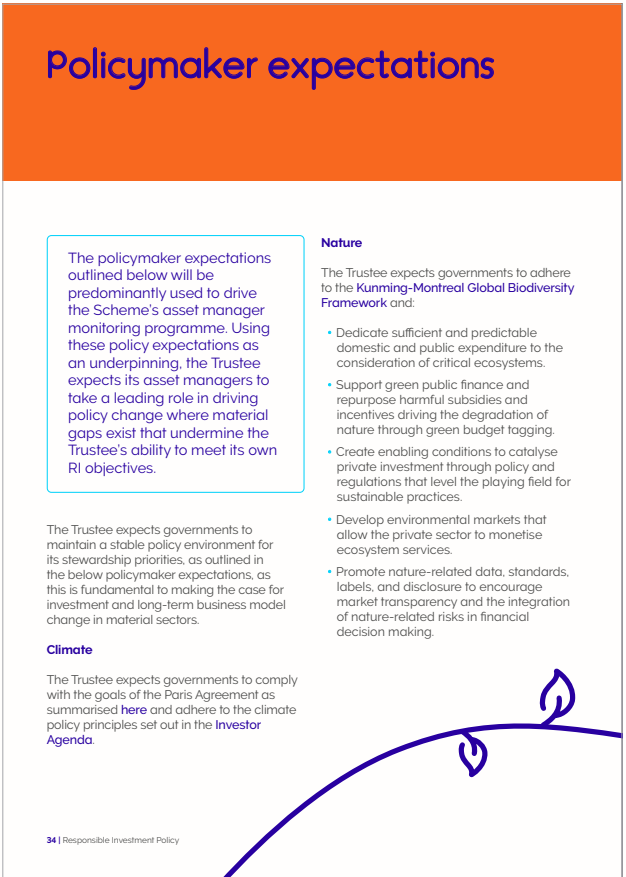
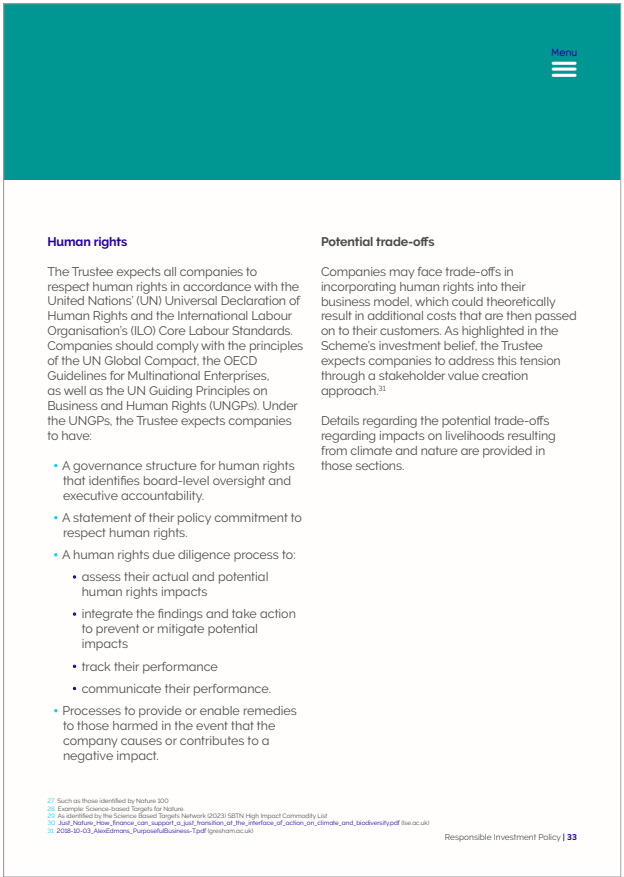
Potential trade-offs

Just nature transition

Similar to the just transition, a rapid journey to a nature-positive economy could also result in impacts on livelihoods. The Trustee believes in a commitment to a just nature transition.³⁰ It implements that belief primarily through its expectation of asset managers to participate in Nature 100, in which 1 of its key engagements asks that the implementation plan should prioritise rights-based approaches and be developed in collaboration with indigenous peoples and local communities when they are affected.

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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Industry and collaborative engagement

The Trustee believes that driving change through supporting industry-wide initiatives and holding its asset managers accountable to participate in leading industry coalitions offer the best chance of driving the stakeholder value it thinks is warranted and has the most comparative advantage in its stewardship efforts.

The Trustee has identified the following industry initiatives to prioritise, predominantly based on their focus, current momentum, and alignment of objectives.

Climate

Memberships:

- Institutional Investors Group on Climate Change (IIGCC)
- UK Sustainable Investment Forum (UKSIF)

Supporter of:

- Global Investor Coalition on Mining 2030
- Climate Action 100+

Additional information:

The Scheme's IIGCC and UKSIF memberships help the Trustee address key industry and policy challenges to achieving net zero through its forums for investor collaboration. Key working groups that the Scheme has or is involved in includes net zero benchmarks, indexed investors, proxy voting, asset owners, sovereign debt, and climate audit and accounting.

The Global Investor Commission on Mining 2030 is a collaborative, investor-led initiative that recognises the pivotal role of the mining sector in the energy transition and considers key systemic issues faced by the sector that currently challenge, or could challenge, existing good practices and the sector's social licence to operate. The Scheme is a supporter of this initiative.

Nature

Memberships:

- FAIRR Initiative (FAIRR)
- Principles for Responsible Investment's (PRI) Circular Economy Reference Group

Supporter of:

- Nature Action 100
- Spring: A PRI stewardship initiative for nature
- Investor Policy Dialogue on Deforestation (IPDD)

Menu

Additional information:

Nature Action 100 is a global investor engagement initiative that aims to mobilise institutional investors to establish a common high-level agenda for engagements and a clear set of expectations to drive greater corporate ambition and action on nature and biodiversity loss.

Spring engages with companies that have an influential voice in shaping public policies relating to deforestation dynamics, either through their direct political engagement, or indirectly through their membership in or association with trade associations, think tanks and similar bodies. Support for this initiative stems from the systemic importance of corporate lobbying to deliver real-world outcomes. Note that this company 'ask' is not part of the Nature Action 100 company expectations.

FAIRR is a collaborative investor network that raises awareness of the ESG risks and opportunities in the global food sector. Their mission is to build a global network of investors who are aware of the issues linked to intensive animal production and seek to minimise the risks within the broader food system. Given its links to agricultural commodities and thus deforestation, creating a sustainable food system is a key component of a net zero economy.

The IPDD seeks to ensure the long-term financial sustainability of investments in the countries it is invested in by promoting sustainable land use and forest management and respect for human rights,

with an initial focus on tropical forests and natural vegetation. It works with key stakeholders to encourage the adoption and implementation of regulatory frameworks that ensure the protection of such natural assets and human rights. Secretariat support is provided by the Tropical Forest Alliance (TFA), an initiative hosted by the World Economic Forum. IPDD is an initiative supported by the PRI.

Human rights

Given its nascency, as identified in the maturity map, the key focus area for industry and collaboration engagement will be the improvement of both company disclosures and industry data and analytics on human rights. The Scheme is a supporter of **Advance**, a PRI-led stewardship initiative where institutional investors work together to take action on human rights and social issues. The Scheme is a participant in 2 investor coalitions aiming to improve human rights disclosures:

- The first's purpose is to hold key stakeholders in the investment chain – data and index providers and proxy advisers – to account for the lack of credible, comparable human rights data and analytics. This impedes the Scheme's ability to fully integrate human rights considerations into its stewardship approach.
- The second is to develop and launch a disclosure framework to assess companies' fair pay practices.

Appendix

Glossary

Greenhouse gases (GHGs)

There are 4 primary GHGs linked to global warming: carbon dioxide (CO2), methane, nitrous oxide, and fluorinated gases. The Greenhouse Gas Protocol, an international accounting tool, categorises GHG emissions into 3 scopes. Scope 1 covers direct emissions from the reporting company's owned or controlled sources, Scope 2 covers indirect emissions from purchased electricity, steam energy, heating, and cooling that have been consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in the reporting company's value chain.³²

Institutional Investors Group on Climate Change (IIGCC)

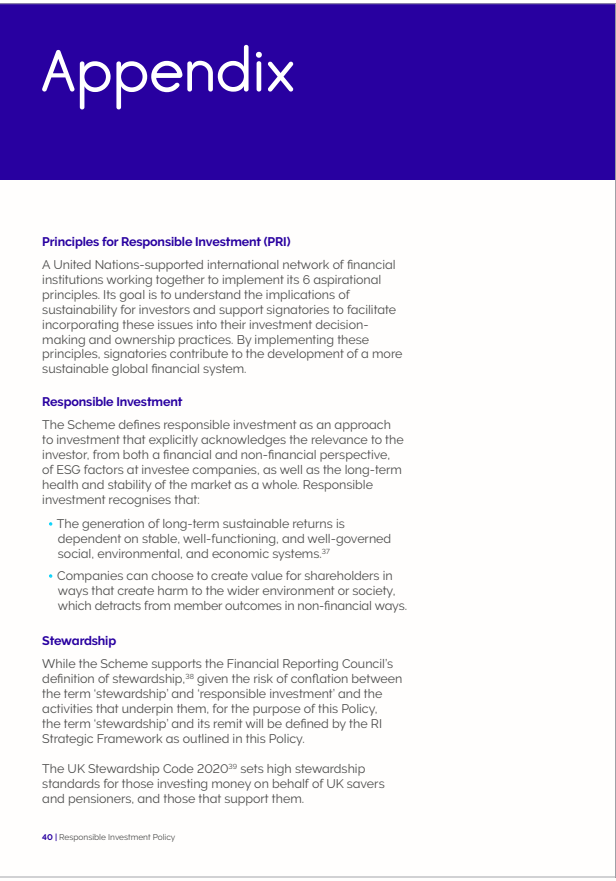
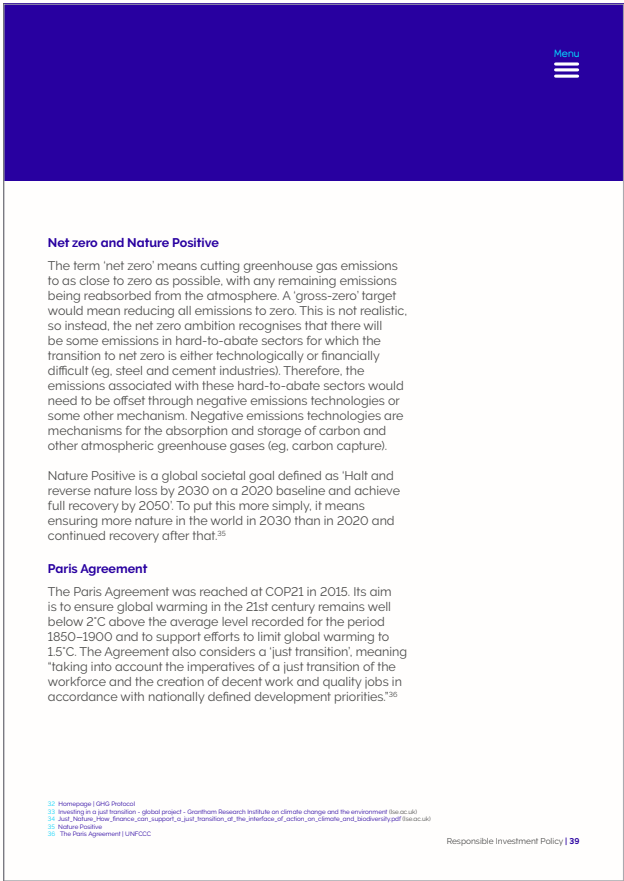
A European membership body for institutional investor action on climate change. Its work focuses on corporate governance, investor practices, and public policy.

Just transition and Just Nature transition

'Just Transition' was included as part of the Paris Agreement to ensure that workers and communities are not left behind as the world's economy responds to climate change. The Investing in a Just Transition initiative is led by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science (LSE)³³ and the Initiative for Responsible Investment at the Harvard Kennedy School.

The Grantham Institute defines the 'Just Nature Transition' as one delivering decent work, social inclusion, and the eradication of poverty in the shift to a net zero and climate-resilient economy that simultaneously delivers biodiversity goals in agriculture, forestry, land use and the oceans.³⁴

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Appendix 3

Climate change policy



Overview

The People's Pension (the Scheme) is a defined contribution (DC) master trust open to all UK employers. The Scheme has over 6m members and is growing by more than £3bn in contributions annually. As an open and growing master trust, it has a long-term investment outlook. The Trustee of the Scheme (Trustee) acts as fiduciary over the savings held in the Scheme.

Man-made climate change is one of the biggest threats facing our world today. Limiting global temperature rise to near 1.5°C has required and will continue to require an unprecedented political and economic transition to avoid the worst impacts of climate change. Against this evolving policy and economic backdrop, there is a role that investors can – and should – play in capitalising upon the opportunities and protecting against the financial risks of the transition to a 'net zero' economy.

The Trustee considers climate change to be the most financially material environmental, social and governance (ESG) risk that the Scheme faces. Therefore, it has a fiduciary duty to address this risk as part of its investment decision making. This Climate Change Policy (Policy) details the approach that the Scheme will follow in fulfilling its commitment to capitalising on the opportunities and mitigating against the financial risks associated with climate change across the assets it manages on behalf of its members. As reflected in this Policy, the Trustee has identified the importance of considering and managing climate risks and opportunities.

as part of its portfolio construction, alongside a robust stewardship programme that prioritises not only investee companies but wider industry and policymakers. Key details of the implementation of this Policy will be provided in the Scheme's annual Taskforce for Climate-related Financial Disclosures (TCFD) report.

This Policy was approved by the Trustee in February 2023. Given the pace of market and policy development with regards to climate change, this Policy should be considered a 'living' document and, as such, will be reviewed and updated at least every 3 years or following any significant change in approach or policy.

This Policy is divided into the following sections:

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

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Section 1

Introduction, which explains the regulatory landscape for trustees on climate and highlights which policies and reports this Policy should be read in conjunction with.

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Section 2

Scientific and economic implications of climate change.

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Section 3

Why climate change is important to the Scheme, including our main climate-related investment beliefs and our fiduciary duty with regards to the net zero transition.

13

Section 4

The strategic framework (climate change principles) that will guide our approach to reaching the Scheme's net zero ambition.

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Appendix

Glossary, key research, and further detail regarding the Scheme's climate-related and supporting investment beliefs.

Click here to go straight to a particular section

Section 1 – Introduction

Climate-related regulatory landscape for trustees

As a master trust, the Scheme is obligated to adhere to the **Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021**, which came into force on 1 October 2021. These regulations require trustees to take steps to identify, assess and manage climate-related risks and opportunities and report on what they have done. These reporting requirements align with the recommendations of the **Taskforce on Climate-related Financial Disclosures (TCFD)**. In October 2022, these regulations now include the requirement to calculate and report on a portfolio alignment metric to indicate how well the scheme's assets are aligned with the climate change goal of limiting global warming to 1.5°C above pre-industrial levels.¹ In June 2022, the Department for Work and Pensions (DWP) published its first **Guidance on Reporting on Stewardship**, which encourages trustees to hold their fund managers to account for their stewardship approach by comparing them against the stewardship priorities that the trustees have set (eg. climate, as reflected by this Policy), and to report back on that engagement accordingly in the Implementation Statement.

Associated policies and reporting

This Policy should be read in conjunction with the following associated Scheme policies and reporting:

- The Trustee recognises the interconnectedness of climate change with other environment, social and governance (ESG) risks and opportunities that the Scheme faces (eg. biodiversity, human capital management as part of a Just Transition). As a result, this Policy should be considered a subset of the Scheme's overarching **Responsible Investment Policy**, which outlines our approach to ESG and stewardship considerations.
- Statement of Investment Principles**, in which this Policy and the Responsible Investment Policy are included in the Appendix.
- In terms of climate-related reporting, the **Taskforce for Climate-Related Financial Disclosures (TCFD) report**, which is required to be updated annually, outlines further details regarding the Scheme's climate-related governance, strategy, risk management and metrics and targets (Figure 1 below). The Scheme's yearly **Implementation Statements**, located within the Appendix of the Scheme's Annual Report, cover its climate-related stewardship activities.

Figure 1

Governance

Strategy

Risk Management

Metrics and targets

Governance

The organisation's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Risk Management

The process used by the organisation's to identify, assess and manage climate-related risks

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Source: TCFD, 2017

1 | Climate change policy

Section 2 – Scientific and economic implications of climate change

Menu

Man-made climate change is one of the biggest threats facing our world today. The World Economic Forum (WEF) has ranked climate change as a top 10 global risk for the past 10 years² and is currently the number 1 risk we face as a species, according to its annual Global Risks Report.³

The **Intergovernmental Panel on Climate Change (IPCC)** has recently stated 'If we have now reached between 0.8-1.3 °C of warming'⁴ According to the IPCC, if we continue with current levels of emissions, we will reach 1.5°C by about 2040 and 2.7°C by the end of the century. The global carbon budget, that is, how much greenhouse gas that humanity can still emit in order to limit warming to 1.5°C, will be depleted in 5-10 years based on 2021 emissions. Warming will continue until carbon emissions reach net zero. As depicted in Figure 2 (on the next page) every fraction of a degree of warming makes a difference in terms of global impact.

Measures to lower emissions

For example:

- Invest in green technology

+

Measures to remove emissions

For example:

- Forest expansions
- Direct air capture

=

Net Zero

Balance between amount of greenhouse gases (GHG) produced and removed from the atmosphere

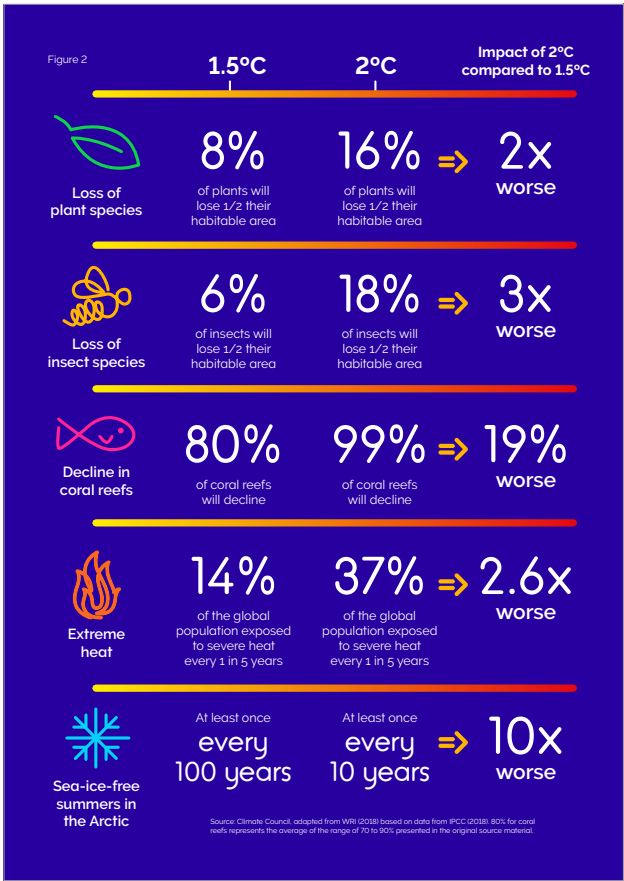
¹ Forum – Global Risks | World Economic Forum (wefforum.org)
² Global Risks Report 2023 | World Economic Forum | World Economic Forum (wefforum.org)
³ AR6 Climate Change 2022: The Physical Science Basis – IPCC AR6

Climate change policy | 5

The People's Pension Scheme Annual Report and Financial Statements for the year ended 31 March 2025

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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



As can be seen in Figure 3 - which is the latest update produced by **Climate Action Tracker** in November 2022 - significant steps need to be taken to reduce greenhouse gas emissions if the Paris Agreement goal is to be achieved. This illustrates estimated ranges for temperatures based on different collections of global policies, pledges, and targets.

According to Lord Nicholas Stern, Head of the 2006 **Stern Review on the Economics of Climate Change**, "net zero will require the biggest economic transformation ever seen in peacetime"⁴.

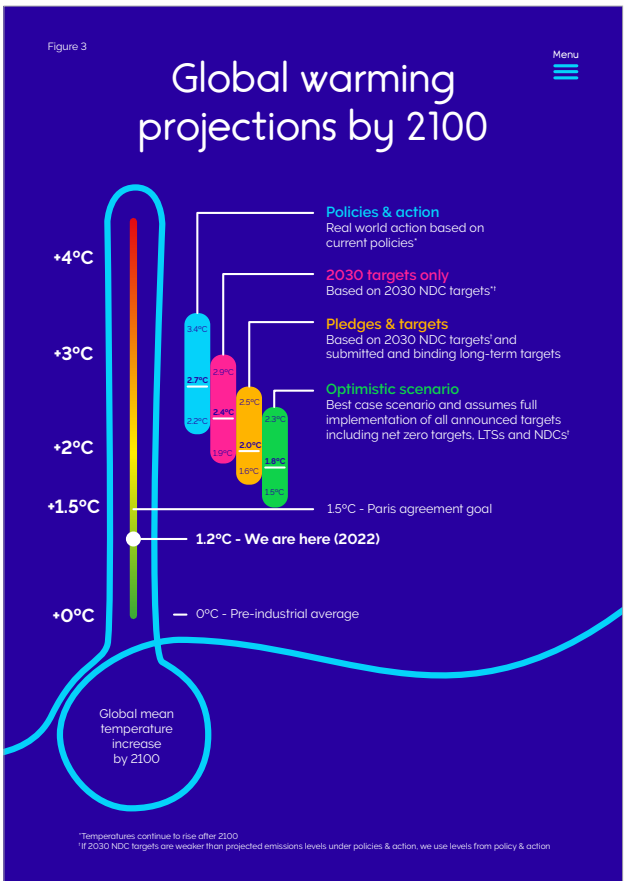
A challenge of this scale and magnitude has required unprecedented leadership and collaboration from governments (eg. Paris Agreement), businesses, and civil society, and the pressure for a coordinated approach will only increase as time goes on. Key factors that could have the potential to generate, accelerate, slow or disrupt the transition to a net zero economy include changes in public sector (generally government) policies, legislation and regulation; changes in technology, and changes in market and customer sentiment. Against this evolving policy and market backdrop, there is a role that investors can - and should - play in capitalising upon the opportunities and protecting against the financial risks of the net zero transition.



⁴Net zero will require the biggest economic transformation ever seen in peacetime, says Nicholas Stern - Grantham Research Institute on climate change and the environment (bsi.co.uk)

Climate change policy

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



As set out in our TCFD reporting, the Trustee has identified 3 main financial risks associated with climate change. These are physical risk, transition risk, and liability risk, as depicted in the diagram below.

Over the short and medium term, the expectation is that transition risks will have the biggest impact on performance as countries and companies look to reduce their reliance on fossil fuels to achieve net zero. While it is difficult to forecast over the long term, physical risk may well become the dominant risk due to shifting climate patterns. For companies that do not put in place suitable plans for the transition to a greener economy, the risk of climate litigation (or 'liability risk') will be higher.

From a fiduciary duty perspective, a further exploration of why climate is important to the Scheme is provided in the next section.

Physical risk:

These result from potential for more frequent or severe extreme weather events (droughts, flooding, prolonged hot and cold periods) as well as the steady increase in global sea levels and changing prevailing climate. These could cause disruption to businesses holding or relying on physical infrastructure.

Transition risk:

These are associated with the economy moving towards a low carbon economy. Some sectors are going to require significant investment in new infrastructure or face penal incentives from government and civil society that harm their current business model.

Liability risk:

These come from people or businesses seeking compensation for losses they may have suffered as a result of physical or transition risks. These may be third-party liabilities (ie those seeking compensation for damages of physical risks) or direct liabilities (ie those seeking compensation for financial losses).

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Section 3 – Why climate is important to the Scheme

Menu

Climate-related investment beliefs

The Scheme has developed a set of investment beliefs that guide our approach to investing our members' money. The three main climate-related beliefs are as follows, with supporting beliefs and investment implications provided in the Appendix:

- Incorporating ESG factors in our investment decisions has the potential to improve portfolio returns and risk profiles over the long-term, as well as influence change in corporate behaviour.
- Climate change risk is a systemic risk that cannot be eliminated through diversification alone.
- Complete divestment from all carbon-intensive sectors at this time would not be in the best interest of our members, as it could negatively impact the eventual size of their pension pots.

Fiduciary duty and climate change

The Trustee of The People's Pension (Trustee) acts as fiduciary over the savings held in the Scheme. Our Responsible Investment Policy sets out at a high level the steps the Scheme needs to undertake to carry out its fiduciary duty in respect of ESG issues. The first step is an overall prioritisation of ESG issues to select the ones most likely to be considered financially material to member outcomes. Where the Trustee believes the risk is material and that there is sufficient insight from data into how to protect or benefit member investments, the Trustee is obliged to act. Climate change has been identified by our members as an important issue.

In its 2019 Climate Change Policy, the Trustee stated its ambition to align its investment portfolio with a 1.5°C pathway. In light of the evolving market and political landscape on climate, it is considered prudent to regularly assess whether the net zero ambition remains in alignment with our fiduciary duty to act in our members' best financial interests. Therefore, the following assessment has been undertaken in preparation for this updated Policy:

• whether there is sufficient market and policy signalling to suggest that a net zero transition is still broadly occurring; and

• whether that transition still has the ability to impact Scheme asset values.

Driven by our climate-related investment beliefs and the research that underpins them,[†] the Trustee has determined that it remains prudent to retain our net zero ambition and to review this position and this Policy at a minimum every 3 years, or sooner if there are significant market or policy developments. Given the above assessment, it would be considered within the Trustee's fiduciary duty to:

- reward companies that have better plans in place to address the impact of climate change on their business (e.g. invest more into)
- consider the risk that asset prices do not accurately reflect the risks involved with climate change, and,
- provide some protection against a severe climate-related shock that impacts on financial stability across global economies (see Figure 4 on the next page).

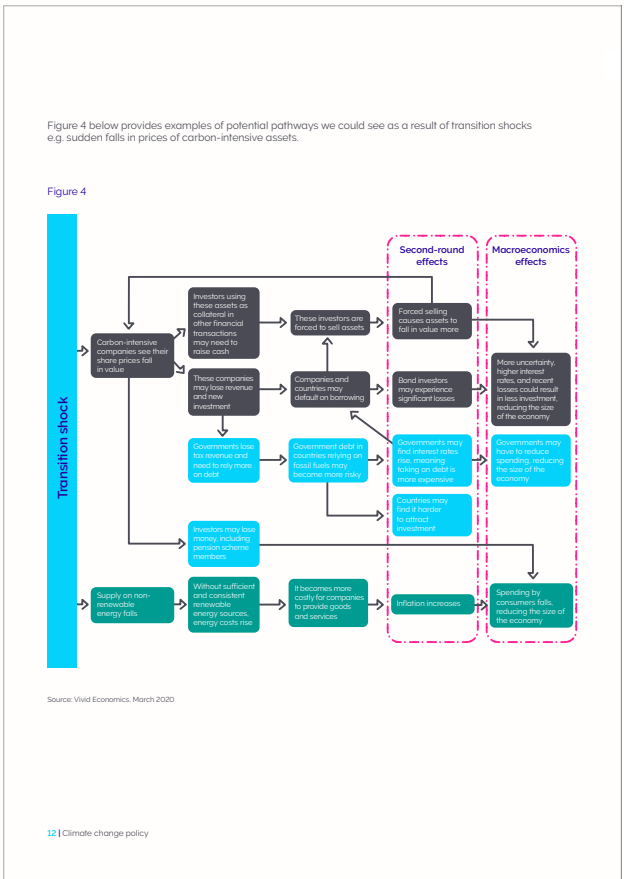
The Scheme's portfolio is particularly exposed to the latter two financial risks because of its index exposure, as it is not in a position to be forced sellers of assets due to market repricing or other transition shock events.

As a result of this assessment, the Scheme has developed a strategic framework to address the climate-related risks and opportunities that it faces. This is outlined in Section 4.

[†] Refer to Appendix for further details

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Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)



Section 4 – Strategic Framework

The strategic framework is divided into three pillars: **Portfolio Construction**, **Stewardship** and **Reporting**. To support our net-zero ambition, the Trustee has committed to:

Portfolio Construction

- Consider and manage climate risks and opportunities as part of the Scheme's portfolio construction (Principle 1)

Stewardship

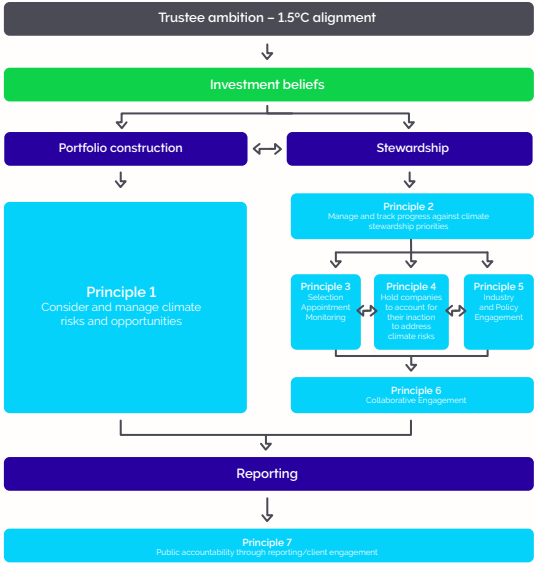
- Manage and track progress against our climate stewardship priorities (Principle 2)
- Integrate climate risk into how the Scheme selects, appoints and monitors its fund managers and other service providers (Principle 3)
- Hold investee companies to account for the actions they are taking to address climate change risks (Principle 4)
- Engage with the wider investment industry to ensure that it is fit for purpose to achieve our ambition (Principle 5)
- Collaborate with other like-minded investors and stakeholders to increase influence (Principle 6)

Reporting

- Annually report on the Scheme's progress through appropriate reporting (Principle 7)

Figure 5 outlines how the strategic pillars and the underlying climate change principles interconnect with each other.

Figure 5



Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Pillar 1: Portfolio Construction

Principle 1: Consider and manage climate risks and opportunities as part of our portfolio construction

Based on our investment beliefs, Principle 1 lies at the heart of this Policy, in recognition of its importance and based on portfolio analysis, the Trustee committed in its 2021/22 TCFD report to:

- consider the impact of transition risk when making asset allocation decisions;
- construct portfolios to reflect and manage climate factors that could positively or negatively affect investment returns;
- Integrate greenhouse gas (GHG) levels and their path in the future into the weights of portfolio assets; and,
- prioritise our equity investments when managing transition risk and opportunities.

The Scheme will seek to address transition risks for the rest of our assets, as well as physical risks, as data improves. In the short to medium term, the Scheme intends to explore climate opportunities in the illiquid space.

Further details regarding our strategic intent and implementation plan for this pillar will be presented in forthcoming TCFD reports.

¹ Further details regarding this systemic approach to stewardship is provided in the following document: NZAQA, The future of investor engagement.pdf (unipil.org)

Pillar 2: Stewardship

Introduction

The Stewardship pillar is a key complementary pillar to Pillar 1 (see Figure 5). As the net-zero transition requires a complete systemic reengineering of our economy, then by extension, it also requires a systemic approach.⁷ Therefore, Portfolio construction cannot be relied on in isolation. Stewardship by the investment community is essential to driving the necessary real world economic changes required.

The scale of the restructuring required means investors around the world must recognise the limitations of company engagement and consider engaging industry bodies and governments directly. Moving forward, stewardship is likely to require more resources to meet the scale and importance of the challenge.

Principle 2: Manage and track progress against our climate stewardship priorities

The identification of key climate stewardship priority areas will help to focus our activities under Principles 3 to 5. Our key climate stewardship area of focus is improving data quality/company disclosure.⁸ This is the target the Trustee has set in its 2021/22 TCFD Report. Over time, this will provide additional feedback, enhancing the quality of our approach under Principle 1 (Portfolio Construction).

Key company disclosures under this priority area that deserve particular attention include but are not limited to:

- The integration of climate risk into financial accounts, as financial statements that leave out material climate impacts misinform investors, who

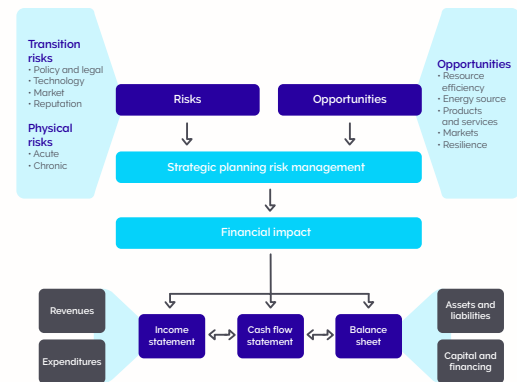
may not fully appreciate the climate-related risks and opportunities of their assets⁹ (Figure 6).

- Just transition, as it is important to consider how companies are considering the social dimensions of the net zero transition, noting that it is included as part of the Paris Agreement¹⁰
- Climate lobbying to gain insight into whether companies' lobbying activities are contravening the goals of the Paris Agreement. This will also serve to amplify activities under Principle 5.

Climate stewardship priority areas will be reviewed and, if deemed necessary, updated at least every 3 years with this Policy or as market developments dictate.

Figure 6 below illustrates the need for better financial reporting that takes into account the impact of climate-related risks and opportunities.

Figure 6



Source: TCFD, 2017

⁷ Notably within climate transition plans and TCFD disclosures

⁸ <https://www.igcc.org/downloads/investor-expectations-for-park-aligned-accounts/?p=mid-400&mkwkey=51ab448255d>

⁹ Derived report from Paris Agreement: "Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities"

Principle 3: Integrate climate risk into how we select, appoint and monitor our fund managers and other service providers

The Scheme will continue to evaluate the climate competency and capabilities of service providers, particularly our asset manager and the Scheme's independent investment adviser, to reduce the risks those entities could pose to the portfolio. This will be reported on at least annually as part of the TCFD report and Implementation Statement.

In the event that the fund manager or service provider ceases to meet the Trustee's requirements on climate change, the Scheme will work with them to improve their capabilities. Should this collaboration be viewed as unsuccessful by the Trustee, their appointment may be reviewed or terminated.

Principle 4: Hold investee companies to account for the actions they are taking to address climate change risks

The Scheme's current structure lends itself to primarily focusing on asset manager engagement, as this is where the Scheme would have the most leverage in driving change at a company level. Any company-level engagement that the Scheme chooses to undertake would be decided on an exceptions basis, informed by the gap between our own climate expectations outlined in Principle 1 and 2 and our fund managers' stewardship approach. Where possible, the Scheme would seek to leverage existing investor collaborative engagement platforms such as the **Principles for Responsible Investment Industry to ensure that it is fit for purpose to achieve our net zero ambition** (IIGCC).

Principle 5: Engage with the wider investment industry to ensure that it is fit for purpose to achieve our net zero ambition

In recognising the importance of other investment actors in achieving our net-zero ambition, the Trustee is committed to engaging with:

- data and index providers, rating agencies and investment consultants to drive better climate change disclosure; and
- policy makers and regulators on driving regulation related to the net zero transition in recognition that neither investors nor companies alone can achieve it.

Principle 6: Collaborate with other like-minded investors and stakeholders to increase influence

Working with other organisations that can help the Scheme be more effective (eg, PRI) is included as part of the Scheme's overarching Responsible Investment Policy.

The Trustee supports collaborative initiatives that are focused and well organised and that add more power to our stewardship approach. Collaborative engagement will be sought if there are particular issues the Scheme has in relation to Principles 3, 4, and 5, recognising that it may have more success when dealing with asset managers, service providers, data providers, and policy makers collectively.

The Scheme's IIGCC membership helps the Trustee act in line with this principle through its forums for investor collaboration on key industry-wide challenges to achieving net zero. It also contributes to Principle 5 through its **Policy Programme** (which allows us to join investor collaborations targeting government and policymakers).

Pillar 3: Reporting

Principle 7: Annually report on our progress

The Trustee will oversee the net-zero ambition and the Scheme's investment team will implement this Policy.

As previously stated, the Policy will be fully reviewed at minimum every 3 years (or before if ongoing monitoring reveals it is necessary) to ensure it remains in alignment with our fiduciary obligations as outlined in Section 2 of this Policy. The Trustee will receive an annual deep-dive assessment on the implementation of this Policy and the Scheme's activities will be publicly reported on as part of our annual TCFD and Implementation Statement reporting, as well as other reporting as deemed necessary.

Appendix 1 - The People's Pension Scheme Statement of Investment Principles (continued)

Appendix

Glossary

Greenhouse gases (GHGs)

There are 4 primary GHGs linked to global warming: carbon dioxide (CO₂), methane, nitrous oxide and fluorinated gases. The Greenhouse Gas Protocol, an international accounting tool, categorises GHG emissions into three scopes. Scope 1 covers direct emissions from the reporting company's owned or controlled sources. Scope 2 covers indirect emissions from purchased electricity, steam energy, heating and cooling that have been consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in the reporting company's value chain.¹

Institutional Investors Group on Climate Change (IIGCC)

A European membership body for institutional investor action on climate change. Its work focuses on corporate governance, investor practices and public policy.²

Intergovernmental Panel on Climate Change (IPCC)

The United Nations intergovernmental body for assessing the science of climate change. The IPCC's assessment reports supported the creation of the Paris Agreement.³

Just Transition

'Just Transition' was included as part of the Paris Agreement to ensure that workers and communities are not left behind as the world's economy responds to climate change. The **Investing in a Just Transition Initiative** is led by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science (LSE) and the Initiative for Responsible Investment at the Harvard Kennedy School.⁴

Net zero

The term 'net zero' means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions being re-absorbed from the atmosphere. A 'gross-zero' target would mean reducing all emissions to zero. This is not realistic, so instead

the net-zero ambition recognises that there will be some emissions in hard-to-abate sectors for which the transition to net zero is either technologically or financially difficult (eg. steel, cement industries). Therefore, the emissions associated with these hard-to-abate sectors would need to be offset through negative emissions technologies or some other mechanism. Negative emissions technologies are mechanisms for the absorption and storage of carbon and other atmospheric greenhouse gases (eg. carbon capture).

Paris Agreement

The Paris Agreement was reached at COP21 in 2015. Its aim is to ensure global warming in the 21st century remains well below 2°C above the average level recorded for the period 1850 to 1900 and to support efforts to limit global warming to 1.5°C. The Agreement also takes into account 'Just Transition', meaning 'taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities'.⁵

Principles for Responsible Investment (PRI)

A United Nations-supported international network of financial institutions working together to implement its 6 aspirational principles. Its goal is to understand the implications of sustainability for investors and support signatories to facilitate incorporating these issues into their investment decision-making and ownership practices. In implementing these principles, signatories contribute to the development of a more sustainable global financial system.⁶

Responsible Investment

The integration of financially material environmental, social and governance ('ESG') factors into investment processes, including stewardship.

Stewardship

The Financial Reporting Council (FRC) defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.⁷

¹ ghgprotocol.org
² iigcc.org
³ ipcc.ch
⁴ Climate Change and the Just Transition: A Guide for Investor Action | Center for Public Leadership - Harvard Kennedy School
⁵ unep.org
⁶ www.unpri.org
⁷ UK Stewardship Code | Financial Reporting Council (frc.org.uk)

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Key research

In establishing the Scheme's renewed net zero commitment, based on the view that the market is currently mispricing climate risk and that there is a risk to asset values of a market repricing event, the Scheme has looked to the Bank of England, financial regulators, academic research, and views from investor groups and consultants. Key research is highlighted below.

Net zero commitment

Blackrock Investment Institute, Positioning for the net zero transition, June 2022. **BI | Global insights** (blackrock.com)

Climate Action Tracker, CAT Net Zero Target Evaluations, November 2022. **CAT net zero target evaluations** | Climate Action Tracker

European Commission, The European Green Deal, 11 December 2019. **EUR-Lex - 52019DC0640 - EN - EUR-Lex** (europa.eu). Also: **EU strikes deal to boost carbon market, Europe's biggest climate policy** | Reuters

Government of Canada, Canadian Net-Zero Emissions Accountability Act, 29 June 2021. **Canadian Net-Zero Emissions Accountability Act - Canada.ca**

International Energy Agency, An updated roadmap to Net Zero Emissions by 2050 - World Energy Outlook 2022, October 2022. **An updated roadmap to Net Zero Emissions by 2050 - World Energy Outlook 2022 - Analysis** - IEA

IPCC, IPCC Sixth Assessment Report, Press Release - The evidence is clear: the time for action is now. We can halve emissions by 2030, 4 April 2022. **Press release** (ipcc.ch)

UK Cabinet Office and The Rt Hon Alok Sharma KC MG MP, World Leaders Launch Forests and Climate Leaders' Partnership at COP27, 7 November 2022. **World Leaders Launch Forests and Climate Leaders' Partnership at COP27 - GOV.UK** (www.gov.uk)

UK Department for Business, Energy & Industrial Strategy, Net Zero Strategy - Build Back Greener, 19 October 2021. **Net Zero Strategy: Build Back Greener - GOV.UK** (www.gov.uk).

Rt Hon Chris Skidmore MP, Mission Zero: Independent Review of Net Zero, 13 January 2023. **MISSION ZERO - Independent Review of Net Zero** (publishing.service.gov.uk)

United States Department of State and the United States Executive Office of the President, The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050, November 2021. **The Long-Term Strategy of the United States, Pathways to Net-Zero Greenhouse Gas Emissions by 2050** (whitehouse.gov)

Mispricing climate risk

Climate-Related Market Risk Subcommittee, Market Risk Advisory Committee of the U.S. Commodity Futures Trading Commission, Managing Climate Risk in the U.S. Financial System, 9 September 2020. **Managing Climate Risk in the U.S. Financial System** (cftc.gov)

Financial Conduct Authority, Joint Statement by the FCA, PRA, TPR and FRC on the publication of Climate Change Adaptation, 28 October 2021. **Joint statement by the FCA, PRA, TPR and FRC on the publication of Climate Change Adaptation Reports** | FCA

Global Association of Risk Professionals, 2021 Third Annual Global Survey of Climate Risk Management at Financial Firms, September 2021. **GRI, ClimateSurveyReport_082721.pdf** (garp.org)

KPMG, Can Capital Markets Save the Planet? October 2021. **Can capital markets save the planet? (assets.kpmg)**

London School of Economics, 15 years on from the Stern Review: economics of climate change, innovation, growth - video, 26 October 2021. **15 years on from the Stern Review: economics of climate change, innovation, growth - video - Grantham Research Institute on climate change and the environment** (lse.ac.uk)

Principles for Responsible Investment, Financial markets are mispricing climate risk, 21 November 2019. **Financial markets are mispricing climate risk** | Blog post | PRI (unpri.org)

Sky News, Bank of England governor: Climate risks 'not reflected in market prices of most financial assets', 1 June 2021. **Bank of England governor: Climate risks 'not reflected in market prices of most financial assets'** | Business News | Sky News

Stroebel & Wurgler, What Do You Think About Climate Finance? August 2021. **What Do You Think About Climate Finance?** | NBER

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To find out more, or to register:

W. www.thepeoplespension.co.uk

E. info@thepeoplespension.co.uk

T. Or call us
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New enquiries: 0800 612 8080

The information in this document is correct as of April 2024 and may be subject to change.

People's
Partnership

The People's Pension Trustee Limited
Moor Road, Crawley, West Sussex, BN11 9QP. Tel: 0300 2000 555. www.peoplespartnership.co.uk
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Appendix 2 – Illustration of Charges and Transaction Costs

Illustrative examples of the effect of the management charge of 0.5%, the £4.50 annual charge and the transaction costs for the 'balanced' investment profile (the Scheme default option) are shown in the table below. The illustrations have been prepared in accordance with the Department for Work and Pensions' statutory guidance on "Reporting of costs, charges and other information: guidance for Trustees and managers of relevant occupational pension schemes" on the projection of an example member's pension savings.

The Scheme does not have a lowest or highest charging fund.

The 'balanced' investment profile* (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,290	£2,280
3 years	£7,490	£7,420
5 years	£13,500	£13,400
10 years	£33,500	£32,800
15 years	£62,200	£60,500
20 years	£102,000	£99,600
25 years	£160,000	£154,000
30 years	£239,000	£229,000
35 years	£344,000	£328,000
40 years	£473,000	£447,000
to age 68	£656,000	£614,000

The 'balanced' investment profile* (age 30, starting pot size of £2,981)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£5,450	£5,430
3 years	£11,000	£10,900
5 years	£17,500	£17,300
10 years	£38,800	£38,000
15 years	£69,300	£67,400
20 years	£112,000	£108,000
25 years	£172,000	£165,000
30 years	£248,000	£237,000
35 years	£340,000	£323,000
to age 68	£402,000	£379,000

* Scheme default arrangement

Appendix 2 – Illustration of Charges and Transaction Costs (continued)

The 'balanced' investment profile* (age 40, starting pot size of £4,504)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£7,070	£7,040
3 years	£12,800	£12,700
5 years	£19,600	£19,300
10 years	£41,500	£40,600
15 years	£72,700	£70,700
20 years	£113,000	£109,000
25 years	£165,000	£158,000
to age 68	£200,000	£190,000

The 'balanced' investment profile* (deferred member age 41, average pot size £2,584)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,730	£2,720
3 years	£3,070	£3,010
5 years	£3,450	£3,350
10 years	£4,620	£4,360
15 years	£6,140	£5,640
20 years	£7,930	£7,100
25 years	£9,940	£8,670
to age 68	£11,600	£9,900

The 'balanced' investment profile* (age 50, starting pot size of £6,220)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£8,850	£8,810
3 years	£14,700	£14,600
5 years	£21,600	£21,300
10 years	£42,900	£41,900
15 years	£70,600	£68,400
to age 68	£90,000	£87,000

* Scheme default arrangement





Appendix 2 – Illustration of Charges and Transaction Costs (continued)

Although the majority of the Scheme members use the default investment arrangement, the Scheme has a number of options available to choose. Projections for these are shown below.

Global Investments (up to 85% shares) Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,290	£2,280
3 years	£7,490	£7,410
5 years	£13,500	£13,300
10 years	£33,500	£32,700
15 years	£62,200	£60,100
20 years	£102,000	£98,700
25 years	£160,000	£152,000
30 years	£239,000	£225,000
35 years	£348,000	£326,000
40 years	£498,000	£462,000
to age 68	£753,000	£691,000

Global Investments (up to 100% shares) Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,260	£2,250
3 years	£7,370	£7,300
5 years	£13,300	£13,100
10 years	£32,900	£32,200
15 years	£61,200	£59,200
20 years	£101,000	£97,200
25 years	£157,000	£150,000
30 years	£235,000	£222,000
35 years	£343,000	£321,000
40 years	£490,000	£456,000
to age 68	£741,000	£682,000

** Non-default arrangements



Appendix 2 – Illustration of Charges and Transaction Costs (continued)

Global Investments (up to 60% shares) Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,270	£2,260
3 years	£7,280	£7,210
5 years	£12,900	£12,700
10 years	£30,300	£29,600
15 years	£53,500	£51,800
20 years	£83,800	£80,600
25 years	£123,000	£117,000
30 years	£173,000	£165,000
35 years	£238,000	£225,000
40 years	£321,000	£300,000
to age 68	£449,000	£417,000

Pre-Retirement Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,270	£2,260
3 years	£7,280	£7,210
5 years	£12,900	£12,700
10 years	£30,300	£29,700
15 years	£53,500	£51,900
20 years	£83,800	£80,700
25 years	£123,000	£117,000
30 years	£173,000	£165,000
35 years	£238,000	£225,000
40 years	£321,000	£301,000
to age 68	£449,000	£418,000

** Non default arrangements

Appendix 2 – Illustration of Charges and Transaction Costs (continued)

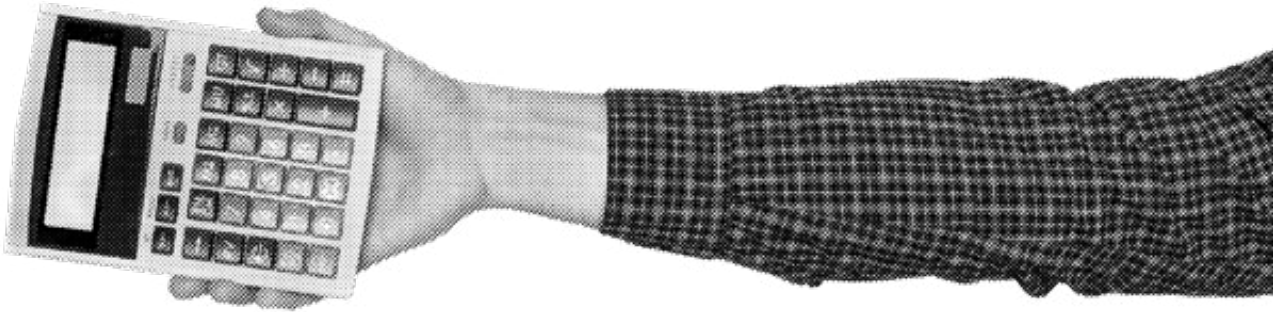
Ethical Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,290	£2,280
3 years	£7,490	£7,420
5 years	£13,500	£13,400
10 years	£33,500	£32,800
15 years	£62,200	£60,400
20 years	£102,000	£99,300
25 years	£160,000	£153,000
30 years	£239,000	£228,000
35 years	£348,000	£330,000
40 years	£498,000	£469,000
to age 68	£753,000	£703,000

Annuity Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,290	£2,280
3 years	£7,490	£7,420
5 years	£13,500	£13,400
10 years	£33,500	£32,800
15 years	£62,200	£60,500
20 years	£102,000	£99,500
25 years	£160,000	£153,000
30 years	£239,000	£228,000
35 years	£348,000	£331,000
40 years	£498,000	£471,000
to age 68	£753,000	£706,000

** Non default arrangements



Appendix 2 – Illustration of Charges and Transaction Costs (continued)

Shariah Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,290	£2,280
3 years	£7,490	£7,420
5 years	£13,500	£13,400
10 years	£33,500	£32,800
15 years	£62,200	£60,500
20 years	£102,000	£99,400
25 years	£160,000	£153,000
30 years	£239,000	£228,000
35 years	£348,000	£330,000
40 years	£498,000	£470,000
to age 68	£753,000	£704,000

Cash Fund** (age 22, starting pot size of £0)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£2,250	£2,240
3 years	£7,070	£7,010
5 years	£12,300	£12,100
10 years	£27,500	£27,000
15 years	£46,200	£45,000
20 years	£68,900	£66,700
25 years	£96,300	£92,800
30 years	£129,000	£123,000
35 years	£168,000	£161,000
40 years	£215,000	£204,000
to age 68	£283,000	£268,000

** Non default arrangements



Appendix 2 – Illustration of Charges and Transaction Costs (continued)

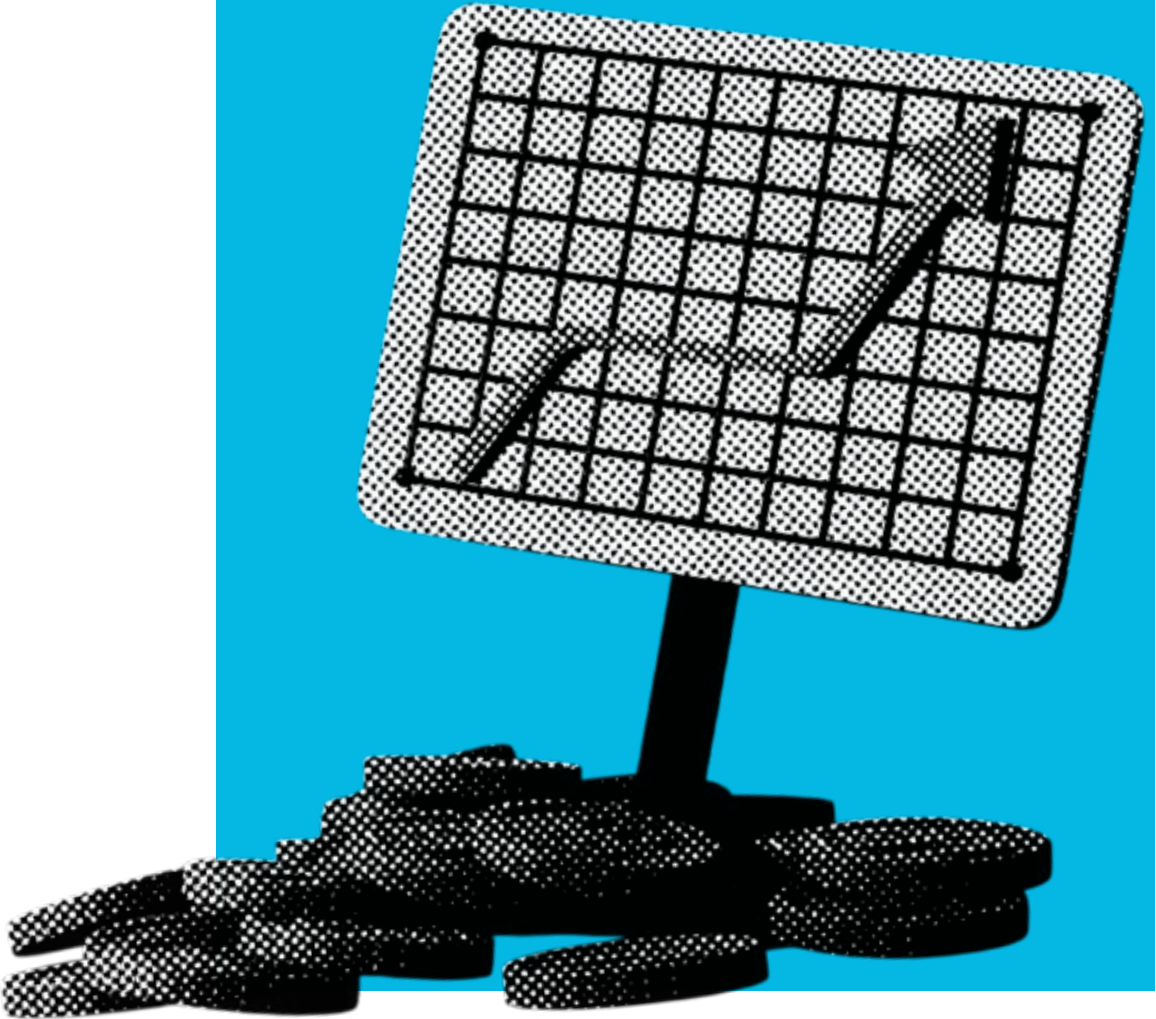
As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained below:

- ✓ Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. This is consistent with the Financial Reporting Council's AS TM1: Statutory Money Purchase Illustrations.
- ✓ The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
- ✓ Contributions are assumed to be £186 per month (inclusive of members' and employers' contributions and tax relief) from age 22 to 68 (unless otherwise stated) and increase each year in line with inflation (2.5%) (average monthly contribution was £173 on 31 March 2024). Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- ✓ Values are estimates and not guaranteed.
- ✓ Charges include the management charge, the annual charge, the savings reward on the management charge and transaction costs.
- ✓ Starting pot size is assumed to be £0, unless otherwise stated. Where pot sizes are used these are the average pot size given the age of the member.

The projected annual returns used are as follows (before inflation):

- ✓ The 'balanced' investment profile consists of the Global Investments (up to 85% shares) Fund (growth rate 6.0%), gradually switching into the Pre-Retirement Fund (growth rate 4.0%) in the last 15 years
- ✓ Global Investments (up to 85% shares) Fund 6.0% p.a.
- ✓ Global Investments (up to 100% shares) Fund 6.0% p.a.
- ✓ Global Investments (up to 60% shares) Fund 4.0% p.a.
- ✓ Pre-Retirement Fund 4.0% p.a.
- ✓ Ethical Fund 6.0% p.a.
- ✓ Annuity Fund 6.0% p.a.
- ✓ Shariah Fund 6.0% p.a.
- ✓ Cash Fund 2.0% p.a.
- ✓ Inflation is assumed to be 2.5% p.a.
- ✓ No allowance for active management has been made.

Full details of the Scheme's transaction costs and projections for all funds available in the Scheme can be found at www.thepeoplespension.co.uk/costs-and-charges



Appendix 3 – Fund Performance

The Scheme’s funds track a variety of indices, as described below. The Global Investments (up to 85% shares) Fund and Pre-Retirement Fund are used as part of the default arrangement.

Fund	Fund performance*	Performance Objective	Performance Objective**	Asset allocation
Global Investments (up to 85% shares) Fund	5.8% 1 Year 4.0% 3 Year 9.3% 5 Year	5.2% 1 Year 7.9% 3 Year 7.3% 5 Year	UK CPI +3.0% (Gross of fees) UK CPI +2.5% (Net of fees) Performance shown on a net of fee basis	6.21% UK Equity 62.27% Global Developed Market Equity (excluding UK) 9.95% Global Emerging Market Equity 78.43% Total Listed Equity 14.57% Global Investment Grade Corporate Bonds 0.50% Global Non-Investment Grade Corporate Bonds 4.00% UK Gilts 2.00% Global Developed Market Government Bonds 0.50% Global Emerging Market Government Bonds 21.57% Total Bonds
Pre-Retirement Fund	4.1% 1 Year 1.1% 3 Year 2.0% 5 Year	3.2% 1 Year 5.8% 3 Year 5.2% 5 Year	UK CPI +1% (Gross of fees) UK CPI +0.5% (Net of fees) Performance shown on a net of fee basis	1.55% UK Equity 15.57% Global Developed Market Equity (excluding UK) 2.49% Global Emerging Market Equity 19.61% Total Listed Equity 39.39% Global Investment Grade Corporate Bonds 1.50% Global Non-Investment Grade Corporate Bonds 12.00% UK Gilts 6.00% Global Developed Market Government Bonds 1.50% Global Emerging Market Government Bonds 60.39% Total Bonds 20.00% Cash
Global Investments (up to 100% shares) Fund	6.2% 1 Year 5.2% 3 Year 12.0% 5 Year	5.7% 1 Year 8.4% 3 Year 7.8% 5 Year	UK CPI +3.5% (Gross of fees) UK CPI +3% (Net of fees) Performance shown on a net of fee basis	7.76% UK Equity 77.84% Global Developed Market Equity (excluding UK) 12.44% Global Emerging Market Equity 98.04% Total Listed Equity 1.96% Global Investment Grade Corporate Bonds 1.96% Total Bonds
Global Investments (up to 60% shares) Fund	5.4% 1 Year 2.9% 3 Year 6.7% 5 Year	4.7% 1 Year 7.4% 3 Year 6.8% 5 Year	UK CPI +2.5% (Gross of fees) UK CPI +2.0% (Net of fees) Performance shown on a net of fee basis	4.27% UK Equity 42.81% Global Developed Market Equity (excluding UK) 6.84% Global Emerging Market Equity 53.92% Total Listed Equity 30.32% Global Investment Grade Corporate Bonds 1.13% Global Non-Investment Grade Corporate Bonds 9.00% UK Gilts 4.50% Global Developed Market Government Bonds 1.13% Global Emerging Market Government Bonds 46.08% Total Bonds

Appendix 3 – Fund Performance (continued)

The Scheme’s funds track a variety of indices, as described below.

Fund	Fund performance*	Performance Objective	Performance Objective**	Asset allocation
Shariah Fund	3.4% 1 Year 9.2% 3 Year 16.0% 5 Year	5.7% 1 Year 8.4% 3 Year 7.8% 5 Year	UK CPI +3.5% (Gross of fees) UK CPI +3% (Net of fees) Performance shown on a net of fee basis	100.00% Global listed equity
Cash Fund	4.7% 1 Year 3.7% 3 Year 2.0% 5 Year	5.1% 1 Year 4.1% 3 Year 2.5% 5 Year	SONIA	100.00% Cash
Annuity Fund	(6.9)% 1 Year (10.4)% 3 Year (7.6)% 5 Year	(6.1)% 1 Year (11.7)% 3 Year (9.4)% 5 Year	Composite+	70.00% Sterling Investment Grade Corporate Bonds 30.00% UK Gilts 100.00% Total Bonds

3-year and 5-year returns are annualised.

*The Trustee may review and amend the performance objective of the funds as appropriate. The performance objectives above are correct as of 31 March 2025.

**The performance figures shown are after the deduction of 0.5% management charge and transaction costs, there are no performance fees for any assets within the Scheme. The Scheme uses single priced funds, so investment performance figures include any anti-dilution levies applied

These figures have been produced in line with the Department for Work and Pensions' statutory guidance 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' located at [Completing the annual Value for Members assessment and Reporting of Net Investment Returns \(publishing.service.gov.uk\)](#).

Implementation Statement

for the year ended
31 March 2025



Implementation Statement

Introduction

The People's Pension Trustee Limited ('the Trustee') produces a document called the Statement of Investment Principles ('SIP') that explains how the money that is received from the members is invested. This implementation statement sets out how The People's Pension Scheme ('the Scheme') has followed the investment guidelines set out in the applicable SIP over the scheme year 1 April 2024 to 31 March 2025. The SIP was updated after the end of the Scheme year and is available [here](#) for reference.

The outline of the implementation statement is as follows:

- Part 1: Background** – this highlights the investment options available to the Scheme's members including its self-select range, and how the Scheme is governed to ensure proper oversight,
- Part 2: How the Scheme's SIP has been adhered to during the year under review** – as part of this assessment, this also includes:

- ✓ How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- ✓ The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes and the use of any proxy voting services.

Part 3: Concluding remarks about SIP adherence

Part 1: Background

The Investment Options the Scheme offers to members

The Balanced profile (also referred to as the default fund) is where the member will be invested if they don't select an investment. To begin with the member will be invested in the Global Investments (up to 85% shares) Fund before being slowly switched into the Pre-Retirement Fund starting from when the member is 15 years from retirement date.

The Adventurous profile works in the same way as the Balanced profile, but the member is initially invested in the higher risk Global Investments (up to 100% shares) Fund before being switched into the Pre-Retirement Fund. For members who are prepared to accept more risk for the chance of more growth in the value of their pension savings.

The Cautious profile again works like the Balanced profile but invests in the lower-risk Global Investments (up to 60% shares) Fund before being switched into the Pre-Retirement Fund. For members who would prefer a level lower of risk but with a lower level of expected growth in their pension savings.

All of the funds in the investment profiles have a target related to the rate of inflation (how quickly goods and services are getting more expensive over time) as measured by the Consumer Price Index ('CPI'). So, a fund that has a target of CPI+2.5% will over the long-term aim to grow by the

CPI rate plus 2.5% per year.

Self-Select Funds

If a member does not wish to invest in one of the investment profiles, they can self-select from the range of funds below which include all four funds used in the investment profiles as well as four additional funds. Members can select from one or a mixture of funds apart from the Shariah Fund where a member must invest 100% in the fund. Descriptions and performance objectives of the funds are in the table below.

Fund	Invests in	Long-Term Performance Objective
Global Investments (up to 85% shares) Fund	Mainly in company shares around the world, offering the potential for long-term growth. This is balanced against some investments in typically less risky bonds.	CPI +2.5%
Pre-Retirement Fund	A combination of bonds, cash and shares, with a smaller proportion in shares. This lowers the fund's growth potential but also aims to lower the fund's risk.	CPI +0.5%
Global Investments (up to 60% shares) Fund	A combination of shares and bonds, with a lower proportion in shares, which means the potential for growth is reduced, but so is the level of risk.	CPI +2.0%
Global Investments (up to 100% shares) Fund	Predominately the shares of companies around the world, may hold additional diversifying asset classes.	CPI +3.0%
Ethical Fund	In global company shares, excluding businesses that produce fossil fuels or gain a substantial portion of their income from tobacco, alcohol, gambling, pornography, weapons, recreational cannabis, for-profit prisons, and non-sustainable palm oil.	CPI +3.0%
Shariah Fund	100% in the shares of global companies – it invests all of its assets in the HSBC Amanah Global Equity Index.	CPI +3.0%
Cash Fund	As a result of the lower-risk nature of the fund, the potential for investment growth is reduced. In short-term money market investments and fixed investments that are liquid – i.e. things that can be converted to cash on short notice.	Returns equivalent to cash returns
Annuity Fund	100% in UK government and corporate bonds.	To protect against rises in the level of annuity prices

How the Scheme is governed

- This section outlines who looks after the members' investments and an overview of how investment decisions are made by the Scheme.
- ✓ The Board of The People's Pension Trustee Limited ('the Trustee'). The Trustee makes the decisions relating to how the Scheme, is managed. It has a fiduciary duty to act in the best interests of the members when making decisions. The Trustee Directors bring a diversity of thought, backgrounds and experience to the Board and are all experienced financial services and pensions professionals.
 - ✓ Trustee Investment Committee ('the Committee'). The Committee is a group of three Trustee Directors who all have significant experience of working in investments. They work with People's Partnership's Investment Team ('the Investment Team') and the Scheme's investment adviser to review the performance of the Scheme's investments and any proposed changes to the Scheme's investment strategy.
 - ✓ People's Investments Limited ('PIL') – People's Partnership's (the Scheme's pension provider) in-house team of investment specialists who conduct extensive investment research and make changes in investment strategy and implementation recommendations to the Trustee and the Investment Committee. The investment operations ('Investment Ops') team is part of the investments team and ensures the day-to-day operation and pricing of the members' funds.
 - ✓ The Investment Adviser – An organisation that is Financial Conduct Authority ('FCA') authorised to provide regulated financial advice to the Trustee. During this Scheme year, PIL was authorised by the FCA and became the Trustee's adviser.



Implementation Statement (continued)

How the Scheme is governed (continued)

- ✓ Board of PIL – The Board of PIL is responsible for overseeing the Investment Team.
- ✓ People's Administration Services Limited – The part of People's Partnership that performs the administration and responds to member queries for the Scheme.
- ✓ Asset Managers – The companies that the Scheme uses to invest members' contributions. The Scheme used State Street Investment Management ('SSIM') (formerly known as State Street Global Advisors) and HSBC Asset Management for the whole Scheme year and appointed Amundi (UK) Limited ('Amundi') and Invesco Asset Management Limited ('Invesco') in February 2025.
- ✓ Investment Administrator – Northern Trust which provides a range of services for the Scheme including valuing and safekeeping assets.

Part 2: How the SIP was adhered to during the year under review

Key changes to the SIP since previous review

This section outlines the key changes to the SIP from Scheme year 2023/2024 to 2024/2025 as a result of the last review of the SIP which was published on 1 April 2024. These were as follows:

- ✓ To comply with regulations a new section outlining the Scheme's policy regarding illiquid investments was added.
- ✓ The Retirement Risks section was amended to include that members regularly receive statutory money purchase illustrations ('SMPI') giving a projection of potential fund size at retirement.
- ✓ The Financially material considerations and Voting rights and engagement principles sections were simplified. The Trustee considered that it would be more appropriate to have a summary in the SIP and to refer to the Responsible Investment Policy where required.
- ✓ The Asset manager arrangements section was updated to confirm that the updated Responsible Investment Policy outlines the minimum requirements when selecting new managers.
- ✓ The Asset Manager arrangements section was updated to include a section stating that the Scheme primarily used passive investing techniques to limit portfolio turnover.

Key changes to the Scheme's portfolio during the year under review

This section outlines the key changes to the Scheme's investments and/or oversight during the year under review. These were as follows:

- ✓ The Trustee has appointed new asset managers, Amundi and Invesco. Amundi are responsible for managing the developed market share investments. Invesco manage the global bond investments (loans to companies and governments).
- ✓ PIL / the Investment Team has obtained authorisation from the FCA and been appointed as the Scheme's investment adviser by the Trustee.
- ✓ The Scheme has transferred 90% of the Scheme's underlying investments into segregated mandates from pooled funds. This means that the Scheme now directly owns those investments on behalf of the members, giving the Scheme more control over how they are invested, how the Scheme can use the share voting rights and increases their security.

Please note that these changes were covered in an updated SIP that was published after the end of the Scheme year 2024/2025, and can be found [here](#).

How the changes impact the risks faced by the Scheme's members

[Pages 7 and 8](#) of the SIP describe a range of the different types of risk faced by the Scheme's members, the section below looks at the specific risks that were affected by the changes to the Scheme's investment arrangements.

- ✓ The appointment of Amundi and Invesco as asset managers. Amundi's investment mandate is the same as the previous mandate to track a range of developed market equity indices. The only impacted risk is the asset manager risk and due to the extensive research conducted in the investments team's opinion Amundi will track these indices at least as well if not better than the previous manager. Invesco are using active management for a portion of their portfolio and so whilst it is expected that doing so will improve performance which should reduce inflation, conversion retirement benefit, and market risks there is the potential for these risks and asset manager related risk to increase. For the index tracking part of Invesco's portfolio in the opinion of the Investment Team Invesco will be able to track the indices as well if not better than the previous manager.
- ✓ The Trustee believes that the Investment Team has sufficient skill and resources to provide high quality investment advice to the Scheme. The Trustee has confidence that the appointment of PIL to the role of investment adviser will not increase the risks to the members caused by poor advice.
- ✓ In the opinion of the Trustee, the movement of 90% of the Scheme's underlying assets into segregated mandates should reduce the operational risk of the Scheme.

The Scheme has transferred 90% of the Scheme's underlying investments into segregated mandates. This means that the Scheme now directly owns those investments on behalf of the members, giving the Scheme more control over how they are invested, how the Scheme can use the share voting rights and increases their security.



Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review

This below table provides a summary of the Trustee's key policy statements within the SIP, and correspondingly how the Scheme implemented them during the year under review.

SIP Policy	How the Scheme implemented the 2024/2025 SIP
2 – Choosing investments Summary of policy: The Trustee's policy is to offer a default investment arrangement plus a core range of investment funds suitable for the Scheme's membership profile.	The Scheme continues to offer the Balanced profile as its default and a range of additional self-select funds. The Investment Adviser provided a detailed report on the default fund to the Committee during the November meeting. At the February meeting the additional fund range was discussed and it was agreed that additional options should be researched to increase the choice available to members.
3 – Investment objectives Summary of policy: The Trustee has discussed and agreed on key investment objectives in light of an analysis of the Scheme's membership profile as well as the constraints the Trustee faces in achieving these objectives.	The Trustee sets performance objectives based on its understanding of members' age, income, and attitude and tolerance to risk. The Committee received the annual member behaviour report at its August meeting and a full investment review of the objectives in November. This review included due consideration of the Trustee's investment time horizons.
4 – The kind of investments to be held. Summary of policy: The Trustee is permitted to invest in a wide range of assets, including equities, bonds, cash, property, derivatives, and alternatives, subject to complying with relevant legislation.	The Investment Ops team monitors the Scheme's investments on an ongoing basis and confirms that the Scheme has not invested in anything not permitted by the Trustee.
5 – Illiquid Investments Summary of policy: The Scheme does not currently invest in illiquid assets.	The Investment Ops team confirms that the Scheme did not invest directly in illiquid investments such as private equity, infrastructure and commercial property during the Scheme year.
6 – The balance between different types of investments Summary of policy: The Trustee expects a range of investments to be made available that allows for changes in members' risk appetites over time. The Trustee also expects due consideration of the relative merits of active or passive investment for different parts of the overall portfolio. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time and that the asset allocation may change as the membership profile evolves.	The Trustee understands that people generally get more risk averse as they get older. The default option is designed to invest more in investments that offer higher returns but with higher risk when members are young. The Committee reviewed the default arrangement at the November meeting. The Trustee look at both index tracking and active management for the management of the Scheme's assets. In February 2025, the Committee approved the appointment of two new managers: Amundi to manage the investments in global developed market shares using an index tracking approach, while Invesco will use active management for part of its fixed interest portfolio and index tracking for UK and US government bonds. Part of the Committee's annual default fund review in November looked at the asset allocation of the scheme and its suitability for members. In the Committee's opinion the asset allocation continues to meet member requirements. Reviews of performance expectations are provided in the appropriate time horizons for the Trustee's objectives.
7 – Investment Risk Please refer to section 7 of the SIP.	Pages 7 and 8 of the SIP look at the different types of investment risk the Trustee has considered and how it has mitigated them for members. This list was reviewed by the Trustee when it approved the SIP under review which was published on 1 April 2024.



Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review (continued)

This below table provides a summary of the Trustee’s key policy statements within the SIP, and correspondingly how the Scheme implemented them during the year under review.

SIP Policy	How the Scheme implemented the 2024/2025 SIP
8 – Expected return of investments Summary of policy: The Trustee has regard to the relative investment return, net of fees, and risk that each asset class is expected to provide. The Trustee recognises the need to distinguish between nominal and real returns and to make appropriate allowances for inflation when making decisions and comparisons.	The Investment Team and Committee regularly review the expected real returns of asset classes that the Scheme invests in to ensure that the members’ investments are likely to meet their objectives. Part of the Committee’s annual default fund review in November looked at the expected returns in the asset allocation of the Scheme and its suitability for members. In the Committee’s opinion the asset allocation continues to meet member requirements. Reviews of performance expectations are provided in the appropriate time horizons for the Trustee’s objectives.
9 – Realisation of investments Summary of policy: The Trustee has delegated the responsibility for buying and selling investments to the asset manager. This role includes considering the liquidity of the investments in the context of the likely needs of members and the payment obligations of the Scheme.	As part of the research process for choosing any investment the Trustee will review how easy it is to be bought and sold (known as liquidity). On a day-to-day basis this will be managed by the Investment Ops team who report to the Committee quarterly. There were no issues with liquidity for the Scheme this year.
10 – Financially material considerations Summary of policy: The Trustee believes that environmental, social and governance ('ESG') factors can affect the performance of investment portfolios and should be considered as part of the Scheme's investment policy.	The Trustee regularly reviews financially material considerations as part of its fiduciary duty, with climate change considered to be the ESG risk with the greatest potential to impact upon member outcomes. Further details can be found in the Responsible Investment section below.
11 – Member views and non-financial factors Summary of policy: The Trustee has agreed to a Responsible Investment Policy that outlines its approach to non-financial factors, including exclusions.	The Trustee updated its exclusions policy, enhanced its Ethical Fund offering, and conducted a survey to better understand members’ attitudes and preferences with regards to responsible investment issues. Further details can be found in the Responsible Investment section below.
12 – Voting rights, corporate governance and engagement principles. The Trustee monitors its fund managers against the voting and engagement expectations set out in its Responsible Investment Policy. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee’s policy.	The Trustee regularly reviews how its voting rights were exercised and engagement executed as part of its fiduciary duty. As such, it has set expectations with its asset managers and regularly assesses its managers’ activities against them. Further details can be found in the Responsible Investment section below.

Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review (continued)

This below table provides a summary of the Trustee's key policy statements within the SIP, and correspondingly how the Scheme implemented them during the year under review.

SIP Policy	How the Scheme implemented the 2024/2025 SIP
13- Asset Manager Arrangements Summary of policy: Prior to appointing the asset manager, the Trustee discusses the asset manager's benchmark and approach to stewardship, as well as the management of ESG and climate-related risks, with the Scheme's investment adviser and how they are aligned with the Trustee's own investment aims, beliefs and constraints. The Trustee monitors the performance of its asset managers over medium to long-term time periods that are mutually agreed upon with the asset manager and are consistent with the Trustee's investment aims, beliefs and constraints. The investment adviser assists the Trustee in this monitoring process. The Trustee expects the asset manager to vote and engage on behalf of the fund's holdings, and the Scheme monitors this annually. The Trustee expects the asset manager to minimise transaction costs wherever possible The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustee's investment aims, beliefs and constraints are assessed every 3 years, or more frequently when changes deem it appropriate to do so. As part of this review, the ongoing appropriateness of the asset manager and the specific funds used are assessed. If fund manager expectations are not met, the Trustee will work with the fund manager to improve them. If this engagement is unsuccessful, their appointment may be reviewed or terminated.	During the Scheme year the Investment Team conducted a thorough review of the Scheme's asset manager arrangements for developed market equities and fixed interest investments. A wide range of criteria was employed in assessing potential managers from across the whole industry. Those included performance, RI policy alignment¹, the partnership offering, fee structure and research capabilities. At the February Committee meeting the appointment of Invesco and Amundi was confirmed. Mark Condron, Chair of the Trustee described the rationale for the selection. "By selecting Amundi and Invesco, we have chosen to prioritise sustainability, active stewardship and long-term value creation..." "The Scheme aims to balance strong financial performance with responsible investment principles." The transfer of the assets was carefully managed to limit transaction costs. The Committee reviewed the transaction costs of the manager transfers. The Committee monitors the performance of the funds on a quarterly basis and the portfolio turnover costs on an annual basis. For further details on how the Scheme's voting and engagement policies forming part of the RI Policy alignment were adhered to during the year under review, please refer to the Responsible Investment section of the Implementation Statement.
14 – Monitoring Summary of policy: Investment performance: The Trustee reviews the performance of each investment option. Objectives: The Trustee monitors the suitability of the objectives for the Scheme. Investment choices: The Trustee monitors the appropriateness of the investment choices offered on a periodic basis. Engagement and stewardship: The Trustee monitors the engagement and stewardship activities undertaken by the manager of the pooled funds on an annual basis.	The Committee reviews the performance of the funds in detail quarterly as well as receiving a report from the Investment Ops Team. The Investment and Investment Ops teams monitor the Scheme's performance and liquidity daily. The Committee last reviewed the objectives at its November meeting. The Scheme's default was reviewed in November and the self-select fund range was discussed in February. The Trustee monitors the stewardship activities undertaken by the manager of the pooled funds on an annual basis. For further details on how this implemented during the year under review, please refer to the Responsible Investment section of the Implementation Statement.

¹ For further details on the criteria forming part of that RI Policy alignment, please refer to Principle 3 of the [Scheme's RI Policy](#).

With reference to the above table, the Trustee considers that it has, in all material respects, followed the policies set out in the SIP during the year under review.

Implementation Statement (continued)

How the Scheme has implemented the policies in the SIP during the year under review (continued)

Responsible Investment

This section outlines how the Scheme's Responsible Investment ('RI') Policy was followed during the year under review. Activities undertaken during the year under review are provided in italics for ease of reference.

Introduction

The Scheme's RI Policy was developed in the previous reporting year, and the Trustee believes it reflects a significant step forward in the Trustee's stewardship approach. This Policy was approved in April 2024 and was therefore in force during the year under review. Note that given the addition of a new public exclusions policy (see relevant section below) and an evolving investment strategy, the Policy was updated and approved after the year under review, but before the publication of this statement (June 2025). The Scheme's asset managers have been provided with this policy.

The RI Policy sets out minimum requirements and ongoing expectations for the Scheme's investment managers. A summary of the ongoing expectations is outlined below:

- ✓ Alignment with the Scheme's RI objectives and beliefs, with robust governance systems that drive effective stewardship
- ✓ Exercise of voting rights on the Trustee's behalf in companies in which the Scheme has holdings
- ✓ Alignment of stewardship activity with the Scheme's stewardship priorities
- ✓ Formalised and robust process for setting and tracking engagement milestones, including escalation
- ✓ Robust oversight of index construction and management processes
- ✓ Alignment of industry and policy engagement with the Scheme's stewardship priorities
- ✓ Best-in-class, strategy level stewardship reporting on the Scheme's stewardship priorities

To enable the Trustee to allocate an appropriate amount of time to assess RI issues and make high quality decisions, the fact-finding and analysis against these expectations are delegated to the Investment Team.

If these minimum requirements and ongoing expectations are not met, the Trustee has warned it will put asset manager relationships under review, which could result in it moving to other asset managers.

During the year under review, the Trustee's assessment of asset manager expectations described above was a contributing factor in the addition of two new managers as detailed in the previous table - Section 13 (Asset Manager Arrangements).

Further details on the Trustee's RI activities against its SIP requirements are shown in the subsequent sections.

Financially material considerations

The primary objective of the Scheme's RI approach is to add financial value and resilience to its members' savings through its portfolio construction and stewardship approaches.

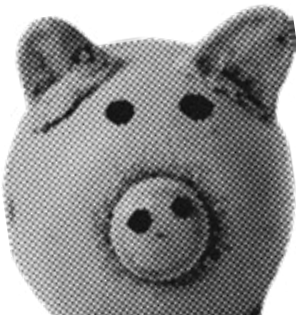
ESG factors are integrated into the portfolio when they are believed to be material to the portfolio's return prospects or risk characteristics. Integration may mean using the ESG factors to influence the weights of securities, sectors, or asset classes held in the portfolio. The Trustee considers climate change to be the ESG risk with the greatest potential impact upon member outcomes. The consideration of financially material ESG issues influences both portfolio construction (e.g., climate aware funds) and asset manager contractual arrangements. An illustration of how the Trustee takes a longer-term outlook in its investment decision making is by integrating climate and nature risk into the Scheme's portfolio construction and/or stewardship processes.

During the year under review, the following activities were undertaken:

- ✓ The Scheme's updated Responsible Investment Policy now clearly states the Trustee's net zero ambition.
- ✓ The inclusion of ESG integration and net zero requirements within the Investment Management Agreements ('IMA') of the new developed equities and fixed income managers (refer to the previous table under Section 13 - Asset Manager Arrangements, for further details).
- ✓ Through its previously reported investment in climate aware strategies, more than halved the carbon footprint of its main investment fund in 12 months.

Member views and non-financial factors

- ✓ **Secondary RI objective:** As a complement to the primary objective described above, the Trustee aims to encourage companies to behave in a more sustainable way for the benefit of society and the world into which members will eventually retire. Ultimately, this aim is likely to lead to better and more sustainable retirement outcomes for members.
For further details on how this responsible investment objective was implemented in practice during the year under review, please refer to the above table under Section 13 (Asset Manager Arrangements) and the below section on voting rights, corporate governance and engagement principles.
- ✓ **Exclusions:** As part of its RI objectives, the Scheme's RI Policy states that it takes a limited approach to exclusions, so long as it does not cause financial detriment in their use. The exclusions outlined in the Scheme's exclusions policy are designed to reduce the risk of the portfolio being significantly exposed to internationally banned products, and certain ESG risks, and/or business practices that may expose the investee company to reputational risks. The exclusions are not expected to have a material impact on the risk or return characteristics of the portfolio.



✓ During the year under review, the following activities were taken:

- ✓ *The establishment of a minimum baseline for exclusions was agreed by the Trustee's Investment Committee in November 2024, a public version of which is included in the Scheme's updated RI Policy as of summer 2025.*
- ✓ *A formal exclusions policy was developed that was published as an appendix to the July 2025 update to the Responsible Investment Policy.*
- ✓ **Self-select funds:** The Scheme also offers members self-select funds, such as the Ethical Fund and the Shariah Fund, which allow them to invest in accordance with their values.
During the year under review, the Ethical Fund was enhanced to include significantly more exclusions, such as a blanket exclusion for fossil fuels, including the value chains of coal, oil, gas, and carbon-intensive power generation. Other new exclusions in the ethical fund include weapons, alcohol, tobacco, gambling, adult entertainment, unsustainable palm oil, recreational cannabis, and for-profit prisons.
- ✓ **Understanding member attitudes and preferences:** The Trustee is also committed to understanding member views on a variety of responsible investment topics.
During the year under review, the Scheme conducted a YouGov survey on responsible investment issues to better understand member expectations, findings from which will be taken into account in shaping the Scheme's responsible investment approach.

Voting rights, corporate governance and engagement principles

- ✓ The Trustee's policy on voting and engagement is set out in the Scheme's RI Policy.
- ✓ The Scheme invested primarily in pooled funds for the year under review, and as such delegated responsibility for carrying out voting and engagement activities to the Scheme's asset managers. While both SSIM and HSBC use Institutional Shareholder Services ('ISS') to operationalise their voting activities, both asset managers have in-house stewardship teams that oversee bespoke, in-house voting and engagement programmes that are reflective of their own views on effective stewardship, with limited reliance on proxy adviser views on voting matters.
- ✓ The Trustee also recognises the importance of engaging with its asset managers and the wider industry to ensure stewardship is carried out in line with its policies and encourages positive change in companies and across the investment industry. This is particularly important for the Scheme as one of the largest commercial pension schemes in the UK.
- ✓ As the Trustee invested in funds alongside other investors during the year under review, it recognises that its chosen managers' prioritisation of issues for engagement and voting may not be the same as its own. As far as practicable, the Trustee undertakes a formal engagement process with each asset manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year. In some cases, and as highlighted previously, the Trustee may decide to undertake a formal escalation process should its expectations not be met (see next page).

Implementation Statement (continued)

Voting rights, corporate governance and engagement principles (continued)

The following activities were undertaken by the Trustee during the year under review:

- ✓ Communicated its “net zero voting guidelines” (in the form of an “expression of wish”), as detailed in the Scheme’s Responsible Investment Policy. Further details on State Street Investment Management (‘SSIM’)’s alignment to the Scheme’s net zero voting guidelines can be found below.
- ✓ Completed a robust due diligence on its asset managers, where its RI expectations (including voting and/or engagement where relevant) were given a material weighting in the assessment process. The key outcome of SSIM’s assessment can be found in above table under Section 13 (Asset Manager Arrangements).
- ✓ Moved its underlying assets from pooled funds to segregated mandates, allowing for more control over the Scheme’s voting rights in the future.

Summary of Voting and Engagement Behaviour

- ✓ The Trustee has collected voting and engagement data to determine the degree of alignment to its own policies. The methodology and key findings are summarised below, with the following supporting documentation in Appendix 1 and 2 respectively:
 - ✓ Appendix 1: High level alignment assessments against the Trustee’s policies. This analysis was supported by Minerva Analytics, a proxy voting research provider.
 - ✓ Appendix 2: Individual significant vote and engagement examples and standard voting and engagement statistics.
- ✓ During the year under review, the Trustee has conducted a “3 Hurdle” Alignment Assessment with respect to its asset managers’ voting and engagement approach, with increased scrutiny for each subsequent hurdle: from **baseline expectations** (Hurdle 1), **good industry practice** (Hurdle 2) and the **Scheme’s RI policy**, notably its net zero voting guidelines (Hurdle 3). In determining the degree of alignment to the Scheme’s net zero voting guidelines as part of Hurdle 3 (which covers both climate and deforestation as long-term systemic risks), the Trustee is taking into account its long-term investment horizon in how it evaluates its asset managers’ stewardship approach.
- ✓ Given that the Scheme is a well-diversified, the Trustee has also identified its significant votes predominantly by the degree of alignment with the Scheme’s stated voting guidelines and thematic priorities (see Hurdle 3 above). With regards to individual votes, the Trustee first looked at whether the vote related to the Scheme’s thematic priorities of climate change, nature or human rights. From there, the Scheme assessed a variety of factors, including but not limited to:
 - ✓ Potential impact on financial outcomes.
 - ✓ Potential impact on stewardship outcomes.

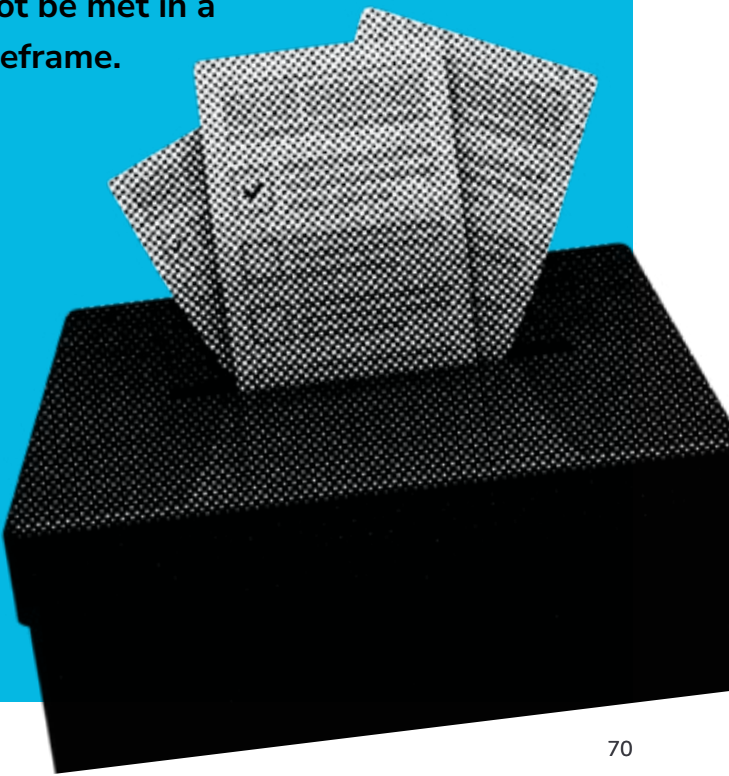
- ✓ Whether the vote was high-profile or controversial.
- ✓ Size of the holding in the fund/mandate.
- ✓ The following are the key findings from the analysis:
 - ✓ Both SSIM and HSBC have published voting and engagement policies and are also UK Stewardship Code signatories.
 - ✓ Public voting and engagement policies were assessed as moderately or poorly aligned with the Scheme’s stewardship expectations.
 - ✓ Neither manager’s policies fully implement the Scheme’s requirements, particularly regarding actions on director elections and shareholder proposals on climate and deforestation.
 - ✓ Engagement themes generally align with the Scheme’s priorities of climate, nature, and human rights, but outcome reporting is basic, limiting the Scheme’s ability to assess impact.
- ✓ With regards to HSBC, the key findings have been (and will continue to be) factored into the Scheme’s ongoing monitoring program.

Part 3: Concluding remarks

In preparing this statement, it is the Trustee’s opinion that its SIP has been adhered to over the year. The Trustee reviewed the contents of this Statement prior to signing.

Prepared by the Trustee of The People’s Pension Scheme September 2025

With regards to SSIM, the key findings generally align with the stewardship assessment undertaken as part of the asset manager due diligence process for developed market equities and global fixed income highlighted in the beginning of this section and in the table under Section 13 (Asset Manager Arrangements). The SSIM developed markets equities and fixed income mandates were replaced by Amundi and Invesco respectively. In making this decision, the Trustee has satisfied its SIP requirement to put its asset managers’ appointment under review (which may include termination) should its expectations not be met in a reasonable timeframe.



Implementation Statement (continued)

Appendix 1: Alignment Assessments



IMPLEMENTATION STATEMENT:
VOTING & ENGAGEMENT ACTIVITY

ALIGNMENT ASSESSMENTS

SMART EXECUTION: RESEARCH | CUSTOM VOTE POLICY | DATA & ANALYTICS



MINERVA: BETTER DATA, BETTER STEWARDSHIP

|

Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

TPP IMPLEMENTATION STATEMENT – STEWARDSHIP ACTIVITY SUMMARY

Analysis Aspect	Details & Comments
Who?	Minerva were asked by the People's Partnership Group, on behalf of the Trustee of The People's Pension Scheme's ("TPP" / "the Scheme"), to review the stewardship activities of SSGA and HSBC – TPP's external investment managers
Why?	Our analysis was sought to assist the Trustee in preparing the Scheme's annual Implementation Statement, which sets out how the Trustee has followed the SIP during the year
What?	Our primary focus was to analyse each manager's approach to voting and engagement, including looking at their Voting & Engagement ("V & E") policies and reported activities
When?	We looked at the V & E policies in place, and reported activities undertaken, in the year from 01/04/24 to 31/03/25
How?	We assessed the V & E policies against basic expectations, 'Good Practice', and then added in reported V & E actions for assessment against TPP's requirements

 **'3 Hurdles' Assessment** – managers' stewardship approaches assessed against 3 tests of increasing importance and relevance

Assessments Of Managers' Approaches	Voting		Engagement		Details of Assessment
	SSGA	HSBC	SSGA	HSBC	
1. Alignment with basic expectations 	GOOD	GOOD	GOOD	GOOD	We reviewed each manager's public V & E policies, to see what they had to say about how each manager approach voting at company meetings, and engaging with companies on issues
2. Alignment with 'Good Practice' 	MODERATE	MODERATE	MODERATE	GOOD	We assessed each managers V & E policies against V & E Good Practice benchmarks we have created, which reference ICGN and PRI good practice expectations respectively
3. Alignment with TPP's requirements 	POOR	POOR	MODERATE	MODERATE	Each manager's V& E policies were assessed against TPP's explicit requirements – set out in the SIP, Net Zero Voting Guidelines, and the Fund's RI Policy

Minerva Says

- The managers' approaches have a 'Good' level of alignment with basic stewardship expectations – i.e. they have publicly disclosed policies that are structured and demonstrate intent
- When assessed against 'Good Practice', the Voting alignment assessments come down to 'Moderate', linked mainly to limited information disclosed in the public Policies
- Alignment with TPP's requirements is assessed as 'Poor' for SSGA and 'Moderate' for HSBC – these scores are a combination of a deep dive assessment of their policies & reported voting and engagement activities, and TPP's expectations.

MINERVA: BETTER DATA, BETTER STEWARDSHIP

Level of Alignment MISALIGNED POOR MODERATE GOOD ALIGNED

Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

TPP IMPLEMENTATION STATEMENT – STEWARDSHIP ACTIVITY SUMMARY

Reported Voting Activities

- Quality of voting data provided by SSGA was particularly poor – we asked them to investigate data issues 3 times, resulting in 2 updated data sets provided
- Both managers mentioned Climate and Human Rights in voting rationales, but neither mentioned Nature
- Reported voting activity is not aligned on TPP's priority themes – **POOR** level of alignment for SSGA, **MODERATE** level of alignment for HSBC

Reported Engagement Activities

- Both managers had issues with their reported engagement activities – the data was missing concrete 'outcomes' on the result of the engagements
- Both managers evidenced regular engagements with companies on a range of issues, including on TPP's Priority Themes
- Reported engagement activity is not aligned with 'promises' made in policies – **MODERATE** level of alignment for HSBC, **POOR** level for SSGA

Minerva Says

- Manager-reported V & E activity data is important – when it is analysed, it either supports or contradicts what the managers have said they will do in their V&E policies
- Both managers suffered from some voting data quality & consistency issues, but SSGA were by far the more problematic of the two
- Reported engagement data set out individual company engagements and engagement themes, but both managers were lacking in terms of detailing engagement 'outcomes'
- Overall - we observed a disconnect between what the managers said in their policies versus the actual voting & engagement activities they undertook during the year

Best Practice Enhancements

- More details from managers on their voting policies would allow a more accurate gap analysis vs 'Good Practice' and TPP's own 'Net Zero' Voting Guidelines
- Clearer reporting from the managers around the rationales for votes against management, and details and outcomes of engagement activity should be requested
- Managers should be reminded to meet their stewardship activity reporting 'promises' – otherwise, hard for Trustee to accurately assess their performance

MINERVA: BETTER DATA, BETTER STEWARDSHIP

Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

SUPPORTING INFO – VOTING POLICY ASSESSMENT VS NET ZERO VOTING GUIDELINES

TPP's Net Zero Voting Guidelines	SSGA Alignment	HSBC Alignment	Minerva Comments Supporting Alignment Assessment
Basic Reference to Climate & Deforestation	Good	Good	Both managers clearly acknowledge these themes in their policies and engagement priorities. They cover <i>climate change and deforestation</i> in public documents, though <i>alignment with action (voting or escalation) varies in consistency and depth</i> .
Directors – baseline expectations	Poor	Poor	<i>Both managers set out consideration of climate disclosures</i> when voting on director elections however <i>the policies lacked specificity and wide coverage</i> . While expectations are stated, <i>both are generally cautious in using votes to enforce baseline governance standards</i> at board level and focus on a limited set of high-level criteria, limiting effectiveness. HSBC's policy relied on external benchmark assessments.
Directors – deeper scrutiny of key sectors for fossil fuel reliance	Poor	Poor	<i>SSGA disclosed limited additional scrutiny to high-carbon sectors</i> and whilst the policy includes transition plan disclosure expectations it is unclear how this translates to voting actions. HSBC identified fossil fuel-reliant sectors but <i>did not disclose consistent voting action or sector-specific voting actions on routine governance votes</i> . This weakens alignment with the Net Zero transition objective.
Deforestation and land use	Poor	Moderate	<i>SSGA lacked clear voting policies on director elections on deforestation</i> . HSBC set out voting actions on director elections at high-impact companies where a company fails to take appropriate steps to address biodiversity and nature loss although <i>does not clearly set out criteria on commitments to end deforestation</i> .
Criteria for shareholder resolution support on Climate	Moderate	Poor	SSGA disclosed evaluation criteria for shareholder proposals and the climate disclosures it expects from companies when voting on climate-related proposals - <i>however the policy does not cover all issues and is unclear how the disclosure expectations translates to voting actions</i> . HSBC provides examples of shareholder proposals it will generally support but is <i>generally limited in its discussion</i> .
Criteria for shareholder resolution support on Deforestation	Poor	Poor	Discussion on <i>voting and evaluation of deforestation-related shareholder resolutions is limited from both managers</i> . The policies include a high-level statement to indicate support for disclosure on deforestation at high-impact companies.

Minerva Says

- Neither manager's Voting Policy is well aligned with TPP's Net Zero Voting Guidelines
- Whilst it might be expected that the managers' Public Voting Policies wouldn't necessarily be well aligned with any given individual Scheme's voting policy, we should see evidence of alignment in the voting results if the managers are indeed taking TPP's requirements into account.

MINERVA: BETTER DATA, BETTER STEWARDSHIP

Implementation Statement (continued)

Appendix 1: Alignment Assessments (continued)

SUPPORTING INFO – ENGAGEMENT POLICY ASSESSMENT VS GOOD PRACTICE

Good Practice Assessment Dimension	SSGA		HSBC	
	Assessed Alignment	Observations on Engagement Policy Content	Assessed Alignment	Observations on Engagement Policy Content
Organizational Commitment	DEVELOPING	The policy <i>references long-term value and ESG integration</i> but does not articulate commitments to specific global sustainability frameworks (e.g., Paris Agreement, SDGs). There <i>is no mention of system-level sustainability risks or alignment with fiduciary duties</i> related to sustainability outcomes.	ADVANCED	<i>Strong alignment with the Paris Agreement and Net Zero Asset Managers initiative.</i> Sustainability outcomes are central to the strategy, with firm-wide integration and board-level oversight of stewardship priorities.
Strategy Integration	INTERMEDIATE	The engagement strategy addresses priority themes (e.g., climate risk, governance), and there is a stated relationship between voting and engagement. However, there is <i>no explicit framework for how engagement drives sustainability outcomes or how it is linked to investment decisions and remuneration structures.</i>	ADVANCED	Engagement themes are linked directly to investment strategies across asset classes. <i>ESG analysts and portfolio managers collaborate closely</i> , and stewardship is embedded into investment decision-making processes.
Escalation Approach	INTERMEDIATE	SSGA's policy indicates <i>use of escalation tactics</i> (e.g., vote changes) if companies fail to respond. However, it <i>lacks formal escalation timelines or predefined milestones</i> to gauge progress, which limits the strategy's accountability and transparency.	ADVANCED	Detailed escalation process includes <i>proactive engagement tracking, milestone-setting, and diverse tools</i> such as voting against directors and co-filing resolutions. Governance oversight ensures follow-through.
Voting Policy & Transparency	ADVANCED	The firm <i>commits to public disclosure of voting records</i> and outlines specific principles guiding its voting decisions. The policy addresses how votes are evaluated and when rationales are shared, aligning well with PRI's advanced criteria on transparency and accountability.	ADVANCED	<i>Voting policies are publicly available</i> , with clearly stated principles and issue-specific positions. Voting records and rationales are disclosed regularly, ensuring transparency and alignment with stewardship goals.
Collaboration & Policy Engagement	INTERMEDIATE	The policy affirms <i>participation in collaborative investor initiatives</i> and highlights the value of collective engagement. However, <i>it lacks detailed disclosures on the scope, leadership, or impact of these efforts</i> and <i>provides minimal insight into formal public policy advocacy</i> aligned with sustainability outcomes	ADVANCED	<i>HSBC actively participates in global collaborative initiatives</i> (e.g., CA100+, PRI Advance) and engages in public policy advocacy, contributing to consultations and regulatory dialogues in line with sustainability goals.

Minerva Says

- HSBC's Engagement Policy is stronger on paper, following the policy assessment against our PRI-based Good Practice Benchmark
- However, in the real world, both managers engagement reporting fall short of the expectations set out in their respective policies

MINERVA: BETTER DATA, BETTER STEWARDSHIP

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes

Voting Data
SSIM

Fund	No. of Meetings								
	Eligible for Voting	Reported	Votes Reported	Vote in Favour	Vote Against	Vote Abstain	Do Not Vote	Non-Voting	Votes Against Mgmt
All World Climate Paris Aligned ex-Fossil Fuel Index Equity	1,370	19,129	99.4%	88.1%	9.4%	1.9%	0.6%	-	7.6%
Asia Pacific ex Japan Climate Change Index Equity	104	820	100%	88%	11.1%	0.5%	-	0.4%	8.5%
Emerging Markets Screened Index Equity	4,145	35,485	100%	82.2%	14.3%	3.5%	-	-	14.2%
Europe ex UK Climate Change Index Equity	334	6,832	100%	83.2%	9.4%	0.2%	-	7.3%	8.7%
Japan Climate Change Index Equity	203	2,511	100%	91.0%	9.0%	-	-	-	7.6%
Korea Screened Index Equity	176	1,290	100%	72.7%	27.1%	-	-	0.2%	19.2%
MPF Multi-Asset Global Infrastructure Index Equity	715	7,472	99.2%	80.4%	12.3%	3.4%	0.8%	3.1%	10.1%
North America Climate Change Index Equity	562	7,349	98.2%	85.6%	10.5%	2.0%	1.8%	0.1%	7.3%
UK Climate Change Index Equity	79	1,631	100%	95.2%	4.7%	0.1%	-	-	4.7%

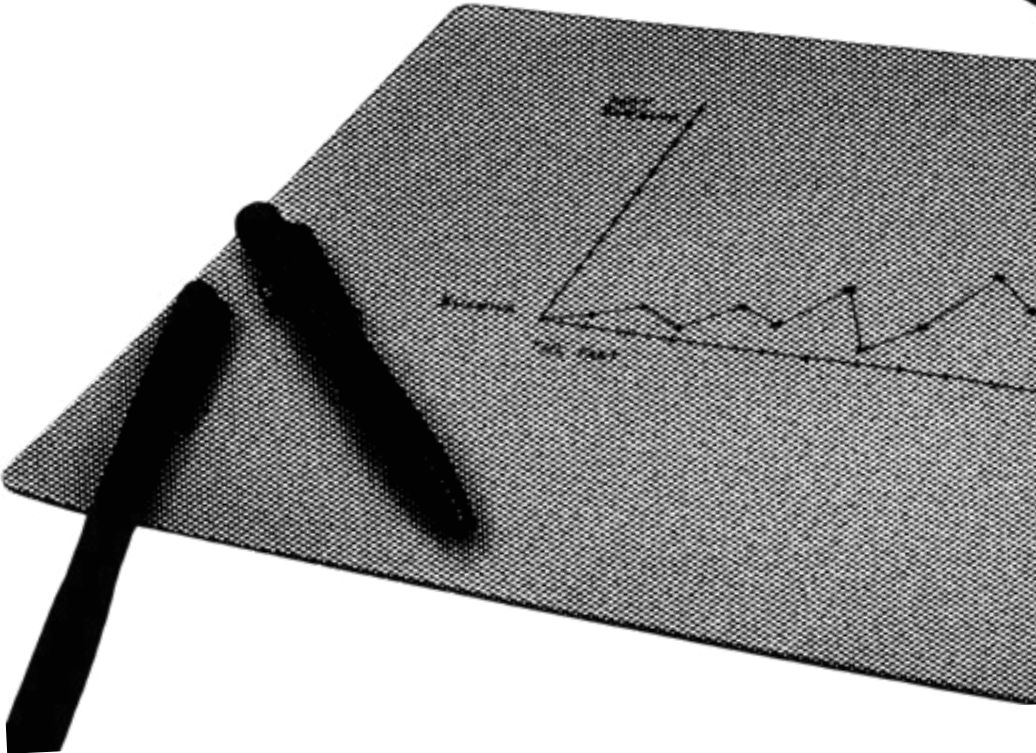
Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Voting Data
HSBC

Fund	No. of Meetings								
	Eligible for Voting	Reported	Votes Reported	Vote in Favour	Vote Against	Vote Abstain	Do Not Vote	Non-Voting	Votes Against Mgmt
Shariah Equity	102	1,741	100%	78.2%	18.6%	0.6%	2.6%	-	20.7%

Based on the voting data, both SSIM and HSBC voted at the majority of meetings they were entitled to, meeting the Scheme SIP requirement that its asset managers exercise ownership rights on the Trustee’s behalf.



Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Significant Votes

- ✓ For further details on the asset managers' alignment with the Scheme's net zero voting guidelines, please refer to the above analysis and Minerva's analysis in Appendix 1.
- ✓ SSIM has, on behalf of the Scheme, used its voting rights to support shareholder proposals at Bunge Global SA, Restaurant Brands International, and the Goldman Sachs Group. This is illustrated in the significant votes below. Further narrative on the implications of the outcome and criteria on why the vote is considered significant are included within individual vote disclosures.

With regards to individual significant votes, the Trustee selected votes from SSIM and HSBC that it felt showcased either alignment or misalignment with the Scheme's Responsible Investment Policy. Further narrative on how that impacted the asset manager due diligence process can be found on [page 68 \(Section 13 - asset manager arrangements\)](#).

	Vote 1	Vote 1	Vote 1
Company name	Bunge Global SA	Restaurant Brands International Inc	The Goldman Sachs Group Inc
Date of vote	May 15, 2024	April 24, 2024	April 24, 2024
Summary of resolution	Management Proposal: Elect Director Mark Zenuk	Shareholder Proposal: Report on Supply Chain Water Risk Exposure	Shareholder Proposal: Report on Pay Equity
How manager voted	For (with management recommendation)	For (against management recommendation)	For (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSIM does not publicly communicate their vote in advance.		
Rationale for voting decision	SSIM did not provide a company-specific rationale for their votes.		
Outcome of vote	The resolution passed; received 1.8% dissent	The resolution did not pass; received 28.7% support	The resolution did not pass; received 29.8% support
Implications of outcome	Where appropriate, SSIM will contact the company to explain their voting rationale and conduct further engagement.	Where appropriate, SSIM will contact the company to explain their voting rationale and conduct further engagement.	Where appropriate, SSIM will contact the company to explain their voting rationale and conduct further engagement.
Criteria on why vote is considered significant	This is a CA100+ company applicable under the Scheme's net zero voting guidelines. As such, this vote is linked to climate change, which the Trustee has identified as an RI priority and where the Scheme would have expected to see a vote against the Chair of the Board given the inaction on climate change at the company. Verdict: Misaligned	This vote is applicable to the Scheme's deforestation voting policy as it relates to shareholder proposals. The topic of this vote is also linked to nature, which the Trustee has identified as an RI priority. Verdict: Aligned	While the Scheme does not have a specific voting policy for human rights, this vote supports the Trustee's expectation of disclosure to assess fair pay practices and aligns with its human rights thematic priority. Verdict: Aligned

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Significant Votes (continued)

✓ HSBC has, on behalf of the Scheme, used its voting rights to vote for a shareholder proposal at PepsiCo and against management proposals at PDD Holdings and Woodside Energy Group. This is illustrated in the significant votes below. Further narrative on the implications of the outcome and criteria on why the vote is considered significant are included within individual vote disclosures.



	Vote 1	Vote 2	Vote 3
Company name	Woodside Energy Group Ltd	PepsiCo Inc	PDD Holdings Inc
Date of vote	April 24, 2024	May 1, 2024	December 20, 2024
Summary of resolution	Management Proposal: Approve Climate Transition Action Plan and 2023 Progress Report	Shareholder Proposal: Report on Risks Related to Biodiversity and Nature Loss	Management Proposal: Elect Director Haifeng Lin
How manager voted	Against (against management recommendation)	For (against management recommendation)	Against (against management recommendation)
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for voting decision	HSBC did not consider the company's climate transition plan sufficiently rigorous	HSBC believed this proposal was in the best interest of shareholders.	HSBC had concerns regarding the company's management of human rights and held this longstanding director accountable.
Outcome of vote	56.3% of shareholders voted against and the management resolution failed.	The resolution did not pass; received 17.8% support	11.8% of shareholders voted against this proposal and the management resolution passed.
Implications of outcome	HSBC will likely vote against a similar proposal should they see insufficient improvements.	HSBC will likely vote against management on a similar proposal should they see insufficient improvements.	HSBC will likely vote against a similar proposal should they see insufficient improvements.
Criteria on why vote is considered significant	The Scheme has baseline net zero expectations for companies. As such, the topic of this vote is linked directly to its views on management of climate change. Verdict: Aligned	This vote applies to Scheme's deforestation voting policy on shareholder proposals. The topic of this vote is also linked to nature, which the Trustee has identified as an RI priority. Verdict: Aligned	While the Scheme does not have a specific voting policy for human rights, this vote supports the Trustee's expectation of board accountability for management of human rights risks. Verdict: Aligned

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Equity Engagement Data
SSIM



	Breakdown of Engagement Topics Covered				
Investment Funds	No. of Engagements	Environmental	Social	Governance	Other
All World Climate Paris Aligned ex-Fossil Fuel Index Equity	159	9.9%	27.7%	44.6%	17.8%
Asia Pacific ex Japan Climate Change Index Equity	47	21.2%	6.0%	46.2%	26.6%
Emerging Markets Screened Index Equity	44	13.4%	12.2%	37.2%	37.2%
Europe ex UK Climate Change Index Equity	145	9.5%	14.5%	58.5%	17.5%
Japan Climate Change Index Equity	41	12.8%	9.2%	29.8%	48.2%
Korea Screened Index Equity	24	5.5%	5.5%	40.7%	48.4%
MPF Multi-Asset Global Infrastructure Index Equity	74	24.8%	16.0%	37.5%	21.8%
North America Climate Change Index Equity	165	18.4%	30.3%	38.2%	13.1%
UK Climate Change Index Equity	61	11.7%	17.0%	50.0%	21.3%

HSBC

	Breakdown of Engagement Topics Covered				
Investment Funds	No. of Engagements	Environmental	Social	Governance	Other
Sharia Equity Fund	41	41.6%	28.0%	30.4%	-

Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Equity Engagement Examples
SSIM

Company	Nestlé SA
Geography	Switzerland
Sector	GICS Sector: Consumer Staples
Key Topics	Climate- and Nature-related risk management
Asset Class	Equity
Key Resolutions	N/A
Background	Companies across the food and agriculture value chain may be exposed to a range of potential climate and nature-related regulatory, reputational, legal, market, and financial risks and opportunities. These span from climate-related physical and transition risks to risks associated with deforestation and other land use, water management, and pollution and waste. We are conducting an ongoing engagement campaign initiated in 2024 focused on companies across segments of the food value chain — including, among others, the fertilizers and agricultural chemicals, agricultural products, and packaged food subindustries — to better understand how companies are responding to these risks and opportunities and to identify best practices on these topics.
Activity	We engaged with Nestlé SA (“Nestle”) in Q4 2024 as part of the engagement campaigns on Climate and Nature-related Risks in the Food Value Chain and Climate Transition Plan Disclosure. We discussed the company’s nature-related disclosures and the company’s strategy related to regenerative agriculture, deforestation and water management. We also discussed the company’s climate-related disclosures and transition strategy including its approach to capital allocation and addressing livestock methane emissions in the dairy supply chain.
Outcome	We discussed Nestle’s strategy toward sourcing 50% of key ingredients by 2030 from farmers adopting regenerative agricultural practices which include protecting soil health and water quality, improving biodiversity, and increasing livestock integration and diverse cropping systems. The company is collaborating with farmer associations, industry peers, and other stakeholders to pilot regenerative agriculture projects and scale up sustainable farming practices. The company shared some of the challenges facing the industry with monitoring and measuring performance of regenerative agriculture practices, including harmonizing commodity-specific methodologies for verifying soil carbon sequestration. Dairy represents Nestlé’s largest source of Scope 3 emissions. During the engagement, Nestlé discussed its approach to addressing livestock methane emissions with emissions reduction opportunities achieved through livestock efficiencies such as increasing per-cow milk production. The company is investigating additional approaches for feed and manure management, including working with value chain partners to explore feed additives to reduce methane emissions. The company has disclosed progress on engaging dairy suppliers to collect emissions data and to identify solutions for managing emissions. The engagement with Nestlé and other companies in the food and agriculture value chain helps us identify and understand best practices for managing for climate- and nature related risks and opportunities in relevant industries.



Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Equity Engagement Examples
HSBC

Company	Chinese multi-national technology company
Geography	China
Sector	GICS Sector: Information Technology
Key Topics	Environmental – Scope 3 Emissions; Social – Human Rights; Governance – Oversight, AI & Digital Risk
Asset Class	Equity
Key Resolutions	N/A
Background	At the start of 2022, we provided input as investors into the company's ESG materiality assessment and provided recommendations on various ESG issues where we would like to see improvements and more disclosures. The company management has been difficult to access historically. Transparency is therefore one of our key concerns and area of engagement. Having seen increasing regulatory pressure on the internet and e-commerce sector and workplace controversies reported in the media, we highlighted these social and governance concerns through 1-to-1 and collaborative engagements with the company over the years.
Activity	Over the past couple of years, we have highlighted material ESG issues including anti-competitive practices and anti-trust, data privacy and security, artificial intelligence (AI) ethics, governance, gig economy and worker rights/welfare, human capital (long working hours (996), sexual harassment controversies and business culture. We built on our engagement with the company in 2023 on their corporate restructuring strategy and governance. We also joined the Big Tech and Human Rights collaborative engagement initiative organized by the AP Funds Council on Ethics, focusing on issues relating to child safety and data privacy. In 2023, we voted against the longest serving non-executive male director due to insufficient gender diversity of the board. In 2024, the company invited us to present our stewardship approach and expectations on the ethics of science and technology at their monthly internal ESG webinar. This presented an excellent opportunity to broaden our engagement reach with a deep dive on salient topics
Outcome	Our input has contributed to the company's first ESG report published in 2022, which is much more comprehensive and includes an ESG governance framework at the board level, and an ESG strategy. The company has taken steps to enhance board independence and gender diversity in 2024, adding new INEDs such that board is now 55% independent and has 27% female directors – both above our expectations for the Hong Kong market. The Compensation Committee will also become 100% independent. In 2023, as part of the company's corporate restructuring, it has separated the Chair and CEO roles, which we view as a positive step towards better board governance. The company also formed a technology committee with six guiding principles to steer the research and development of artificial intelligence ethics. There is also evidence of improved disclosures on work plans and progress made by the sustainability committee. The company has formed a systematic governance approach to ensure building a healthy digital consumption environment, though disclosures are still limited for high-risk digital risks identified and KPIs used to track adherence to AI ethics principles"

Fixed Income

For the year under review, SSIM also managed the Scheme's fixed income assets. In addition to the voting and engagement done on behalf of the Scheme for equity investments, SSIM also undertook engagement for its investments in corporate and government debt. Further information on engagement themes and engagement examples is provided below.



Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Fixed Income Engagement Examples

Company	Iberdrola SA
Geography	Europe
Industry	GICS Sector: Utilities
Engagement Topics	Environmental - Climate Transition Plan, Fixed Income, Strategy - Capital
Asset Class	Fixed Income
Background	Engagement Purpose: Thematic engagement
Activity	Engagement Notes Joint FI and Equity CTP Discussion FIXED Income Discussion Iberdrola has not modified its funding approach due to climate transition. Their strategy is long-standing and integrated with their business model. Green bonds are the preferred instrument for primary markets, offering transparency to investors. Iberdrola does not issue Sustainability-Linked Bonds, favouring green bonds for their clarity and alignment with project eligibility. They actively work with institutions like the IMF, World Bank, and Brazil’s development bank, which are willing to fund eligible projects. Efficient funding: The company reports being able to fund its needs comfortably and efficiently. Iberdrola aligns debt maturity (typically 6–7 years) with regulatory agreements in the regions where they operate. The company emphasizes maintaining strong credit ratios and will only grow within the limits of its balance sheet. The strategy reflects a conservative, board-aligned approach to risk and bondholder rights.
Outcome	The issuer explained their climate transition plans, the risks and opportunities to funding their plan and any changes they foresee. The issuer is a major issuer of Green Bonds and highlighted they continue to prefer this source of funding. The engagement gives a clear picture of the issuers plans and its support of the growing green bond market.

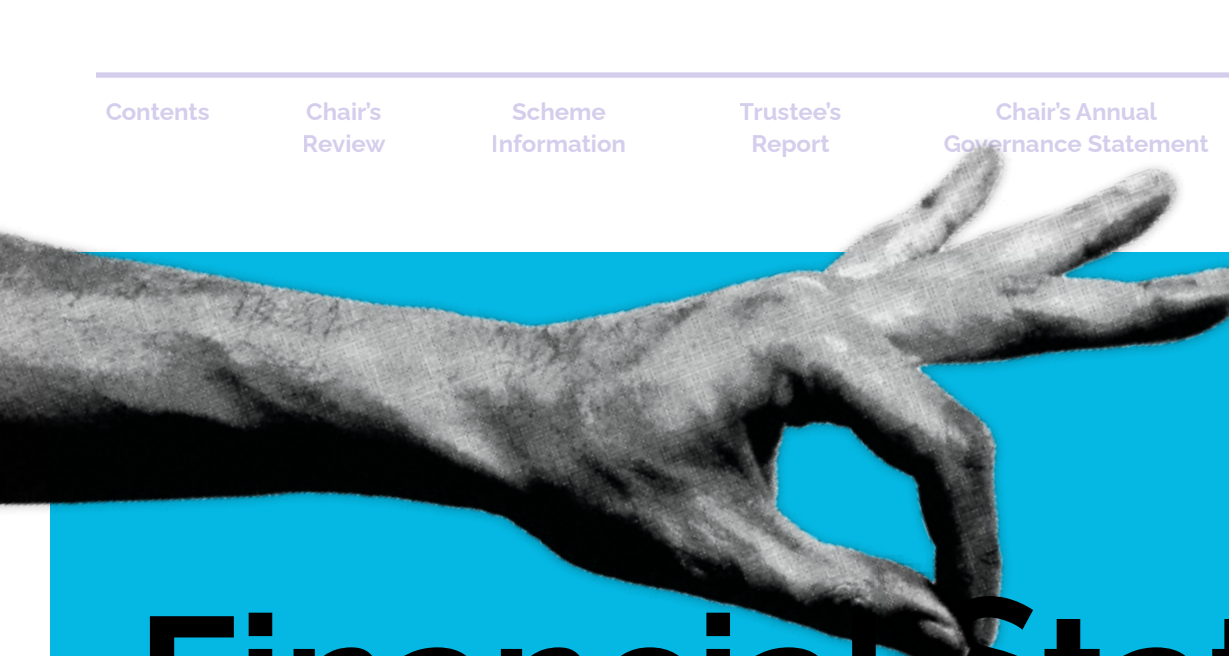


Implementation Statement (continued)

Appendix 2: Voting and engagement statistics including individual significant votes (continued)

Company	Thames Water
Geography	England
Industry	SICS Industry: Water Utilities & Services
Asset Class	Fixed Income
Background	The event leading to this engagement was a credit rating downgrade by S&P to BBB-.
Activity	We engaged Thames Water in May 2024 to better understand the context of the ratings downgrade by S&P and the issuer’s plans to address its financial situation. Thames attributed the ratings downgrade by S&P to financial challenges resulting from price control restrictions facing the company. These restrictions have put significant pressure on its financial situation and will not expire until March 2025. Thames noted that it would have a better understanding of future price-control restraints, from March 2025, once it receives draft guidance on price controls, expected in June 2024. To keep its license to operate, Thames must maintain two credit ratings of investment grade. The S&P downgrade resulted in its credit rating being placed one notch above the non-investment grade range. Thames received financial relief in the form of a £500 million equity injection from existing equity holders and dividend deferrals due to its largest shareholder. To deliver on its turnaround plan, Thames must continue to overspend, particularly in the areas of water leakage and pollution. The issuer is continuing to invest in its business and aiming to lower its debt levels over time.
Outcome	The engagement discussion was useful to understand the situation resulting in the credit rating downgrade, and Thames’ plans to address related challenges. In July 2024, Moody’s downgraded Thames to Ba2, which falls within the non-investment grade range, and this event placed the issuer in breach of its operating license. We will continue to monitor developments at Thames Water and aim to engage again as the situation transpires.





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Independent Auditor's Report

to the Trustee of The People's Pension Scheme
For the year ended 31 March 2025



Independent Auditor's Report to the Trustee of The People's Pension Scheme

Opinion

We have audited the Financial Statements of The People's Pension Scheme ("the Scheme") for the year ended 31 March 2025 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes to the Financial Statements, including the accounting policies as set out in [Note 3](#).

In our opinion the Financial Statements:

- Show a true and fair view of the financial transactions of the Scheme during the Scheme 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 Scheme year;
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the Financial Statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Trustee's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- We have not identified and concur with the Trustee's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.
- However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of the Trustee and inspection of policy documentation, including the conflicts of interest register, as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes
- As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.
- We did not identify any additional fraud risks.
- We performed procedures including:
 - Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the Financial Statements have been prepared.
 - Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's Report, the Chair's Statement, and the Implementation Statement. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on [page 13](#), the Scheme Trustee is responsible for: supervising the preparation of Financial Statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it 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 Trustee, for our audit work, for this report, or for the opinions we have formed.

Gemma Broom

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date:

Fund Account





Fund Account for the year ended 31 March 2025

	Note	2025 £000	2024 £000
Contributions and Benefits		-	-
Employer contributions		2,179,932	2,020,938
Employee contributions		2,168,584	2,025,662
Total contributions	4	4,348,516	4,046,600
Individual transfers in		529,884	419,388
		4,878,400	4,465,988
Benefits paid or payable	5	(535,758)	(406,803)
Payments to and on account of leavers	6	(12,789)	(14,063)
Individual transfers to other plans		(790,444)	(481,641)
Administrative expenses	7	(127,761)	(100,935)
		(1,466,752)	(1,003,442)
Net additions from dealings with members		3,411,648	3,462,546
Returns on investments			
Change in market value of investments	8	1,579,536	2,743,062
Investment management expenses		(13,004)	(14,466)
Net return on investments		1,566,532	2,728,596
Net increase in the fund during the year		4,978,180	6,191,142
Opening net assets		26,575,047	20,383,905
Closing net assets		31,553,227	26,575,047

The notes on pages 94 to 106 form part of these Financial Statements.

Statement of Net Assets Available for Benefits



Statement of Net Assets Available for Benefits as at 31 March 2025

	Note	2025 £000	2024 £000
Investment assets			
Pooled investment vehicles	8	31,342,916	26,424,564
Total net investment assets		31,342,916	26,424,564
Current assets	16	292,457	205,676
Current liabilities	17	(82,146)	(55,193)
Net assets available for benefits		31,553,227	26,575,047

The Financial Statements summarise the transactions of the Scheme and deal with the net assets available for benefits at the disposal of the Trustee. They don't take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The notes on [pages 94 to 106](#) form part of these Financial Statements.

These Financial Statements were approved by the Trustee and signed on its behalf by:

David Maddison

David Maddison
Trustee Director
19 September 2025





Notes to the Financial Statements



01

Basis of preparation

The Financial Statements of The People's Pension Scheme have been prepared in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised 2018) (SORP).

The Financial Statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to meet its obligations as they fall due for at least the next 12 months from the date of approval of these Financial Statements.

This assessment, together with capital growth from its assets, gives the Trustee confidence to prepare the Financial Statements on a going concern basis.

02

General information

The Scheme is a defined contribution occupational pension scheme established as a trust under English law.

The Scheme was established to provide an auto-enrolment workplace pension scheme for employers. The address of the Scheme's registered office is Manor Royal, Crawley, West Sussex RH10 9QP.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004 (Pension Scheme Registration (PSR) number: 12005993). This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

03

Summary of accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Currency

The Scheme's functional currency and presentational currency is pounds sterling ("GBP").

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

b Contributions

Normal and additional voluntary contributions, both from members and employers, when submitted by the employers are accounted for on an accruals basis based on the pay period to which they relate. Contributions made directly by members are accounted for when they are received from the members.

All contributions payable under salary sacrifice arrangements are classified as employer contributions.

c Transfers from and to other plans

Individual transfers in and out are accounted for on a cash basis, as recipient schemes are normally not liable for any pensions benefits in respect of the transferring member until assets have actually been received.

d Benefits and payments to and on account of leavers

Benefits payable to members are accounted for on an accruals basis from the date the Trustee is notified.

Refunds and opt-outs are accounted for when the Trustee is notified of the member's decision to leave the Scheme.

Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability.

e Administrative expenses

An annual management charge ("AMC") is levied against members' funds which is accounted for on an accruals basis. The AMC has 3 elements:

- The Management Charge ("MC") is calculated daily on the value of the investments at 0.5% per annum. The charge is reflected through a reduction in the unit price of the fund that the member is invested in and is received monthly in arrears from the investment custodian.
- The Annual Charge ("AC") is a fixed amount deducted once a year where a member had money saved with the Scheme on 1 April and up to the point the AC is deducted.
- The savings reward on the management charge is a potential rebate of some of the MC depending on the value of a member's pot. The savings reward on the management charge is calculated monthly and applied to the member's pot.

All direct costs of administration, including fees payable to the Trustee Directors, are met by PPL. The AMC, less any investment management fees payable, is payable to the Administrator.

f Investment income and expenditure

Investment income comprises dividends from equities and interest on bonds held directly by the Scheme. Investment income arising from the underlying investments of pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles as and when declared by the investment fund manager. This is reflected in the unit price and reported within 'change in market value'. Investment income includes interest bought and sold on bond transactions.

The change in 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 and unrealised changes in market value.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

03

Summary of accounting policies (continued)

g Valuation and classification of investments

Investment assets and liabilities are included in the Financial Statements at fair value.

- i Equities are stated at the bid price at the date of the statement of net assets.
- ii Bonds are stated at their clean price where possible, including the indexation element which is payable on maturity. Accrued interest is included in investment income receivable.
- iii Pooled investment vehicles are stated at the closing price as provided by the investment fund manager. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.
- iv The fair value for the unitised pooled investment vehicles which are not traded on an active market but are priced daily, weekly or at each month end, and which are traded on substantially all pricing days, are included at the last price provided by the manager at or before the year end.
- v Derivatives are stated at fair value. Exchange-traded derivatives are stated at fair value, which is determined using market-quoted prices. Forward Foreign Exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
- vi All gains and losses arising on derivative contracts are reported within 'change in market value'. Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments

04

Contributions

	2025 £000	2024 £000
Employer		
Normal	2,179,933	2,020,938
Employee		
Normal	2,131,260	1,997,005
Additional voluntary contributions	37,323	28,657
	2,168,583	2,025,662
Total contributions	4,348,516	4,046,600

All contributions payable under salary sacrifice arrangements are classified as employer contributions.

05

Benefits paid or payable

	2025 £000	2024 £000
Lump sum retirement benefits	500,503	380,496
Lump sum death benefits	35,255	26,307
	535,758	406,803

06

Payments to and on account of leavers

	2025 £000	2024 £000
Refund of contributions in respect of:		
Opt-outs	12,789	14,063

07

Administrative expenses

	2025 £000	2024 £000
Administrative expenses	127,789	100,935

The AMC deducted from members’ funds during the year totalled £140.8m (2024: £115.4m). The AMC is net of the savings reward on the management charge of £31.6m (2024: £21.1m) and includes an ‘Annual Charge’ of £25.7m (2024: £23.7m).

The administration fee paid to the Administrator is calculated by taking the AMC and deducting any investment management fees paid or payable directly by the Scheme.

08

Reconciliation of net investments

The pooled investment vehicles administered by the Scheme represent member unitised funds, with the following movement arising over the current financial year:

	Market value at 31 March 2024 £000	Purchases and derivative payments £000	Sales and derivative receipts £000	Change in market value £000	AMC £000	Market value at 31 March 2025 £000
Pooled investment vehicles – member unitised funds	26,424,564	4,794,392	(1,314,810)	1,579,536	(140,766)	31,342,916

The investments purchased by the Scheme are all allocated to members to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Administrator allocates investment units to members.

Our members have a choice of three investment profiles and eight funds, which held the following at the year-end date:

	2025 £000	2024 £000
	Total Market Value	Total Market Value
Global Investment up to 85% Shares	24,480,448	21,101,647
Pre-Retirement Fund	5,072,975	4,004,812
Global Investment up to 100% Shares	1,315,211	945,922
Shariah Fund	201,812	142,865
Ethical Fund	132,497	112,085
Cash Fund	69,295	58,233
Global Investment up to 60% Shares	68,992	57,133
Annuity Fund	1,687	1,867
	31,342,916	26,424,564

The member unitised pooled investment vehicles administered by the Scheme for members are constructed through specific weightings of the underlying investment portfolio (“UIP”) held by the Scheme.

As disclosed in note 12, the Scheme undertook a reorganisation of how the Scheme holds its investment portfolio within the Scheme specific pooled funds, and disinvested a number of underlying pooled investment vehicles during the year, in favour of directly holding the underlying instruments previously held within the pooled investments.

The underlying investment portfolio within the Scheme specific pooled funds comprises the following at the year-end date:

	2025 £000	2024 £000
Investment Assets		
Equities	17,718,188	-
Bonds	6,986,675	-
Pooled Investment Vehicles	6,120,246	26,300,596
Derivatives - Currency Forwards	182,678	58,720
Derivatives - Futures	372	-
Cash Balances	206,537	198,408
Other Investment Balances	122,327	1,075
Unsettled Sales	24,286	-
	31,361,309	26,558,799
Investment liabilities		
Derivatives - Futures	(139)	-
Derivatives - Currency Forwards	(2,308)	(48,834)
Unsettled Purchases	(15,946)	(74,634)
Other Investment Balances	-	(10,767)
	(18,393)	(134,235)
Total	31,342,916	26,424,564

09

Pooled investment vehicles

The pooled investment vehicles within the underlying assets of the Scheme had the following economic exposures at the Scheme year end:

	2025 £000	2024 £000
Equities	3,081,200	18,101,708
Bonds	1,027,618	6,615,258
Infrastructure	924,487	726,785
Derivatives	-	9,886
Cash and cash equivalents	1,086,941	970,927
	6,120,246	26,424,564



10

Derivatives

Forward Foreign Exchange (FX)

In order to maintain appropriate diversification of investments within the underlying investment portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using the forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level. The FX contracts are over-the-counter contracts.

Derivative receipts and payments represent the realised gains and losses on forward contracts.

The Scheme had 111 open FX contracts at the year end, which are summarised as follows:

Contract	Settlement Date	Number of Contracts	Currency Bought (000)	Currency Sold (000)	Asset Value at 31 March 2025 £000	Liability Value at 31 March 2025 £000
Forward	< 3 months	1	GBP 198,396	AUD 410,941	-	-
Forward	< 3 months	1	CAD 2,571	GBP 1,384	-	-
Forward	< 3 months	1	SEK 6,467	DKK 4,447	-	-
Forward	< 3 months	18	GBP 2,881,996	EUR 3,433,995	1,501	-
Forward	< 3 months	9	EUR 1,406,289	GBP 1,179,097	975	-
Forward	< 3 months	7	JPY 209,870,036	GBP 1,094,178	-	(853)
Forward	< 3 months	16	GBP 2,185,450	JPY 418,099,214	9,838	-
Forward	< 3 months	41	GBP 12,978,288	USD 16,530,874	170,364	-
Forward	< 3 months	17	USD 7,542,273	GBP 5,845,136	-	(1,455)
		111			182,678	(2,308)

Derivatives – FX open contracts summary

	2025 £000	2024 £000
Derivative Assets		
Forward FX	182,678	58,720
Derivative Liabilities		
Forward FX	(2,308)	(48,834)
	180,370	9,886

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Derivatives (continued)

At 31 March 2024 the Scheme had 44 open FX contracts within the underlying assets, as follows:

Contract	Settlement Date	Number of Contracts	Currency Bought (000)	Currency Sold (000)	Asset Value at 31 March 2024 £000	Liability Value at 31 March 2024 £000
Forward	< 3 months	3	EUR 460,169	GBP 538,521	1,066	-
Forward	< 3 months	6	GBP 1,501,292	EUR 1,747,718	5,750	(1,336)
Forward	< 3 months	7	GBP 1,055,294	JPY 194,118,636	32,152	-
Forward	< 3 months	16	GBP 5,912,312	USD 7,522,293	1,297	(42,020)
Forward	< 3 months	6	JPY 303,894	GBP 56,616,421	-	(5,478)
Forward	< 3 months	6	USD 1,268,377	GBP 1,626,051	18,455	-
		44			58,720	(48,834)

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Derivatives (continued)

Futures contracts

The £233k of net outstanding futures held at the year end within the underlying assets are summarised as follows:

Contract	Number of contracts	Expires within	Notional principal £000	Fair value asset £000	Fair value liability £000
S&P500 EMINI Future	2	< 3 Months	8,766	-	(6)
EURO BOBL Future	1	< 3 Months	57,845	350	-
EURO STOXX 50 Future	2	< 3 Months	34,210	9	-
FTSE 100 IDX Future	3	< 3 Months	16,582	1	-
HANG SENG IDX Future	1	< 1 Month	922	-	-
LONG GILT Future	1	< 3 Months	13,420	-	(125)
SWISS MKT IX Future	4	< 3 Months	9,180	-	(1)
OMXS30 IND Future	7	< 1 Month	2,810	-	(4)
TOPIX INDX Future	8	< 3 Months	20,125	10	-
SPI 200 Future	3	< 3 Months	2,664	-	(2)
MSCI SING IX ETS Future	4	< 1 Month	740	2	-
US 10YR NOTE (CBT) Future	1	< 3 Months	9,910	-	(1)
US 2YR Note (CBT) Future	1	< 4 Months	21,508	-	-
US 5YR Note (CBT) Future	2	< 4 Months	14,329	-	-
Total	40			372	(139)

There were no future contracts held at the end of 2024.

11

Fair value of investments

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

- Level 1: Unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs (other than quoted prices included in Level 1) that are observable for the assets or liabilities, for example developed using market data, either directly or indirectly.
- Level 3: Inputs are unobservable, i.e., for which market data is unavailable, for the assets or liabilities.

The pooled investment vehicles held by the members as shown in the Statement of Net Assets fall into Level 2 (2024: Level 2).

The Scheme's underlying investment assets within the member pooled funds have been included at fair value within these categories:

Category	Level 1 £000	Level 2 £000	Level 3 £000	2025 Total £000
Investment assets				
Equities	17,718,188	-	-	17,718,288
Bonds	-	6,986,675	-	6,986,675
Pooled investment vehicles	-	6,120,246	-	6,120,246
Derivatives	233	180,370	-	180,603
Cash and cash equivalents*	337,204	-	-	337,204
Total investments	18,055,625	13,287,291	-	31,342,916

*Cash and cash equivalents include cash balances, other investment balances, and unsettled sales.

12

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks set out by FRS 102 are 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 Trustee determines the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out in the Trustee's Report.

The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits that reflect 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 manager. These are monitored by the Trustee through regular reviews of the investment portfolio.

The Trustee undertook a review of the investment strategy during the year, and from October 2024 to February 2025 undertook a portfolio reorganisation of assets held with State Street, moving c£26bn of underlying investment assets from within pooled holdings, to directly holding the underlying assets that were previously held within the relevant pooled investment vehicle. Therefore, the Scheme has become asset owners in its own right, directly holding a significant proportion of equity and bond investments directly within a unit wrapper as a result these disclosures have been completed on a look through basis.

In March 2025, the directly owned assets held relating to equities were transitioned from State Street to Amundi, and the directly owned assets relating to fixed income / bonds were transitioned from State Street to Invesco.

At the Scheme year end date, the portfolio was managed as follows:

	£000
State Street – pooled investment vehicles	6,120,305
Amundi – direct equity holdings	17,718,188
Invesco – direct bonds holdings	6,986,616
Derivatives	180,603
Cash and other investment balances	337,204
	31,342,916



12

Investment risks (continued)

The following table summarises the extent to which the investments held by the Scheme, both directly and indirectly within the underlying investment portfolio of directly held equities and bonds, and the pooled investment vehicles, are affected by financial risks. The risk profile is assessed initially without acknowledging any risk mitigations in place; the impact of these are subsequently discussed and assessed:

	Direct credit risk	Indirect* credit risk	Indirect* credit risk			Direct market risk			2025	2024
			Currency	Interest rate	Other price	Currency	Interest rate	Other price	£000	£000
PIV Equities	Yes	No	Partially	No	Yes	N/A	N/A	N/A	3,081,200	18,101,708
PIV Bonds	Yes	Yes	Partially	Yes	No	N/A	N/A	N/A	1,027,677	6,615,258
PIV Infrastructure	Yes	No	Yes	Yes	Yes	N/A	N/A	N/A	924,487	726,785
PIV Cash and cash equivalents	Yes	Yes	No	No	No	N/A	N/A	N/A	1,086,941	970,927
UK Equities	Yes	N/A	N/A	N/A	N/A	No	No	Yes	1,710,235	-
Non UK Equities	Yes	N/A	N/A	N/A	N/A	Yes	No	Yes	16,007,953	-
UK Bonds	Yes	N/A	N/A	N/A	N/A	No	Yes	Partially	4,032,833	-
Non UK Bonds	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Partially	2,953,783	-
Derivatives	Yes	N/A	N/A	N/A	N/A	Yes	No	No	180,603	9,886
Cash and cash equivalents	Yes	N/A	N/A	N/A	N/A	Partially	Yes	No	337,204	-
									31,342,916	26,424,564

* Indirect risks only apply to holdings in a pooled investment vehicle, where the indirect credit and market risks exposures arise for underlying assets assessed on a look-through basis.

Further information on the Trustee's approach to risk management, credit risk and market risk is set out on [pages 11 to 12](#).

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Investment risks (continued)

Investment strategy

The Trustee’s objective is to enable members to provide adequately for their retirement via an appropriate investment of their accumulated pension contributions.

In relation to the default option in particular, the objective is to provide an investment strategy that is intended to be suitable for a typical member.

The SIP outlines the investment objectives and strategy for the assets of the Scheme – namely the investment options built from pooled investment funds provided by SSGA and directly held investments managed by Amundi and Invesco, which is overseen by an investment management agreement.

The day-to-day management of the underlying investments in the funds is the responsibility of SSGA, Amundi and Invesco. HSBC Global Asset Management ('HGAM') select the assets for the Shariah fund. This includes the direct management of credit and market risks.

The Trustee monitors the underlying risks and receives quarterly investment monitoring reports from its investment adviser which covers all the asset managers.

The risks disclosed here relate to the Scheme’s investments as a whole. Members who choose their own investments may face a different profile of risks from their individual choices compared with the Scheme as a whole.

Directly held investments risk

As the Scheme is the sole investor in the funds members invest in the disclosures below have been completed on a look through basis to the underlying assets.

Direct credit risk

The Scheme’s directly held fixed interest assets are directly exposed to the risk of individual issuers defaulting, this is mitigated the corporate issues being actively selected by the asset manager Invesco and the overwhelming majority of the fixed income assets being rated investment grade by credit rating agencies and therefore at a lower risk of default. The Scheme holds £6,987m in directly held bonds (2024: nil).

Market risk

The Scheme directly holds equities and bonds in a range of global currencies and so will be exposed to currency, interest rate risk and other price risk. Member level risk exposures will be dependent on the funds invested in by members.

Market risk: currency risk

The directly held non-Sterling denominated bonds are all 100% hedged back to Sterling. This aims to mitigate as much currency risk as possible but there may be some small residual currency risk for those bonds.

The non-UK equity portfolio reduces some but not all the currency risk by hedging 50% of the Dollar, Euro and Yen exposure. The Trustee’s reviews the equity currency hedging policy on a regular basis to ensure it remains appropriate.

Market risk: interest rate risk

The directly held bond portfolio is affected by changing interest rates. The Scheme mitigates this risk partially by diversifying its investments in terms of geographical areas but also by duration. Duration measures how sensitive bonds are to changes in interest rates and the Scheme can lengthen or shorten its duration based on expectations of the future path of interest rates.

Market risk: other price risk

The directly held equity portfolio is exposed to other price risk. The Scheme mitigates this by significant diversification of assets both within and across geographical areas. The Scheme also has the flexibility to change the asset allocation between geographical areas. The Scheme directly holds £17,718m equities (2024: nil).

Indirectly held investments risk within underlying pooled investments

Credit risk

The Scheme is subject to direct credit risk in relation to SSGA through their holding in unit-linked insurance funds provided by SSGA. Pooled investments held in Unit-linked insurance funds at the end of the year were £6,120m (2024: £26,301m).

These pooled investment funds are not rated by credit rating agencies. This risk is mitigated by monitoring the financial strength of both the pooled fund managers and the regulatory environment they operate in. Both are regulated by the Prudential Regulation Authority (“PRA”) and maintain separate funds for their policy holders. The Trustee monitors the creditworthiness of the managers by reviewing published credit ratings and regulatory solvency positions. SSGA invest all the Scheme’s funds in their own unit-linked investment funds and do not use other investment funds or reinsurance arrangements.

The Scheme’s only exposure to HGAM is via their Islamic Global Equity Index Fund, which is a multi-investor fund. In the event of default by SSGA or HGAM, members may be entitled to limited compensation from the Financial Services Compensation Scheme (“FSCS”) or other regulatory body in the country in which the fund is domiciled.

The Scheme is also subject to indirect credit and market risk arising from the underlying investments held in the pooled investment vehicles. Member level risk exposures will be dependent on the funds invested in by members.

The Trustee only invests in funds where the financial instruments and all counterparties are at least investment grade – which is a financial term meaning a level of credit rating that carries a lower level of risk to investors.

Market risk

The Scheme is subject to indirect foreign exchange currency, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by SSGA and HGAM, as shown on [page 11](#).

Indirect Currency risk

The Scheme is subject to indirect currency risk because most of the Scheme’s investments are held in overseas markets via pooled investment vehicles (indirect exposure). The Scheme’s liabilities are denominated in sterling and to mitigate the exposure to non-sterling denominated bonds the currency exposure is hedged back to Sterling.

Market risk: Indirect interest rate risk

The Scheme invests in pooled investment vehicles that invest in bonds whose value is affected by movements in interest rates. Overall, the Scheme mitigates this risk by diversifying its investments both geographically and with a range of bond durations.

Market risk: Indirect other price risk

The Scheme invests in pooled investment vehicles that invest in equities whose value is exposed to other prices risk. Overall, the Scheme mitigates this risk by diversifying its investments both within individual markets but also by investing in countries globally.



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Concentration of investments

Due to a change in the composition of the underlying portfolio of pooled funds in the current year, holdings with a zero balance below identify situations where such funds were only held at either the current or preceding year end position. Additionally, funds continuously held over the current year that now have holdings over 5% as at the current year end are included with comparatives, and funds disclosed in the prior year that now have holdings of less than 5% as at both the current and preceding year end have been removed from the disclosure.

Direct investments held in the underlying investment portfolio accounting for more than 5% of the year end net assets of the Scheme, as at the current or preceding year end position, were:

Category	2025 £000	%	2024 £000	%
Emerging Markets ESG Screened Index Equity Sub-Fund	2,519,954	8	1,479,256	6
MPF North America Climate Change Index Equity Sub-Fund	-	-	9,338,915	35
MPF Europe ex-UK Climate Change Index Equity Sub-Fund	-	-	2,961,579	11
MPF Asia Pacific ex Japan Climate Change Index Equity Sub-Fund	-	-	1,487,654	6
MPF Japan Climate Change Index Equity Sub-Fund	-	-	1,473,536	6
UK Conventional Gilts All Stocks Index Sub-Fund	-	-	1,385,009	5

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Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Indirect costs are incurred through the bid-offer spread on investments within the underlying investment portfolio of pooled investment vehicles and segregated mandates; and charges made within those vehicles.

Transaction costs pooled investment vehicles:

Explicit transaction costs as reported by the Fund investment managers for the year were:	2025 £000	2024 £000
Fees	2,512	1,605
Commissions	954	1,353
Taxes	3,014	1,706
	6,480	4,664

In addition, the Fund investment manager has advised of total implicit and indirect transaction costs relating to pooled investment vehicles of £4,444,000 (2024: £18,433,000).

Transaction costs segregated mandates:

There were £70,000 of explicit transaction costs and £1,970,000 implicit (slippage) transaction costs for the segregated mandates, as new holdings in the current year.

A further £2,284,000 of implicit transaction costs relating to the FX derivatives were incurred in 2025 (2024: £2,830,000).

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Top 100 investment holdings

The top 100 investments as at 31 March 2025 have been calculated on a look-through basis within the underlying investment portfolio of directly held equities and bonds, and the underlying holdings of the pooled investment vehicles, as invested in by the Scheme.

	Investment	% of Investment		Investment	% of Investment		Investment	% of Investment
1	Apple	2.43%	16	Johnson & Johnson	0.49%	31	Novartis	0.33%
2	Nvidia	1.86%	17	Visa	0.45%	32	Cisco Sys	0.33%
3	Microsoft	1.81%	18	Sony Group	0.44%	33	AbbVie	0.31%
4	Amazon	1.72%	19	UnitedHealth Group	0.43%	34	Oracle Corporation	0.31%
5	Tesla	1.34%	20	Barclays	0.42%	35	Schneider Electric	0.30%
6	Alphabet	1.23%	21	Walmart	0.42%	36	Salesforce	0.29%
7	Meta	1.05%	22	BNP Paribas	0.39%	37	Novo Nordisk	0.29%
8	Broadcom	0.86%	23	Roche Holdings Ag Genussscheine	0.37%	38	Netflix	0.29%
9	Eli Lilly & Co	0.82%	24	Bank Of America	0.35%	39	Reckitt Benckiser Group	0.29%
10	Taiwan Semiconductor	0.79%	25	Alibaba Group	0.35%	40	Diageo	0.29%
11	HSBC	0.67%	26	NatWest Group	0.34%	41	Home Depot	0.28%
12	Banco Santander	0.60%	27	Mastercard	0.34%	42	Samsung	0.28%
13	JPMorgan Chase & Co	0.58%	28	Mitsubishi UFJ Financial Group	0.34%	43	Toyota Motor	0.28%
14	AstraZeneca	0.52%	29	AT&T	0.33%	44	Pfizer	0.28%
15	SAP SE	0.49%	30	GSK	0.33%	45	Merck & Co	0.28%

Top 100 investment holdings (continued)

	Investment	% of Investment
46	Verizon	0.27%
47	Wells Fargo & Co	0.26%
48	Lloyds Banking Group	0.26%
49	Haleon	0.26%
50	International Business Machs	0.26%
51	Iberdrola	0.26%
52	Siemens	0.26%
53	LVMH	0.26%
54	ING Groep	0.25%
55	Prologis	0.25%
56	Thermo Fisher Scientific	0.24%
57	UBS Group	0.24%
58	Commonwealth Bank Of Australia	0.24%
59	Keyence	0.24%
60	Banco Bilbao Vizcaya	0.23%
61	3I Group	0.22%
62	Tesco	0.22%

	Investment	% of Investment
63	Sanofi	0.21%
64	Citigroup	0.21%
65	Relx	0.21%
66	Advanced Micro Devices	0.21%
67	National Australia Bank	0.20%
68	Hitachi	0.20%
69	Texas Instruments	0.20%
70	American Tower.	0.20%
71	Allianz	0.19%
72	ServiceNow	0.19%
73	Fut. Euro-Bobl Future	0.19%
74	Softbank	0.18%
75	Fast Retailing	0.17%
76	Deutsche Telekom	0.17%
77	Takeda Pharmaceutical	0.17%
78	Goldman Sachs Group	0.17%
79	Equinix	0.17%
80	Qualcomm	0.17%
81	Amgen	0.17%

	Investment	% of Investment
82	Compass Group	0.16%
83	Bristol-Myers Squibb	0.16%
84	Standard Chartered	0.16%
85	MUFG Bank	0.16%
86	ABN AMRO Bank	0.16%
87	Danaher	0.16%
88	Berkshire Hathaway	0.16%
89	American Express	0.16%
90	London Stock Exchange Group	0.16%
91	S&P Global	0.15%
92	East Japan Railway	0.15%
93	Next	0.15%
94	Bank Of Nova Scotia	0.15%
95	McDonald's	0.15%
96	Tokio Marine	0.15%
97	Uber Technologies	0.15%
98	Recruit Holdings	0.15%
99	Ashtead Group	0.15%
100	United Kingdom Gilt 4.75% 07/12/2030	0.15%

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Current assets

	2025 £000	2024 £000
Contributions due in respect of:		
Employers	92,558	56,689
Employees	73,153	49,099
Total Contributions	165,711	105,788
Other debtors	97,183	77,023
Cash balances	29,563	22,865
	292,457	205,676

Included in cash balances is £7.8m (2024: £4.7m) which is not yet allocated to members due to timing differences between receipt of funds and subsequent processing onto a member's account. All other current assets are allocated to members.

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Current liabilities

	2025 £000	2024 £000
Unpaid benefits	45,509	28,194
Tax deducted from benefits	6,318	5,149
Contributions pending settlement with investment manager	1,373	1,256
Contributions prepaid	4,782	4,244
Contributions to be returned to employers	-	-
Other creditors	12,613	7,798
Amounts owed to the Administrator	11,551	8,552
	82,146	55,193

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Related party transactions

Related party transactions and balances comprise:

- > The administration fees amounting to £127,761k (2024: £100,935k) mentioned in note 7, including £11,552k (2024: £8,552k) outstanding at the year-end as detailed in note 17, which is payable to the Scheme Administrator.
- > PPL is a related part of the Scheme as it is part of the same corporate group as the Scheme Founder. PPL is a participating employer of the Scheme and the total contributions paid in the year amounted to £5,215k (2024: £4,182k). At the end of the year, contributions amounting to £723k (2024: £567k) were due from PPL and are included within contributions due in respect of Employers in note 16.
- > All fees and expenses payable to the Trustee Directors, amounting to £358k (2024: £288k), were met by PPL.
- > University of Leeds Pension Scheme is a related party because Mark Condron is the Chair of both the Scheme and of the University of Leeds Pension Scheme. The University of Leeds is a participating Employer of the Scheme and the total pension contributions made during the year including contributions from its 2,040 employees amounted to £5,803k (2024: £4,419k).
- > Over the course of the year, certain Participating Employers have paid contributions later than the dates specified in their Payment Schedules. Under applicable Pensions Regulations, these late contributions constitute an Employer-related investment for the period of time they remain unpaid past due. At the Scheme year end date, the total value of late contributions due, arising from validated payroll files, but not received by the due date specified in the Payment Schedules totalled £26.5m (2024: £17.3m).
- > The Scheme has a number of Participating Employers who either have equity or debt instruments listed on an exchange either in the UK or globally, or where the Participating Employer is a subsidiary of a wider group where that group's Parent has listed equity or debt. There are instances where that listed instrument also forms part of the underlying investment allocation within the Scheme's investment assets. Where this occurs, the Scheme has an exposure to self-investment relative to the Participating Employers, and as such this self-investment exposure is required to be disclosed under applicable Pensions Regulations. At the Scheme year end date, the total value of self-investment arising from exposures to investments in listed instruments that relate to Participating Employers was less than 5% of the Scheme year end net assets (2024: less than 5%). This is significantly lower than the maximum level permitted in the Regulations of self-investment for multi-employer pension schemes of 20% of the scheme net assets.
- > There were no other employer related investments during the year or at the year-end date (2024: nil).

The People's Pension Trustee Limited (TPPTL)
Manor Royal, Crawley, West Sussex, RH10 9QP.
Tel 0300 2000 555.
www.thepeoplespension.co.uk

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