The People's Pension Scheme

people's pension

Abridged Annual Report and Financial Statements for the year ended 31 March 2026

Pension scheme registry number: 12005993

Our purpose

is to help people to build financial foundations for life.

Scheme Information

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people's pension

See more online at
www.peoplespension.co.uk



Scheme Information

Chair's Review



Welcome to the Abridged Annual Report and Financial Statements for The People's Pension Scheme ('the Scheme', 'People's Pension') covering the year to 31 March 2026, issued by The People's Pension Trustee Limited ('the Trustee', 'Trustee Board').

Putting our members first

Since the Scheme launched in 2012, our sole purpose has been to provide better retirements for our members. We believe that purpose is more important than ever and we continue to ensure our members come first in everything we do.

Each year, we carefully analyse how well the Scheme has performed, through our Value for Members assessment. As well as financial considerations, such as charges for members and investment performance, we look at the quality of customer service, member communications, governance and risk management. I'm pleased to confirm, following our latest review, our conclusion is that the Scheme represents good value for our members overall. You can find more information on page 30 of this report.

Our membership numbers have continued to increase over the course of the year. The number of employer accounts increased from 102,000 to 104,000 and we had 7.2m members at the year end, up from 7.0m at 31 March 2025.

Assets under management ('AUM') grew rapidly, with a 24.2% increase from £31.3bn to £38.9bn. This reflected higher contributions of £4.5bn, compared with £4.3bn in the previous year, and positive investment performance, which added £4.4bn to AUM. Our largest fund – the Global Investment (up to 85% shares) Fund – returned 14.6% after fees, against a performance objective of 5.9%.

Our AUM makes us one of the largest commercial master trusts and we're firmly on the path to becoming one of the world's top 100 asset owners. Over time this scale should mean increased value for members, as larger funds can be more efficient and take advantage of a broader range of investment opportunities.

Members also benefit from the Scheme's relationship with People's Administration Services Limited ('PASL'), its Administrator. The People's Partnership Group, which includes PASL, is different to many other pension providers as it doesn't have shareholders. This means its profits can be used to work for our members, both through the savings reward and by investing to further improve products and services.

The savings reward reduces the annual management fee paid by members, with higher rewards for investing more. This can add thousands of pounds to members' pension pots over the long term. The amount of the savings reward is now running at more than £4m a month, and a total of £43.6m for the year. The total amount given back to members as a savings reward since this was introduced now amounts to more than £121m.

People's Partnership also reinvested £24m during the year to improve products and services, up from nearly £14m in the previous year. Notable developments included launching a regular income planning tool, to help members understand the level of retirement income their savings can support and how long their savings will last. Another new tool, the pension consolidation calculator, is designed to support members when they're making decisions about transferring their pension pots, by highlighting the long-term impact of different member charges. This can make a significant difference to the size of the pension available at retirement. Other initiatives included further improvements to the app, which is now one of the highest-rated in our sector on both the Apple and Google stores, as well as better member journeys.

Continuing to develop our investment proposition

Having the right investment strategy is fundamental in creating better outcomes for members. In recent years, we've carried out detailed market reviews and made key investment manager appointments. This year, we were pleased to appoint Robeco to run our emerging market equities portfolio. Their approach aligns with our aim of delivering strong returns to members, combined with best-in-class responsible investment ('RI'). We issued our first RI report in December 2025, which details how we put our RI objectives into practice.

This was the first year of People's Investments Limited acting as our primary investment adviser, supported by People's Partnership's investment team This has been a great success and allowed us to develop an even closer relationship. People's Partnership has continued to bolster its Investment team, including recruiting expertise in real assets. As a signatory to the Mansion House Accord, we see this as an important area for both the Scheme and the wider economy. Our ambition is to deploy up to £4bn (up to 10% of our AUM) into real assets (for example, infrastructure projects) by 2030, both in the UK and overseas, and we expect to make the first investments in the year ahead.

Putting savers' interests at the heart of industry reform

The government and regulators are working to reform the pensions industry, to improve how it delivers better outcomes for savers' and supports UK economic growth. As an advocate for savers interests, People's Partnership has taken a leading role in the debate around these reforms. For example, it has been actively involved in discussions around the Value for Money Framework, including forming the Pound for Pound initiative to explore how the industry can shift from focusing on cost to the value being provided.

In addition to a new value for money regime, the Pension Schemes Act 2026 will drive scheme consolidation, resulting in a smaller number of larger UK pension schemes emerging over the next few years. Having already passed the scale test, which requires a minimum of £25bn in assets under management by 2030, we can continue to focus on ensuring that all aspects of the Scheme meet what's expected of one of the UK's largest pension providers.

Strengthening our governance and oversight

We regularly review the skills and experience of the Trustee Directors, to ensure we have a good balance and can plan for the future. We were pleased to welcome Vicky Paramour to the Board at the start of the year. Vicky is a very experienced professional trustee, with expertise across all aspects of UK pension provision. Her appointment also means we now have the resource to introduce an Engagement and Communications Committee, to increase our oversight of the Scheme's interactions with members. For example, members are increasingly engaging with the Scheme online or through the app, so digital channels will be an area for increased focus going forward.

On a personal note, I was delighted to be asked to extend my term as Chair for another five years. This is an exciting time for the Scheme and I'm looking forward to building on the good work done so far.

Looking ahead

Our ambition is that The People's Pension Scheme provides the very highest service to our members in every area of operation. We'll work closely with People's Partnership to roll out more assistance for members, in particular to support them as they reach retirement and through the years that follow. We'll also continue to evolve our investment proposition and ensure that we're advocating for savers in the next phase of industry reform.

Thank you

I'd like to thank everyone at People's Partnership and my fellow Trustee Directors for their significant contributions in the last 12 months.

I also thank our members and their employers for continuing to place their trust in us. We will continue to work hard to provide even better value for you in the year ahead.



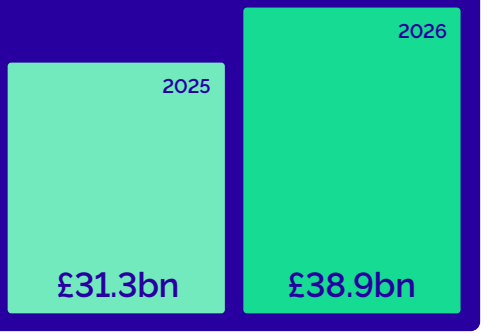
Highlights of our year: Key performance indicators

The following metrics demonstrate our growth over the 2026 year.



Total Assets under Management

£38.9bn



Active members

1.8m 2026
1.8m 2025

1.8m

Benefits drawn

£706m 2026
£536m 2025

£706m



Contributions

£4.5bn 2026
£4.3bn 2025

£4.5bn

Return on investments

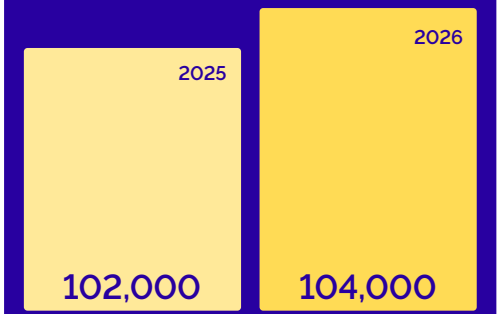
£4.4bn 2026
£1.6bn 2025

£4.4bn



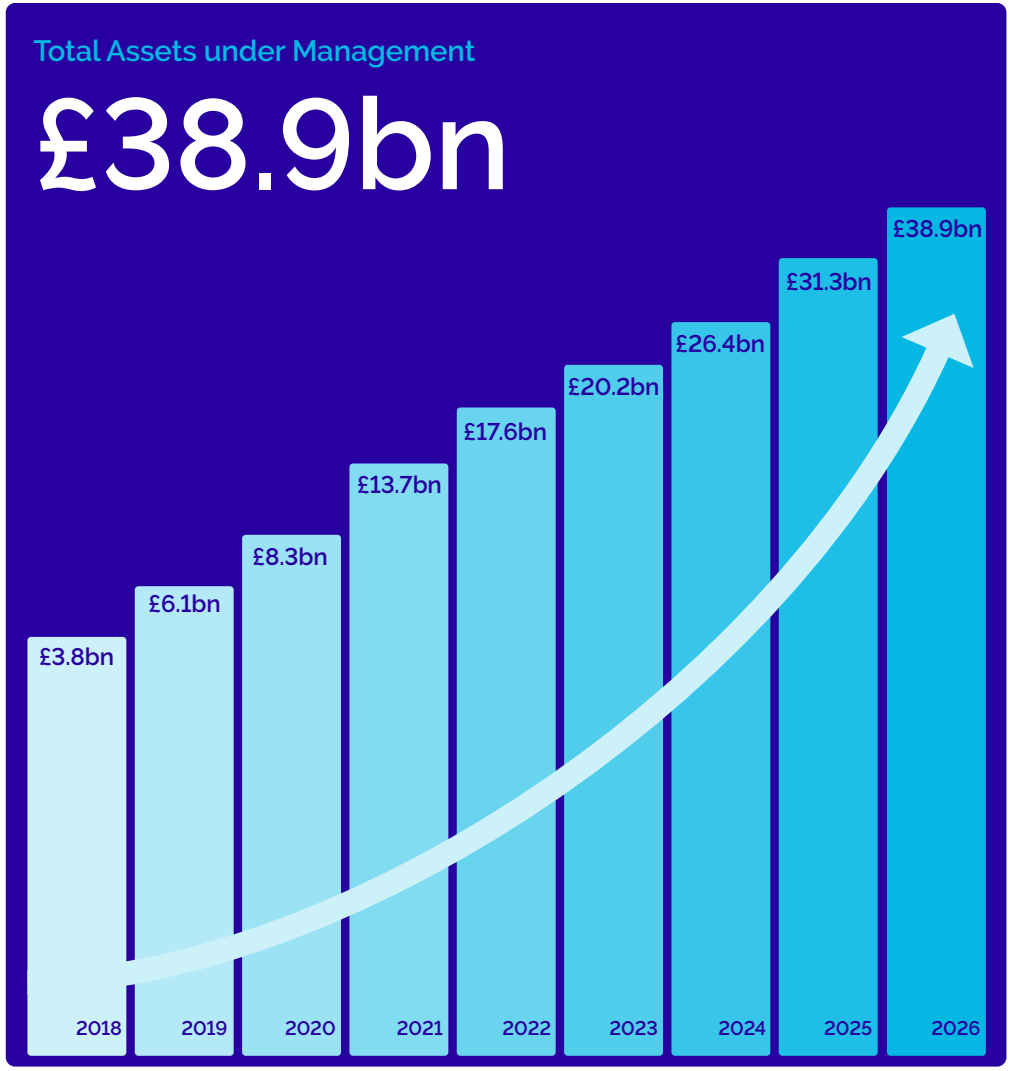
Employer accounts

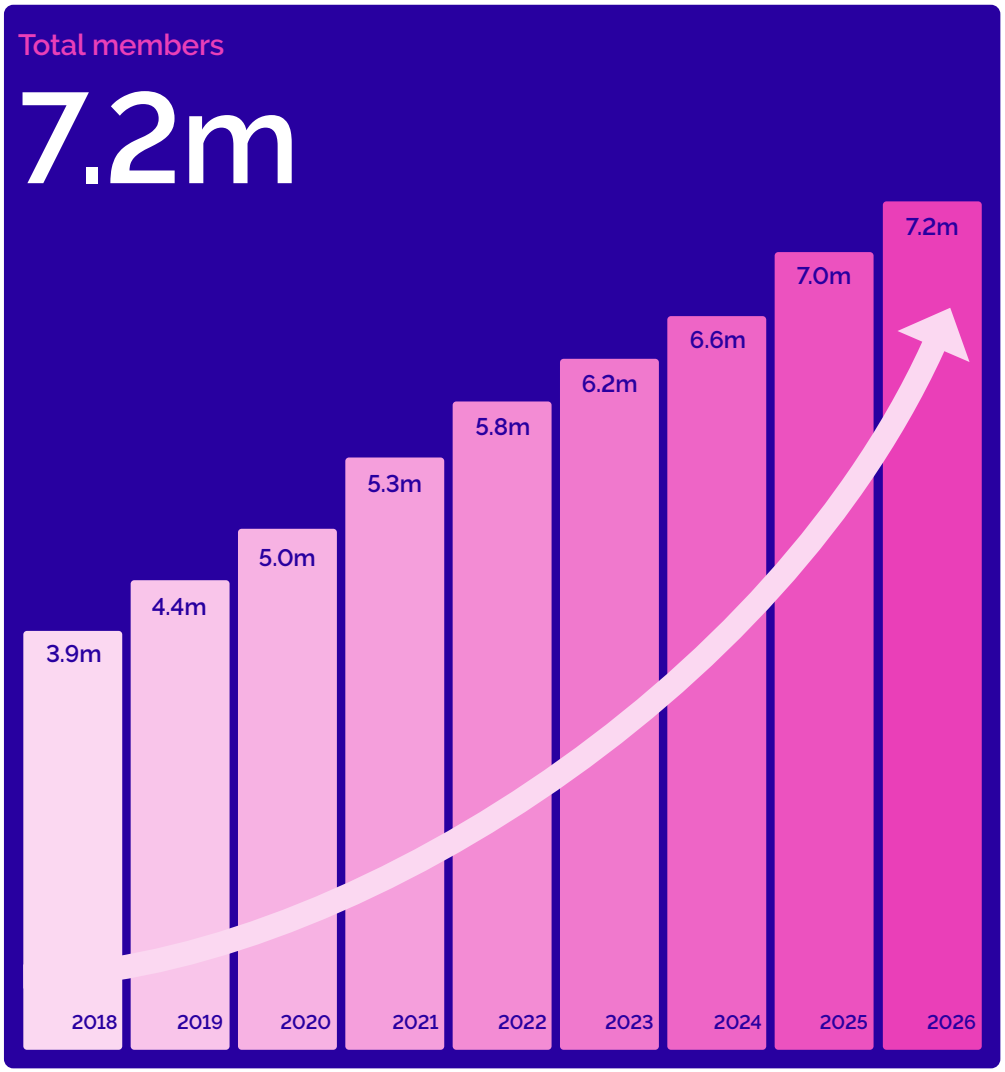
104,000



Highlights of our year: Another fantastic year of growth

We have had another fantastic year of growth, maintaining the momentum of prior years. At 31 March 2026 our AUM were £38.9bn and our membership at 31 March 2026 increased to 7.2m.

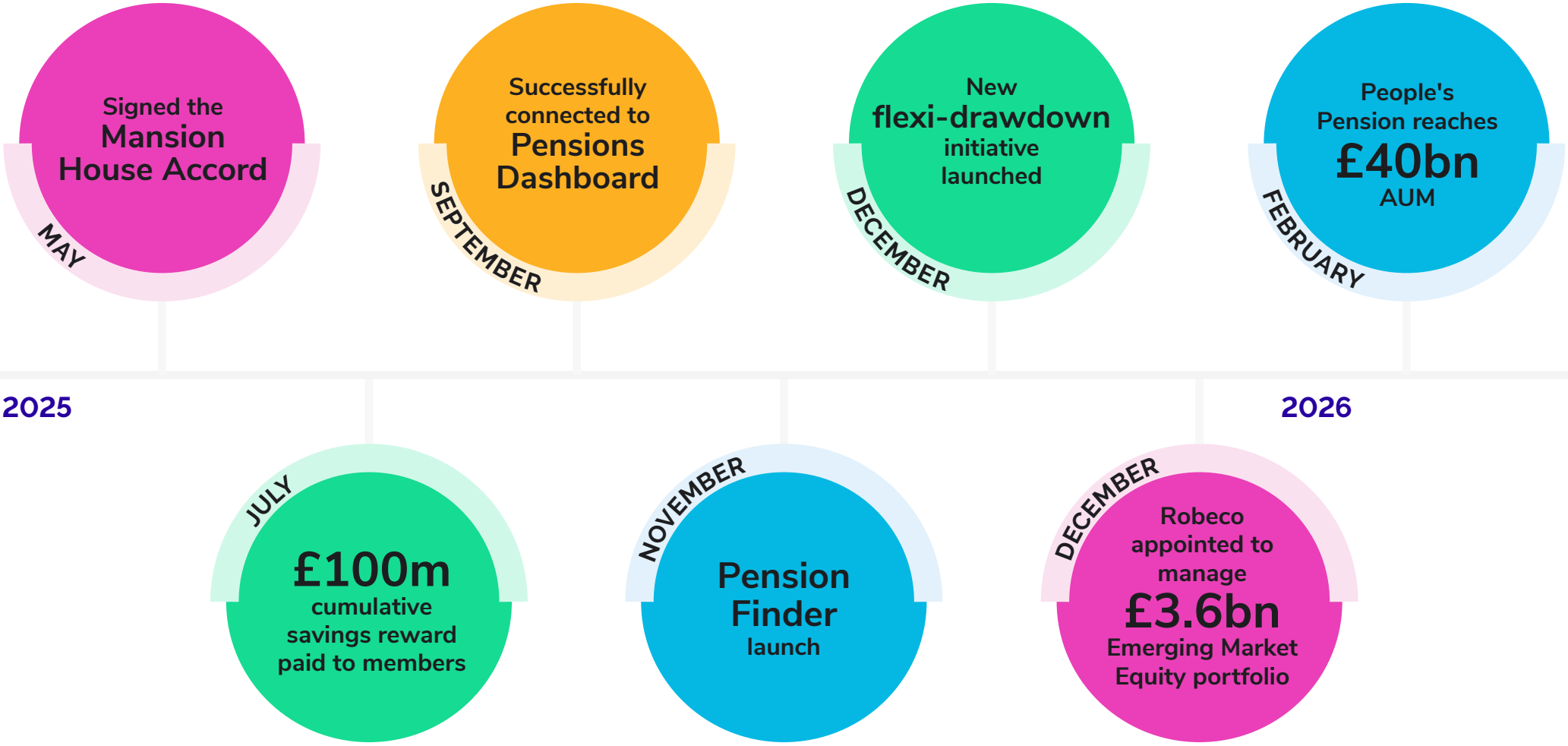




Highlights of our year: Key milestones

Key milestones in the financial year to March 2026

We have reached a number of notable milestones over the course of the 2026 financial year, as set out below. These are very significant milestones for us, and set the platform for acceleration as we invest in our proposition and continue to grow at pace.



Membership and benefits

The change in membership during the year is as follows:

	Members
At the start of the year	6,963,116
Late Adjustments	(2,522)
Revised Membership at the start of the year	**6,960,594**
New members joining	539,556
Members opting out with refund	(65,801)
Cancellation of duplicate accounts	(30,916)
Net members before leavers	**7,403,433**
Members retired	(75,154)
Members transferred out	(116,988)
Members deceased / terminal illness	(5,742)
At the end of the year	**7,205,549**
Active members	1,808,631
Deferred members	5,396,918
At the end of the year	**7,205,549**

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

People's Partnership have significantly invested in new tools and services to improve our members' experience, whether that be while growing their pension savings with us or when considering drawing their benefits. On page 13, we provide details on some of the new tools and services available to members.

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 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 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.

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.

Scheme Information

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 Investment Management Limited HSBC Global Asset Management Invesco Asset Management Limited Amundi (UK) Ltd Robeco Institutional Asset Management B.V. (From 28 November 2025)
Investment Adviser:	People's Investments Limited
Investment Administration Provider:	The Northern Trust Company
Global Custodian:	The Northern Trust Company
Legal adviser:	Eversheds Sutherland (International) LLP

Contact us

Online:	Homepage: www.peoplespension.co.uk Online help: www.peoplespension.co.uk/contact-us
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

Trustee's Report

The Trustee of the Scheme presents its Annual Report for the year ended 31 March 2026

Scheme constitution and managment

The Scheme was established in 2012 by the first Founder, People's Partnership Holdings Limited ('PPHL'), 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'). The Scheme is administered and managed by People's Administration Services Limited ('PASL', 'the Administrator'), a wholly owned subsidiary of PPL. PASL administers the Scheme according to The People's Pension Scheme Rules, which are the governing documents. People's Investments Limited ('PIL'), a wholly owned subsidiary of PPL, is the appointed investment adviser to the Scheme.

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 36. 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 Audit Committee ('RAAC') formerly Risk, Administration and Communications Committee ('RACC'), comprising three Trustee Directors, is responsible for risk assessment, overseeing administration services and the annual Scheme audit, the risk register, governance and oversight of cyber security and emerging AI opportunities and risks 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, who reports quarterly to the Trustee on whether it has 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. The Scheme advisers are listed on page 10.

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 4 meetings	Investment Committee 4 meetings	Risk, Administration and Communications Committee 4 meetings*
Mark Condron	4	N/A	N/A
Vicky Paramour	3	4	1
Sheila Doyle	4	N/A	4
Jeannie Drake	3	N/A	4
Chris Fagan	4	4	N/A
David Maddison	4	N/A	4
Emma Osborne	4	4	N/A

*Became the Risk, Administration & Audit Committee from 1 April 2026

Financial Developments and Financial Statements

The Financial Statements included in this Annual Report are the Financial Statements 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.

This Abridged Annual Report and Financial Statements represent a reduced version of the full Scheme Annual Report and Financial Statements, as the Implementation Statement is separately provided for members on the Scheme website, and so not reproduced within this Abridged Annual Report.

Trustee's Report (continued)

Key developments

Investments

Strong and consistent investment returns are central to our ability to attract employers and deliver for members. The Scheme's AUM grew from £31.3bn at 31 March 2025 to £38.9bn at the year end, with positive investment performance contributing £4.4bn of this increase.

This was the first full year with PIL as the primary investment advisor to the Trustee. Asset allocation advice is one of the highest value-adding activities, and it's important that we work with an adviser to do that directly. Having PIL as the primary advisor has enabled us to build a really close relationship with them. We have a shared set of investment beliefs that PIL use to inform all their work, and we can act as a single, coherent asset owner. We believe this is a far more effective model than a trustee and provider relationship.

During the year we continued to embed our key partnerships with Invesco and Amundi, which benefited from the significant work we put in to construct bespoke investment management agreements ('IMAs'). These resulted in a very different relationship compared with investing in a pooled fund, allowing us to hold our managers to a high standard and ensure they remain aligned to our objectives.

We added another investment manager this year, appointing Robeco to manage our £3.6bn emerging market equity portfolio. This marks a shift from a passive approach to a very cost-efficient active quant strategy, reflecting the structural challenges we have seen in markets and indices in the region. Robeco is a world leader in its approaches to ESG and responsible investing.

In November 2025, we announced significant changes to the £6bn pre-retirement portion of the fund, to deliver better outcomes for our older members. This resulted in significantly restructuring the fixed-income allocation by reducing cash holdings and exposure to sovereign bonds, instead focusing on a global portfolio of high-quality, short-dated corporate bonds, actively managed by Invesco.

We also looked to identify innovative solutions, such as instructing Invesco to manage over £260m in AAA-rated Collateralised Loan Obligations ('CLO') for us. This diversifies our fixed income exposure and offers members long-term income generation as part of their default investment. We believe this is the first time a UK master trust has made a strategic allocation to CLO investments.

During the year, we published our first Responsible Investment ('RI') report. It provides an in-depth look at our manager selection process, as well as our managers' voting and engagement practices, including an assessment of their alignment with our RI policy and thematic priorities. The importance of RI is reflected in winning the 2025 Principles for Responsible Investment's ('PRI') Innovation in System Stewardship Award. This recognises our work in leading the development of the Asset Owner Statement on Climate Stewardship, launched in February 2025, and our allocation of £20 billion in developed market equities to Amundi, in part due to its strong alignment to our RI Policy.

Just before the end of the financial year, we announced our updated climate approach. Our objective is to manage climate transition risks to asset values. Global emissions are not on track to limit warming to 1.5 degrees, as envisaged in the Paris Agreement. Therefore, we're moving away from a single, top-down target of having a 1.5 degrees aligned portfolio and instead emphasising practical, evidence-based action. We'll implement this with a bottom-up approach to reflect differences across markets, asset classes, and sectors, setting targets on a case-by-case basis. The Scheme will continue to have a net zero ambition that is aligned with the Paris Agreement.

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.

We have continued to improve member journeys. For example, our new Pension Finder tool allows members to transfer up to ten pension pots in a single transaction, rather than one at a time. We've also received excellent feedback on the new claims journey we introduced last year, with a five-star rating from users and a 19% increase in online claims submissions, reducing processing times by up to 30%.

Our other initiatives in the year included significant streamlining of our transfers out processing, continuing to add self-service capabilities and automation. In particular we have invested significantly in our retirement proposition, launching our retirement calculator and creating a regular income planning tool. Further, we have introduced new internal tools, such as a solution that allows us to verify a member's identity and bank details using technology, rather than paper documents. In addition, we continue to enhance the quality of data across the organisation and have introduced a new data analytics platform, to support our decision making.

Trustee's Report (continued)

Offering value to customers and members

No changes were made to the Scheme's charge structure during the year (see Member-borne charges and transaction costs for further details, page 29).

We'll be revising the member savings reward and annual charge, which will see members paying a little more in charges. We believe the net benefit of further enhancements to our investment strategy and proposition will outweigh the increase in price, and that the vast majority of members will be better off over the long term. We'll continue to review our pricing annually. Overall, these developments are expected to improve value for money for members.

People's Partnership has also been actively engaging with both The Pensions Regulator and the Department for Work & Pensions on the forthcoming Value for Money (VFM) framework, due to be implemented in 2028. This has included convening a group of workplace pension providers to undertake a pilot exercise aimed at moving beyond cost-based comparisons towards a broader assessment of value. The initiative, known as "Pound for Pound", began with Phase 1 in 2025, with Phase 2 underway in 2026 involving a wider group of providers. Insights from the exercise are being shared with policymakers to help shape the future design of the VFM framework.



Trustee's Report (continued)

Policy developments and regulatory change

This year, pensions policy has been dominated by the passage of the Pension Schemes Bill through parliament. The majority of the reforms present within the legislation garnered cross-party support with the exception of the proposed 'mandation' powers, which allow government to direct a portion of scheme investment in specific circumstances. Following multiple amendments to this provision, the Bill received Royal Assent on 29 April 2026, and is now the Pension Schemes Act 2026 ('the Act').

The Act provides the framework for delivery of a number of market reforms which will be developed by secondary legislation and regulation. The key reforms are the Value for Money ('VfM') framework, default fund scale test, consolidation of small dormant pots, and default retirement solutions. Implementation will be phased through to 2030.

Alongside the market reform package, the Government commissioned the State Pension Age Review, an independent assessment of the factors that should be taken into account when determining the State Pension age. The review is expected to report later in 2026. A new Pensions Commission was also formed, tasked with 'exploring the long-term questions of adequacy and retirement outcomes...' Since its formation, we have provided significant data and insights for the Commission to aid in their understanding of the current workplace pensions landscape. The Commission published their Interim Report in July 2026, setting out some of the challenges facing the current system and are set to make recommendations in the Final Report is expected in 2027.

The Scheme was successfully connected to the Government's Pensions Dashboard in the summer of 2025. The Dashboard will allow people to see, in a single online portal, relevant information (pension pot value, for example) on their various private pension pots and their State Pension. We have been supporting the go-live preparations throughout the year, including 'private beta' user testing of the dashboard by staff and scheme members on an invitation-only basis. Based on the current Government timelines, the MoneyHelper pensions dashboard programme is expected to be launched to the public in 2027.

Work has continued in preparation for the abolition of pensions' inheritance tax exemption, due to take effect from April 2027, and the Digitisation of Relief at Source ('DigiRAS'), which HMRC has confirmed will not be implemented before April 2029. Both these represent significant changes to the UK pension tax system and for scheme administration.

In the 2025 Autumn Budget, the Government announced that from 2029 it would limit the tax-free salary sacrifice allowance to £2,000 per employee per year. The long lead-in period provides People's Pension with ample time to help support employers who use salary sacrifice to plan for this change to their workplace pension arrangements.

Finally, from April 2026, the UK State Pension age begins rising from 66 to 67, with the full transition completed by April 2028. At the same time, the Normal Minimum Pension Age ('NMPA') will also rise to age 57 by April 2028. This year HMRC provided further updates on the transitional NMPA arrangements for those, members of People's Pension, who have a protected pension age of 55 and their 55th to 57th birthdays fall either side of April 2028.

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 in respect of the 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'.

Trustee's Report (continued)

Statement of Trustee's responsibilities in respect of the Financial Statements (continued)

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.

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 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 member of the Scheme and for monitoring that contributions are made to the Scheme in line with the payment schedules.



Trustee's Report (continued)

Investment Report

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 2026 – Appendix 1 of the Chair's Annual Governance Statement on page 41.

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:

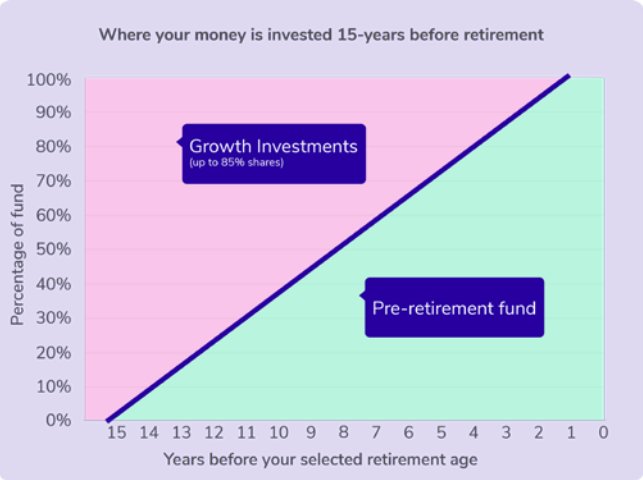
Profile	Summary
Cautious	• Lower risk and volatility • Moderate growth over the long term • Moves to lower-risk investments as the member approaches retirement • For members who are prepared to accept some degree of risk, but who look for investments with lower volatility
Balanced	• Medium to high risk • 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 (glidepath).

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 glide path



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.

Trustee's Report (continued)

The Scheme has a range of investment funds for members to choose from. These are shown in the table below with the target asset allocations as at 31 March 2026. Members can choose the percentage to invest in each fund, except for the Shariah Fund, which requires 100% of savings if selected. All of the below are available as self-select funds.

Fund	Summary
Global Investments (up to 85% shares) Fund	• Used in the 'balanced' investment profile (the default arrangement) • 76.8% Shares (publicly listed), 0.0% Shares (not publicly listed), 3.2% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 19.0% Government and corporate bonds, 1.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 0.0% Cash
Pre-Retirement Fund	• Used within each investment profile • 19.2% Shares (publicly listed), 0.0% Shares (not publicly listed), 0.8% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 79.0% Government and corporate bonds, 0.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 1.0% Cash
Global Investments (up to 100% shares)Fund	• A higher risk fund used in the 'adventurous' investment profile • 96.0% Shares (publicly listed), 0.0% Shares (not publicly listed), 4.0% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 0.0% Government and corporate bonds, 0.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 0.0% Cash
Global Investments (up to 60% shares) Fund	• Used in the 'cautious' investment profile • 52.8% Shares (publicly listed), 0.0% Shares (not publicly listed), 2.2% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 42.7% Government and corporate bonds, 2.3% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 0.0% Cash
Ethical Fund	• A higher-risk fund • 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 • 100.0% Shares (publicly listed), 0.0% Shares (not publicly listed), 0.0% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 0.0% Government and corporate bonds, 0.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 0.0% Cash
Shariah Fund	• A higher-risk fund • Has an investment approach based on Islamic Shariah principles 100.0% Shares (publicly listed), 0.0% Shares (not publicly listed), 0.0% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 0.0% Government and corporate bonds, 0.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 0.0% Cash
Cash Fund	• Invests in short-term money markets such as bank deposits and treasury bills • 0.0% Shares (publicly listed), 0.0% Shares (not publicly listed), 0.0% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 0.0% Government and corporate bonds, 0.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 100.0% Cash
Annuity Fund	• A medium/low-risk fund available as an 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% Shares (publicly listed), 0.0% Shares (not publicly listed), 0.0% Infrastructure (publicly listed), 0.0% Physical Infrastructure (not publicly listed), 0.0% Property (not including physical infrastructure), 100.0% Government and corporate bonds, 0.0% Debt (not government or corporate bonds), 0.0% Other assets (not part of above categories), 0.0% Cash

Trustee's Report (continued)

Management and custody of investments

The Trustee has delegated management of the investments through mandates with professional investment managers – Amundi UK Ltd ('Amundi'), Invesco Asset Management Ltd. ('Invesco'), Robeco Asset Management B.V. ('Robeco'), State Street Investment Management ('SSIM') 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.

The Northern Trust Company ('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 109 to 124.

Review of investments' performance

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 3 Year 5 Year	11.5 9.0 4.7	5.3 5.0 7.2	UK CPI +2.5% (Gross of fees) UK CPI +2.0% (Net of fees) Performance shown on a net of fee basis
Global Investments (up to 85% shares) Fund	1 Year 3 Year 5 Year	14.6 10.9 6.6	5.8 5.5 7.7	UK CPI +3.0% (Gross of fees) UK CPI +2.5% (Net of fees) Performance shown on a net of fee basis
Global Investments (up to 100% shares) Fund	1 Year 3 Year 5 Year	17.1 12.8 8.4	6.3 6.0 8.2	UK CPI +3.5% (Gross of fees) UK CPI +3.0% (Net of fees) Performance shown on a net of fee basis
Ethical Fund	1 Year 3 Year 5 Year	12.9 11.9 9.7	6.3 6.0 8.2	UK CPI +3.5% (Gross of fees) UK CPI +3.0% (Net of fees) Performance shown on a net of fee basis
Shariah Fund	1 Year 3 Year 5 Year	19.9 17.2 13.2	6.3 6.0 8.2	UK CPI +3.5% (Gross of fees) UK CPI +3.0% (Net of fees) Performance shown on a net of fee basis
Pre-Retirement Fund	1 Year 3 Year 5 Year	6.5 5.3 1.7	3.8 3.5 5.7	UK CPI +1.0% (Gross of fees) UK CPI +0.5% (Net of fees) Performance shown on a net of fee basis
Cash Fund	1 Year 3 Year 5 Year	3.9 4.4 2.9	4.1 4.7 3.3	SONIA
Annuity Fund	1 Year 3 Year 5 Year	1.8 (1.1) (7.7)	1.0 (2.2) (8.5)	ABI Sterling Long Bond Sector

* The Trustee may review and amend the performance objectives of the funds as appropriate. The performance objectives above are correct as of 31 March 2026. Due to differences in calculation methodology performance of CPI+ Performance objectives will differ slightly from published fund factsheets.

** 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.

Trustee's Report (continued)



Policies on responsible investment ('RI') and climate change

The Trustee introduced its updated Responsible Investment Policy in 2025 and published its Climate Change Position Paper in March 2026[1]. These set out at a high level how the Trustee plans to carry out its fiduciary duty to integrate Environmental, Social and Governance ('ESG') and stewardship considerations into its investment decision making process.

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.

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 Position Paper (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 Position Paper).

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.

1 Amendments were made to the Responsible Investment Policy in March 2026 to account for the updated Climate Change Position Paper.

Trustee's Report (continued)

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 managers 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 asset managers 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 has outlined its net zero voting guideline expectations to its asset managers and conducts annual manager assessments to understand any gaps.

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. For the year under review, the Scheme was invested primarily in segregated mandates, with limited investment in pooled vehicles mainly in its Shariah, Ethical, and Annuity funds. Accordingly, the Scheme's Responsible Investment Policy was reviewed and updated in March 2026 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 PIL, 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.

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, the Scheme will look to work with them to bring their objectives into line. If this doesn't succeed, the Scheme might review or terminate their appointment. The Trustee has made this clear to its investment managers.

The Scheme reviews asset managers' ESG policies in the context of best industry practice and its expectations and gives feedback when it needs to.

The Scheme understands that the impact on performance of ESG factors and climate change may be long-term. But it's also aware that the risks associated with them could be much shorter term. The Trustee has acknowledged this in its 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 PIL. The Trustee believes these timeframes, typically three to five years, are consistent with its 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.

Trustee's Report (continued)

Asset manager arrangements (continued)

Within the Scheme year, the Scheme invested in both 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 PIL to check the asset management fee is in line with the market and to review it annually.

As part of the appointment process, the Scheme considers 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. The report is named the 'Climate Progress Report'.

The Scheme has disclosed the total carbon emissions and carbon footprint of its current investments according to the data available. As set out in the Scheme's new Climate Change Position Paper, the Scheme has removed its single, top-down binary target to align its portfolio with a 1.5°C temperature pathway (as set out by the Intergovernmental Panel on Climate Change). But the Scheme retains a Paris-aligned ambition, which means it still aspires to help limit global temperature rise to no more than 1.5°C above pre-industrial levels. The Climate Progress Report is aligned with these objectives.

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 can demonstrate a strong understanding of climate issues across all relevant stakeholder groups.

The Climate Progress Report for the year to 31 March 2026 is available at www.peoplespension.co.uk/climate-risks

Employer-related investments

For details of employer-related investments, see note 18 to the Financial Statements on page 124.

Further information

For more information about the Scheme generally, or queries about members' own benefits, refer to the contact details listed on page 10.

Approval

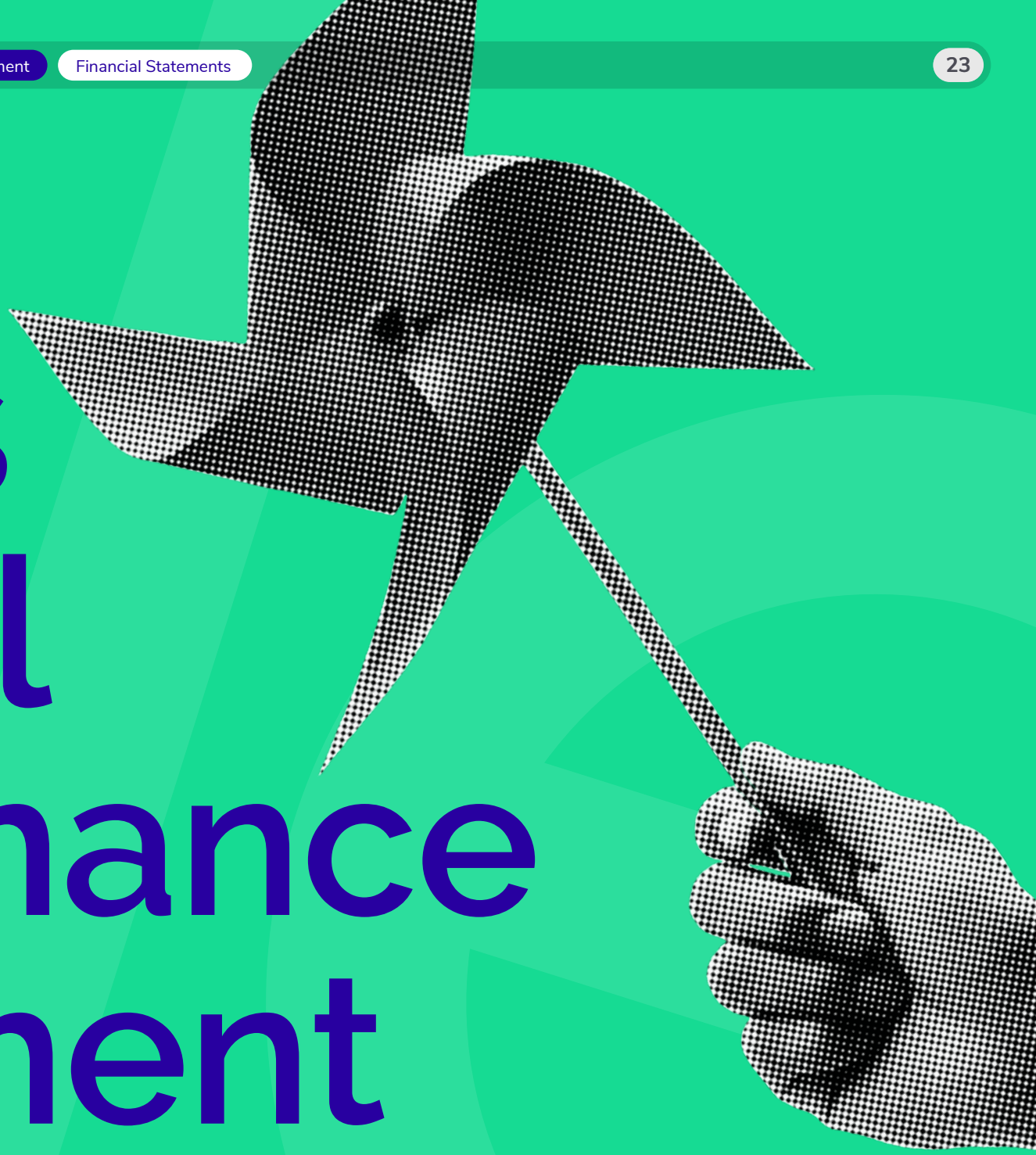
The report was approved by the Trustee and signed on its behalf by:

Mark Condron

Mark Condron
Chair of The People's Pension Trustee Limited
21 September 2026

The Trustee assesses the suitability of the Scheme's asset allocation and its compatibility with its 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



Chair's Annual Governance Statement

This is the annual Chair's Statement from the Trustee about the governance of the 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 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 2026, the Trustee is responsible for assets under management worth £38.9bn for just over 7.2m members, from 104,000 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 11). 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 funds either tracking a pre-determined index or aiming to outperform a specific benchmark.

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 funds that comprise the Scheme's default arrangement several times during the year including an overall review of the Scheme's default arrangement in November 2025. The Trustee believes that the current investment strategy remains in the best interests of the members and their beneficiaries.

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 41 to 65), 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 key developments for investments during the 2025/26 Scheme year were:

- ✔ Amundi took over the management of the Scheme's developed market equities mandates.
- ✔ Invesco took over the management of the fixed income portfolio, utilising a mix of active and passive management in global fixed income. Two collateralised loan obligation ('CLO') funds were added in October 2025.
- ✔ The Trustee reviewed the asset allocation of the Pre-Retirement fund and approved a revised asset allocation.
- ✔ The appointment of Robeco to manage the Emerging market equity portion of the Scheme's portfolio.

Chair's Annual Governance Statement (continued)

Investment Committee

The Trustee Board operates an Investment Committee, which provides investment oversight on behalf of the Trustee. The Committee met on 14 May 2025, 1 August 2025, 26 November 2025 and 26 February 2026. 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 PIL throughout the year. PIL is 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 and performance, 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. As we have a responsibility to our members to ensure they're well informed when deciding to transfer out, we've focused on providing clear and unbiased guidance in this area. We're continuing to expand our guidance service, strengthening the support we provide to members as they make important decisions. To that end, we plan to introduce retirement guidance in the near future.

Investment market developments

Global equity markets continued to demonstrate resilience and growth from March 2025 to February 2026, before falling in March 2026 following the breakout of the conflict between Iran and the US/Israel. Over the year as a whole global stock markets were up by about 16%[1] in sterling terms.

Throughout the year US equity returns, while positive, underperformed the rest of the world. AI-related stocks remained the main driver of global equities with the likes of Korea, Taiwan and Japan comprehensively outperforming, whilst the "Mag 7" continued to outpace the rest of the US market.

In the bond market, UK and US government bond prices gained on anticipation of rate cuts from both central banks on the back of further declines and convergence in global inflation. March 2026 however saw sharp repricing as inflation expectations and bond yields rose following the sharp rise of the oil price. Over the year UK Gilts and US Treasuries were up 2.5%[2] and 1.1%[3] respectively. Investment Grade and High Yield credit spreads fell rapidly in Q2 last year, with overall performance positive despite flatlining since then. Emerging market debt had a very positive year, with interest rates and the US Dollar falling, which are traditionally positive drivers of Emerging markets.

Looking ahead, the International Monetary Fund ('IMF') have downgraded their forecasts for global economic growth in April to 3.1% for 2026, with the largest revision to UK growth, cutting the forecast from 1.3% to 0.8%. This projection is below the historical average, with the US and Emerging Markets likely to experience the strongest growth.

The IMF has warned that a prolonged war threatens to derail the world economy and increase the risk of a global recession. The spike in the oil price following the start of the conflict has also shifted the near-term outlook to become more inflationary whilst leaving the medium term unclear. Interest rate hikes are now expected by the market in the UK and Europe, although the IMF has encouraged central banks to look past this initial bout of inflation and focus on whether there will be any more medium-term impacts when making their policy decisions.

Against that backdrop the anticipated earnings growth of many of the key global companies has remained exceptionally strong and in many cases accelerated, particularly those companies related to designing and manufacturing chips.

1 MSCI World Index in GBP
2 JPM GB UKI All Maturities in GBP
3 JPM GBI US All Maturities in GBP

Chair's Annual Governance Statement (continued)

Statement of Investment Principles

The current SIP was agreed by the Trustee on 1 April 2026. It appears in Appendix 1 on pages 41 to 65. It's also available at www.peoplespension.co.uk/statement-of-investment-principles-2026/

The SIP covering the period of this statement was agreed by the Trustee on 1 April 2025. It's available at www.peoplespension.co.uk/downloads/statement-of-investment-principles-2025/

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 stability 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 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 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].
- Using exclusions to a limited extent[2].

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 the Scheme expects of its key stakeholders – e.g. fund managers and investee companies – when it comes to its stewardship priorities of climate, nature and human rights.
- Reporting – how the Scheme publicly reports and engages on what it's doing.

Within the Scheme year, the Trustee appointed one new asset manager: Robeco will be managing over £3.6bn in emerging market equities. A key part of the selection and appointment process was the asset manager's greater alignment with 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 the Scheme website, available at https://www.peoplespension.co.uk/investments/reports-and-statements/.

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 PASL as the Scheme's Administrator, the investment administration provider (Northern Trust) and the investment managers. Further details of the investment managers can be found on page 10.

PASL 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' are monitored by PIL's Investment Team and they report regularly to the Investment Committee of the Trustee.

The main core financial transactions undertaken by PASL are processing 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. PASL 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.

Chair's Annual Governance Statement (continued)

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:

- a daily monitoring of bank accounts
- a dedicated contribution processing team
- checking all investment and banking transactions - where teams support with checking and validation, with at least 2 individuals supporting this to ensure 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.

A six-module training programme was rolled out to all Operations staff at the end of 2025, equipping teams with the knowledge and practical tools needed to deliver the best possible service to customers experiencing vulnerability. The training covered: Vulnerability and People's Partnership; Understanding Vulnerability; Identifying Vulnerability; Empathetic Responses; Supporting Vulnerable Customers and Signposting; and Recording Vulnerability, including completion of TEXAS (Thank, Explain, Explicit Consent, Ask, Signpost).

The majority of the Administrator's Operations colleagues have now successfully completed the training. It will transition into a mandatory annual refresher to ensure knowledge remains current and embedded across the business.

In addition, the Vulnerable Customer Forum was launched in May 2026, with Terms of Reference established, to support greater collaboration and alignment across the Administrator's organisation in relation to our vulnerable customer population.

To further strengthen engagement, a Vulnerable Customer Awareness Week was promoted in June 2026 in collaboration with the internal network, helping to raise awareness and reinforce best practice across Operations.



Chair's Annual Governance Statement (continued)

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 ('the Group'). It runs a continuous vulnerability assessment of all assets and systems every day, prioritising any remediation work as required. It also reports regularly to the Trustee's Risk, Administration & Audit Committee, ('RAAC') on the ongoing development of the Cyber Security framework. The Group has now obtained its ISO27001 accreditation and is in the final year of the accreditations three year lifecycle before full re accreditation in December 2026. Cyber workstreams have passed to the Group's IT function and we are now part way through aligning to Implementation Group 3 of the CIS Controls Framework, due for completion in March 2027. The initiatives mentioned are 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 Trustee is engaging with the Administrator on how it will increase its capabilities and improve its defences to protect Scheme members.

The Administrator reports quarterly to the Trustee Board and to the RAAC.

The RAAC 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 financial transactions is a key function of the RAAC, which met on 1 May 2025, 4 September 2025, 20 November 2025, and 4 February 2026.

Among other things, over the Scheme year the RAAC:

- ✔ Provided oversight of risks and improved our risk management framework.
- ✔ Provided governance and oversight of cyber security, and emerging AI opportunities and risks.
- ✔ 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. The RAAC continues to work with the Administrator to focus on improvements to service level delivery and stability, as well as process improvements to enhance the member experience.
- ✔ 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. Oversight on communications moved to the Trustee's Engagement & Communications Committee ('ECC') from 1 April 2026.
- ✔ 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 RAAC 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

The benefits of our ongoing transformation were reflected in our customer satisfaction score for the year, which was the highest in our history at 88% (2025: 84%). Our service level performance, which is the percentage of tasks we carry out within five days, was 97% (2025: 90%). Call volumes decreased by 2% in the year and on average it took us 99 seconds to answer them (2025: 88 seconds). Complaint numbers averaged 0.64 per 1,000 policies – significantly down on last year's figure of 0.87 and comfortably inside the internal target of 1.5 per 1,000 policies.

Other key areas of transaction growth within the year were claims, which grew by 21%, transfer outs which increased by 30%, and transfer ins which rose by 10%. There was also an increase of member requested updates, such as amends to personal details and beneficiaries of 5%.

The benefits of our ongoing transformation were reflected in our overall administration SLA ending the year at 97%, up from 90% last year, against the target of completing 95% of queries within 5 days. We also achieved the milestone of receiving 20K Trustpilot reviews (4.2 score) with nearly 14k being 5 stars. This review volume is significantly higher than a number of our competitors.

Our other initiatives in the year included significant streamlining of our transfers out processing, continuing to add self-service capabilities and automation, and introducing new tools, such as a solution that allows us to verify a member's identity and bank details using technology, rather than paper documents. In addition, we continue to enhance the quality of data across the organisation and have introduced a new data analytics platform, to support our decision making.

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

Chair's Annual Governance Statement (continued)

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 has monitored charges applying to the Scheme's default arrangements during the Scheme year and is satisfied that they remained within the applicable legislative charge limits.

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 6 August 2026 (previously 1 August 2025) 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 2026 for the two default arrangements are shown in the table below, along with the management charge. The transaction cost data was provided by State Street Investment Management 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.

Fund	Management charge	Transaction costs
Global Investments (up to 85% shares) Fund*	0.5%	0.08%
Pre-Retirement Fund*	0.5%	0.05%

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



Chair's Annual Governance Statement (continued)

The Trustee's current principles, when assessing value for members, are:

- Savings are secure and well managed,
- Charges are competitive, being consistent with comparable master trusts and proportionate to the cost of delivering the services
- Core financial transactions are completed accurately and on time
- The administration service delivers a positive experience and meets members' needs
- The investment solution delivers responsible long-term outcomes that are appropriate for and understandable to our members
- Member communications are relevant, accessible, clear, and engaging

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

An illustration of the charges and transaction costs is shown in Appendix 2 (Illustration of Charges and Transaction Costs) to this Statement on pages 66 to 72.

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%	0.06%
Ethical Fund	0.5%	0.03%
Annuity Fund	0.5%	0.01%
Shariah Fund	0.5%	0.02%
Cash Fund	0.5%	0.00%

Value for members

When thinking about whether the Scheme offers members value, the Trustee looks at different aspects of what the Scheme offers and takes 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.

The Trustee's current principles, when assessing value for members, are:

- Savings are **secure** and **well managed**;
- Charges are **competitive**, being **consistent** with comparable master trusts and **proportionate** to the cost of delivering the services;
- Core financial transactions are completed **accurately** and **on time**;
- The administration service delivers a **positive experience** and meets **members' needs**;
- The investment solution delivers **responsible long-term outcomes** that are appropriate for and understandable to our members;
- Member communications are **relevant, accessible, clear,** and **engaging**.

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.

Chair's Annual Governance Statement (continued)

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

1 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 2025-26 Scheme year as part of a transaction costs review at the 6 August 2026 Investment Committee meeting.

The data as at 31 March 2026 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 73.

2 The value added through investment performance

The performance of the Global Investments (up to 85% shares) Fund has dipped slightly under its 5-year CPI to 31 March 2026 as a result of challenging investment markets in 2022, persistently high inflation and stock market falls caused by uncertainty with the conflict in the Persian Gulf in March 2026. The Pre-Retirement Fund also 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 5.2% annualised over this period (as at end of March 2026). These funds are the component parts to the default investment arrangement. The asset allocation of the Pre-Retirement Fund was changed in October 2025, and we anticipate this improving performance going forward. Both the Global Investment (up to 85% shares) and Pre-Retirement Funds were ahead of their targets over 1 and 3 years.

Members are subject to the same base charging structure, regardless of which fund they're invested in. Following the introduction of scheme specific pricing, some members will benefit from even lower 'net management charges' through the 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 changes to the underlying investments for the default arrangement last year have improved the funds' relative performance against the CAPA average over the year. The performance of our Global Investment (up to 85% shares) Fund, the fund used in the 30 years to retirement comparison, continues to improve on a relative basis against CAPA exceeding the average over 1 year and narrowing the gap over 3 years. It is anticipated that these changes combined with the additional changes made in the Scheme year 2025/2026 and planned for 2026/2027 will enhance the Scheme's relative performance whilst remaining one of the greenest master trusts on the market.

	5 years to 31 Mar 2026 (annualised gross of fees)	5 Years to 31 Mar 2026 (cumulative gross of fees)
Global Investments (up to 85% shares) Fund		
Performance	7.1%	40.9%
Objective: CPI + 3.0%	8.2%	48.3%
Pre-Retirement Fund		
Performance	2.2%	11.6%
Objective: CPI + 1.0%	6.2%	35.1%

Fund	People's Pension	CAPA
30 years before retirement		
Performance	7.1%	8.1%
Volatility	9.8%	9.9%
5 years before retirement		
Performance	3.8%	5.4%
Volatility	6.6%	7.8%

Chair's Annual Governance Statement (continued)

3 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 2026, 98.16% of Scheme's members' savings were invested in the default investment arrangement.

4 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 customer satisfaction we've achieved since we started tracking it six years ago, reaching 88% for the year (2025: 84%). Call volumes decreased by 2% in the year and on average it took us 99 seconds to answer them (2025: 88 seconds). The contact centre software implemented in the prior year has made a material difference, for example by using AI to create automatic call summaries for our agents and enabling them to navigate our knowledge base while on a call, to locate information relevant to the topic being discussed. It also captures the reasons for members to contact us and analyses sentiment, so we can identify root causes for any recurring issues.

The Trustee is supported by PASL's use of 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.

In the year ahead, our key areas of focus include using the customer demand and sentiment data captured through our contact centre to further improve members' experience when contacting us and to increase our first-contact resolution rate. We'll also continue to build self-service capabilities, simplify processes and add automation, including AI tools to reduce manual processing of routine tasks.



Chair's Annual Governance Statement (continued)



5 The Scheme is well governed and managed

The Scheme operates to strong governance and administration standards and is overseen by a 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 Trustee Board and RAAC 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 Group's Risk Team in the Risk and Compliance department continuing development of the risk management framework, and with the Investment Team to deliver on our responsible investment goals.

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 tenth Annual Report for the Scheme year ending 31 March 2026 was approved by the Trustee Board on 11 June 2026, setting out details of the controls and oversight in place to help provide stability and protection to its members, with no 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 Act 2026.

Chair's Annual Governance Statement (continued)

Trustee's knowledge and understanding

In line with section 248 of the Pensions Act 2004 and TPR's Codes 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.
- **The Climate Progress report (previously known as the Task Force on Climate-Related Financial Disclosures ('TCFD'))** – the Trustee Directors have demonstrated a working knowledge of climate 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 2025 to 31 March 2026 was:

Key areas	Training completed hours	Strength
Governance	84.5	
Investment	138.5	
Administration	47.75	
Scheme management	80.35	
Knowledge and understanding	355.3	
Communication	17	

Chair's Annual Governance Statement (continued)

Trustee Board skills and training (continued)

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, data quality and protection, and future regulatory change. 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 2026/27 Scheme year.

During the year, the Trustee Board undertook an internal review of its effectiveness. This year's review also included a review of the Chair and of the support from the trustee governance services team. The summary report 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, reflecting 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 – February 2026, 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.

The Trustee Board is made up of seven highly skilled Directors, bringing a wealth of knowledge and experience, particularly in workplace pensions. This includes defined contribution pensions, administration, investment, trusteeship and/or consumer industry experience – there's more information about them on page 37 and 38. 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. Vicky Paramour was appointed to the Trustee Board with effect from 1 April 2025, replacing outgoing Trustee Director David Butcher. Vicky has rich experience in pensions which includes governance solutions, scheme design, funding and investment strategy review work, and member engagement.

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 Condron, is not affiliated in any capacity with The People's Pension Scheme. The appointment process is covered in more detail on page 39.

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 Pension 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.

Chair's Annual Governance Statement (continued)

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.

Trustee Director	Appointed	End of current Term	Complete years served (to 31 March 2026)
David Maddison	Re-appointed 1 April 2026 (previously effective from April 2021)	31 March 2028*	7
Chris Fagan	Re-appointed 1 April 2026 (previously effective from 1 April 2022)	31 March 2028*	7
Baroness Jeannie Drake	Reappointed 1 April 2024 (previously effective from 1 April 2020)	31 March 2027	6
Mark Condron	Reappointed 1 April 2025 (previously effective from1 April 2020)	31 March 2030**	6
Emma Osborne	Reappointed 1 April 2026 (previously effective from 1 September 2022)	31 March 2029*	3
Sheila Doyle	1 April 2024	31 March 2027	2
Vicky Paramour	1 April 2025	31 March 2028***	1

* During January, February & March 2026, an open and transparent recruitment process was carried out to potentially replace David Maddison, Chris Fagan, and Emma Osborne who reached their end of their appointment terms in March. David, Chris, and Emma also applied under this process and, after considering all applicants, the Founder approved the reappointment of David and Chris for a further two-year term (taking each of their total tenures to the maximum term of ten years),and Emma for a further three-year term.

** 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.

Chair's Annual Governance Statement (continued)

Directors of The People's Pension Trustee Limited



Mark Condron

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

Mark joined the Board in 2020 and was appointed as Chair of the Trustee Board in 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. During his earlier career Mark held a number of senior positions with responsibility for pensions advisory and pensions 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 committees and pension scheme governance committees. He is a Fellow of the Institute and Faculty of Actuaries and an Accredited Professional Trustee.



Baroness Jeannie Drake CBE

Trustee Director (re-appointed on 1 April 2024)

Baroness Drake sits in the House of Lords as a Labour peer. She is a former member of the Turner Pension Commission, which recommended introducing auto-enrolment and a current member of the Second Pensions Commission. 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 Commissioner of both the Equality and Human Rights Commission and the Equal Opportunities Commission.



Dr Sheila Doyle

Trustee Director (appointed on 1 April 2024)

Sheila is an experienced Chief Digital and Information Officer, Partner and Non-Executive Director, with a career spanning multinational organisations, the public sector and highly regulated industries. She currently serves on the board of NHS Supply Chain and has previously served on the boards of London Ambulance Service and Companies House. Her executive career includes senior technology and digital transformation roles across financial services, oil and gas, professional services and telecommunications, including Deloitte, BP, Norton Rose Fulbright, IBM and Deutsche Bank.

She brings extensive governance experience through service on Audit, Risk, Transformation and Finance Committees. She has led complex transformation programmes delivering improved customer experience, operational performance and financial outcomes. Her board contribution is shaped by a strong understanding of digital transformation centred on customer needs, data as a strategic asset and the role of innovation in improving outcomes. Sheila holds a Doctor of Business Administration from RMIT University and is a Chartered Director of the Institute of Directors.

Chair's Annual Governance Statement (continued)

Directors of The People's Pension Trustee Limited (continued)



David Maddison

Trustee Director (re-appointed on 1 April 2026)

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 covering both defined benefit and defined contribution schemes He is also a Department for Transport nominee on two railway pension schemes, one of which he chairs.

David chairs The People's Pension Risk, Administration & Audit Committee.



Emma Osborne

Trustee Director (re-appointed 1 April 2026)

Emma joined the Board in 2022 and is a member of the Investment Committee. She is also a trustee director of the BBC Pension Scheme, where she is Senior Director and chairs the Investment Committee, and she has a couple of non-executive director positions in investment management. Her pensions experience has also included trustee and investment committee roles at the Church of England Pensions Board and chair of Chubb's UK pension scheme.

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.

Vicky chairs The People's Pension Engagement & Communications Committee.



Chris Fagan

Trustee Director (re-appointed 1 April 2026)

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 Trustee Limited, 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.

Chris chairs The People's Pension Investment Committee.

Chair's Annual Governance Statement (continued)

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 reappointed 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 2025 to 31 March 2026, 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.

In addition, David Maddison and Chris Fagan were reappointed for a further two-year term from 1 April 2026. Emma Osborne was reappointed for a further three-year term from 1 April 2026.

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.

Chair's Annual Governance Statement (continued)

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 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 has consistently risen for members since 2022 while perceptions on the quality and level of comms have also improved. When asked whether they'd recommend the Scheme, an average of 6.9 out of 10 said they would (2024-25: 6.3 out of 10). Other customer satisfaction metrics have improved. For example, when asked to rate the quality of the Scheme's communications, 93% of members surveyed responded with 'very good to fair' (2024-25: 88%). While 64% of members think they receive about the 'right' level of communications (2024-25: 58%).

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'. For 2026, more than 2,000 members submitted questions about their pension – five times the volume received the previous year.

This year 22 short, accessible videos grouped into five themed playlists were filmed; pension withdrawals & retirement ages, transfers & consolidation, account access & online details, contributions & building your pensions, and pensions basics. These were delivered by Mark Condron, the Chair of the Trustee, several Trustee Directors as well as subject matter experts from People's Partnership. We're aware of the different working patterns and demographics 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, 800 members are surveyed (as well as 220 employers and 200 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 and climate change.

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 & Audit 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
21 September 2026

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

people's pension

Statement of Investment Principles

April 2026



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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. Additionally, on an ad-hoc basis, the Trustee may refer to ISIO Group for additional investment research and advice. ISIO Group 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 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.



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

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 investment managers. As at 01/04/2026, the Trustee has approved Amundi Asset Management, Invesco Investment Management, Robeco Asset Management and State Street Investment Management (SSIM) for use by the Scheme. It is anticipated that additional investment managers will be added during the Scheme year 2026/27. Any potential new manager will be subject to Trustee approval and have gone through an appropriate due diligence process, including an assessment of the alignment of their environmental, social and governance policies (ESG) with the Scheme's responsible investment (RI) policies. For the Shariah fund, SSIM has delegated the stock selection to HSBC Asset Managers. The investment managers are authorised and regulated by the Financial Conduct Authority and are responsible for stock selection. The investment 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 investment 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. These objectives were reviewed in November 2025 and increased for those funds with Consumer Price Index (CPI) based targets. The review concluded that:

- The general market conditions have changed, with lower inflation and more stable interest rates than when the targets were set in 2022.
- The Scheme has developed its own capital market assumptions that project a higher level of return than the current targets. These exceeded the threshold required to change the projection rates.
- The review of the Pre-Retirement Fund and changes made to its asset allocation resulted in an increase to its projected returns.

The funds' high-level objectives are set out in the table below. For all funds apart from the Cash Fund and Annuity Fund, their long-term performance objectives reference the CPI. Further detail is provided in Appendix 1.

Fund	Long-term performance objective
Global Investments (up to 85% shares) Fund	CPI +3.0%
Pre-Retirement Fund	CPI +1.5%
Global Investments (up to 60% shares) Fund	CPI +2.5%
Global Investments (up to 100% shares) Fund	CPI +3.5%
Ethical Fund	CPI +3.5%
Shariah Fund	CPI +3.5%
Cash Fund	Returns equivalent to cash returns
Annuity Fund	To protect against the rise in the level of annuity prices.

It should be noted that for those funds whose objectives reference CPI, their long-term performance objectives are net of fees.

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, securitised products, 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. You can find the details 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. This is expected to change in scheme year 2026/27, where, subject to due diligence and Trustee approval, the Scheme will likely begin to invest in real estate, infrastructure and private credit assets.

5.2 The due diligence and Trustee approval process will consider if the illiquid assets selected are appropriate for a Defined Contribution (DC) pension scheme.

5.3 Illiquid investments are only expected to form a relatively small proportion of the Scheme's total assets.

6. The balance between different kinds of investments

6.1 The Trustee has made available a range of investment profile options. These options automatically invest members' assets in line with a pre-determined strategy that changes at different stages of membership. For example, whilst 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 before members access their retirement savings, can lead to uncertainty over the amount likely to receive.	In the investment profile options made available through the Scheme, the Trustee adjusts the proportion and type of investments so that, as retirement approaches, the investments gradually align with 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 circumstances.
Retirement benefit risk	The risk that a member's retirement benefit falls short of the amount expected, whether this shortfall 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 SMPI projections providing them with an indication of the size of their pension pot at retirement.
Performance risk	The risk that an investment 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 have regular meetings with the investment managers. The Trustee has a written agreement with the investment managers that contains several 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 adviser 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.

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

Risk	Description	Mitigation
Currency risk	Some of the funds made available to members by the Trustee can 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 there are some assets that the Scheme invests in that 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.
Credit risk	The risk that a borrower, such as a corporate issuer, government, financial institution, or securitised product, fails to meet its contractual obligations in full and on time, resulting in financial loss to the scheme.	The Scheme's lending is highly diversified across sectors, geographies and credit types, limiting exposure to individual issuers. Our investment managers actively monitor the issuers they lend to and subject them to rigorous issuer-level credit analysis. The majority of the assets held will be rated investment grade. Where securitised products are used, due consideration will be made of these products' credit rating and the impact of overall portfolio credit quality.
Interest rate risk	The risk that movements in global interest rates negatively affect the value of the scheme's investments.	The Scheme's investments are spread across different regions and types of borrowers, with varying sensitivity to interest rates. The Scheme can adjust this sensitivity when market conditions change to help manage risk.
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's Responsible Investment Policy addresses how these risks should be managed. This policy 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's investment adviser advises the Trustee on these matters.. However, the day-to-day selection of investments is delegated to the investment 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 investment 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 Position Paper as a subset to the Responsible Investment Policy (Appendix 3) as climate change is likely to be the most financially material of the ESG issues, as it has the 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 consideration between the default and self-select funds. In fulfilling this duty, the Trustee also expects its investment managers to take all financially material considerations into account, over an appropriate time horizon of the investments, when selecting, retaining, and realising investments. This consideration includes, but is not limited to, ESG factors (including, but not limited to, climate change) where these are considered relevant financial factors. The People's Investment Ltd. will receive, review, and publish reports from the investment 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 Position Paper).

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.

12. Voting rights, corporate governance and engagement principles

12.1 The Trustee has a duty to act responsibly with regard to the assets it owns on behalf of its members. The Trustee believes that 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 investment 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 investment 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 3 of the Financial Reporting Council's (FRC) UK Stewardship Code, putting the best interests of clients and beneficiaries first. The Trustee expects the investment 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 has in influencing positive ESG and stewardship standards, both through voting on key policies and decisions at general meetings and through the investment managers' ability to engage with companies on the Scheme's behalf as an asset owner. The Trustee expects its investment managers to align their voting practices to its net zero voting guidelines, as outlined in the Trustee's Responsible Investment Policy (Appendix 2).

The Trustee has access to regular reports from its investment managers on how their stewardship activities, including voting and company engagement[1], as well as wider industry and policy engagement. The Trustee monitors and discloses the voting and engagement 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 investment manager on voting and engagement[2] activities. The Scheme works closely with its investment managers to help it support good corporate behaviour. Part of the Trustee's procurement process for choosing investment managers involves ensuring their voting policies are sufficiently robust and achieve greater 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 investment managers. Should an investment manager be failing in these respects, this failure should be captured in the regular monitoring of the manager's activity.

13. Investment manager arrangements

13.1 Prior to appointing an investment manager, the Trustee discusses that investment 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 investment manager, in addition to considering that investment 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 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 investment managers.

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 investment 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.

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

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

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 investment managers' approach to stewardship, ESG and climate-related risks on an annual basis.

In the event that an investment 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 investment manager to improve the alignment of their objectives. Should the collaboration with the investment manager be deemed unsuccessful by the Trustee, their appointment may be reviewed or terminated. The investment managers have been informed of these expectations by the Trustee.

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

13.2 The Trustee is mindful that the impact on 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 relationship between long-term impacts and shorter-term risks in its investment management arrangements.

When considering the management of objectives for an investment 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 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon.

The Trustee expects the investment 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 investment managers in an effort to achieve any short-term targets.

13.3 The Trustee monitors the performance of their investment managers over medium to long-term time periods that are mutually agreed with the investment manager and are consistent with the Trustees' 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 Trustee remunerates the investment managers based on the assets they manage on the Trustee's behalf.

In general, the Trustee believes that the fee-based structure without performance fees enables the investment 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 investment 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 whilst 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 investment managers.

Each of the segregated mandates the Scheme invests in is governed by an individual Investment Management Agreement (IMA) between the Scheme and the investment 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 investment 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 investment 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 – monitoring suitability and performance – whenever there is any significant change in the investment policy, underlying economic conditions, or membership profile.

14.3 Investment choices: The Trustee monitors the appropriateness of the investment choices offered on a periodic basis.

14.4 Engagement and stewardship: The Trustee monitors the engagement and stewardship activities undertaken by the manager of the pooled funds on an annual basis.

15. Agreement

15.1 This Statement was agreed by the Trustee and replaces any previous statements. Copies of this Statement and any subsequent amendments will be published on the Scheme website and made available to any participating employer, the investment manager, and the Scheme auditor upon request.

Signed: Mark Condron

Date: 1 April 2026

On behalf of The People's Pension Trustee Limited, Trustee of The People's Pension Scheme

Appendix 1

Note on investment policy in relation to the current Statement of Investment Principles, dated 1 April 2026

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

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.

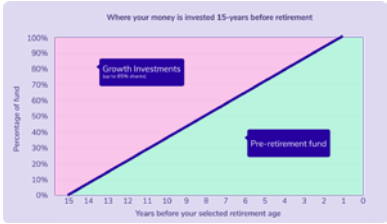
Fund name	Objective	Asset allocation
Global Investments (up to 85% shares) Fund	Purpose: The fund is a balanced-risk, long-term capital growth fund. Return frame: To generate returns in excess of Consumer Price inflation (CPI). Return objective: CPI+3.0% per annum on a net of fees basis.	76.8% Global Equity 3.2% Infrastructure 13.5% Global Corporate Bonds 5.9% Global Sovereign Bonds 0.6% Securitised Loans
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+1.5% per annum on a net of fees basis.	19.2% Global Equity 0.8% Global Infrastructure 79.0% Global Corporate Bonds 1% Money Market

Strategic asset allocation correct at 1 April 2026

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

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.

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%
0	0.00%	100%



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.

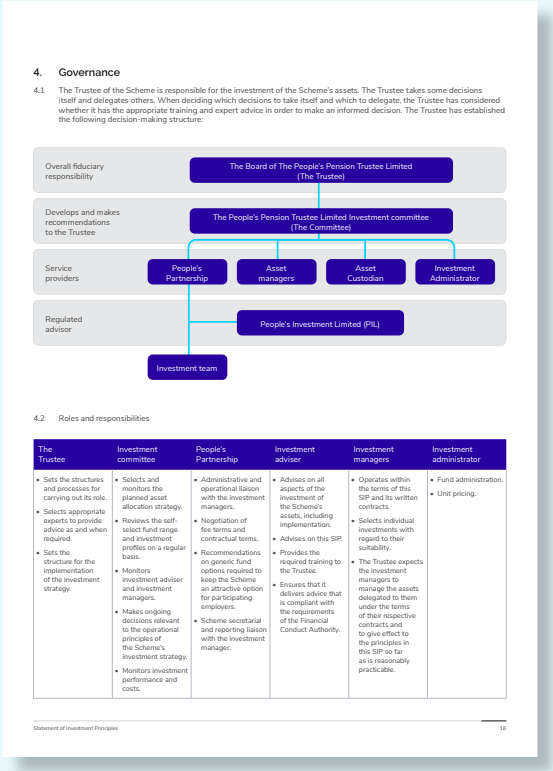
3.3 Self-select options

The Trustee offers a number of funds for members to self-select. These are shown in the table below.

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

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+2.5% per annum on a net of fees basis.	52.8 Global Equity 2.2% Global Infrastructure 30.4% Global Corporate Bonds 12.4% Global Sovereign Bonds 2.2 % Securitised Loans
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 +3.5% per annum on a net of fees basis.	96.0% Global Equity 4.0% 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+3.5% per annum on a net of fees basis.	100.0% 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+3.5% per annum on a net of fees basis.	100.0% Global Equity
Cash Fund	Purpose: The fund is 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.	100% cash and money market instruments. 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.	70.0% Sterling Corporate Bonds 30.0% Gilts

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



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	Investment committee	People's Partnership	Investment adviser	Investment managers	Investment administrator
• 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.	• 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 investment managers. • Makes ongoing decisions relevant to the operational principles of the Scheme's investment strategy. • Monitors investment performance and costs.	• Administrative and operational liaison with the investment managers. • Negotiation of fee terms and contractual terms. • Recommendations on generic fund options required to keep the Scheme an attractive option for participating employers. • Scheme secretarial and reporting liaison with the investment manager.	• 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.	• Operates within the terms of this SIP and its written contracts. • Selects individual investments with regard to their suitability. • The Trustee expects the investment 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.	• Fund administration. • Unit pricing.

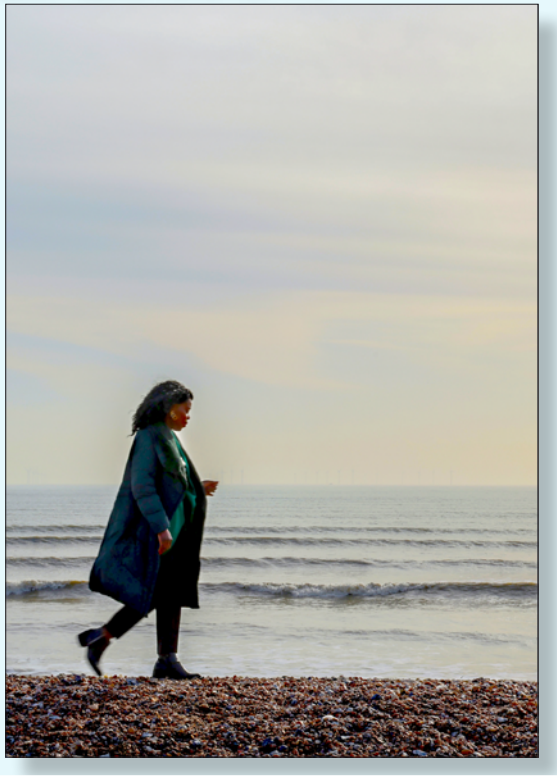
Appendix 2

Responsible Investment Policy



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

Appendix 2: Responsible Investment Policy continued



Appendix 2: Responsible Investment Policy continued

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Appendix 2: Responsible Investment Policy continued

Overview

The People's Pension ('the Scheme') is a defined contribution (DC) master trust open to all UK employers. The Scheme has over 7m 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 for members and the savings held within 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 members retire into. Ultimately, this is likely to lead to better and more sustainable retirement outcomes for members.

The Trustee believes that 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 approach[1]
- A limited use of exclusions[2]

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 in its use, in alignment with the Law Commission's recommendation regarding exclusions. For further details regarding the Scheme's methodology in its use of exclusions, please refer to the Exclusions Policy in Appendix 2.

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

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

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.[3]
- 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 2026. It will be reviewed and updated at least every 3 years or following any significant change in approach, policy, or 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.

3. As defined in the Part 1 – Introduction section of this Policy.

Part 1

The Scheme's responsible investment approach

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Introduction

The Responsible Investment Policy ('Policy') describes the framework governing the approach of The People's Pension ('the Scheme') to integrate ESG 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 contained on the Scheme's website may better serve their needs. The main audiences for this document are therefore likely to be the Scheme's asset managers, other service providers (ie, data/index providers), policymakers, and investee companies. This is because the document sets out the Trustee's 'asks' of these stakeholders, and People's Investment Limited (PIL)[4] uses this information to inform its investment approach, including asset manager and service provider selection and oversight on the Trustee's behalf. This document may also be of interest to the Scheme's employers using the Scheme for their pension arrangements, 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 Position Paper are included in the appendix.
- The Climate Change Position Paper, which should be considered a subset of this Policy. It: (i) defines the forms of climate risk relevant to a long-term horizon, diversified investor; (ii) sets out practical tools and trade-offs; and (iii) describes a proportionate framework for action.
- The Scheme's Climate Progress 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 (including voting activity) and the Scheme's performance against its SIP.

4. PIL is the Trustee's primary investment advisor. PIL is a subsidiary of People's Partnership, the group of companies that operate the Scheme.

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 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.[5]
- A limited use of exclusions.[6]

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.[6]

Investment beliefs
Portfolio level
Many ESG issues within investee companies have the ability to 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's investment returns are dependent on the wellbeing of the economy[7] 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.[8]

5. So long as there is no material financial detriment in pursuing this activity. Also refer to the Glossary for the Scheme's definition of stewardship, which does not include portfolio construction.
6. As above, so long as there is no material financial detriment in its use, in alignment with the Law Commission's recommendation regarding exclusions. For further details regarding the Scheme's methodology in its use of exclusions, please refer to the Exclusions Policy in Appendix 2.
7. The Trustee believes that the Scheme and members are exposed to system-level financial risks at the level of one or more economic sectors, financial markets or economies.
8. Edmans, Alex (2020) Grow the Pie: How Great Companies Deliver Both Purpose and Profit. Cambridge University Press.

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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 Scheme 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 to account to ensure they are able to help the Scheme achieve its RI objective (Principle 5).
- Collaborate with other like-minded investors and stakeholders to increase influence (Principle 6).

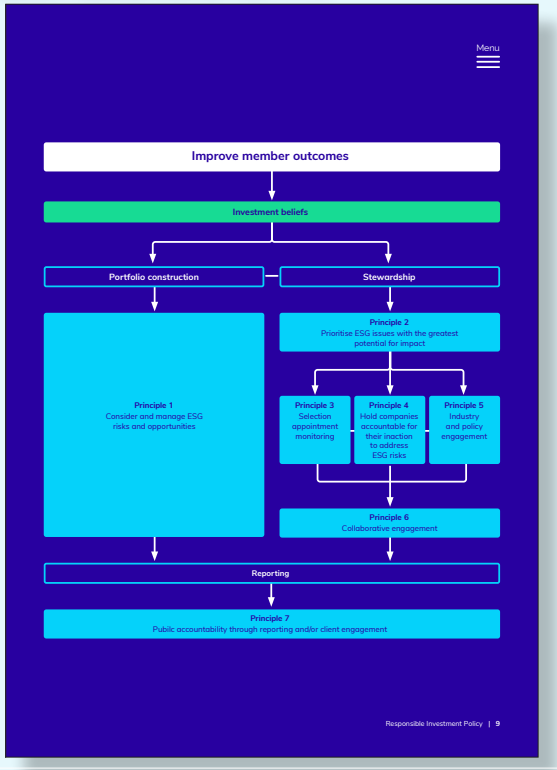
Reporting

- 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)

Appendix 2: Responsible Investment Policy continued



Appendix 2: Responsible Investment Policy continued

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 two main approaches: integration and exclusion.

The Trustee considers climate change to be a systemic ESG risk with the greatest potential impact upon member outcomes. The Trustee has therefore set a Paris-aligned ambition as outlined in its Climate Change Position Paper.[9] The appropriateness of this decision will be continually assessed to ensure this ambition remains in alignment with the Trustee's fiduciary duties and legal requirement to invest assets in the best interests of the Scheme's members. For further details regarding the targets that underpin this ambition, please refer to the Scheme's Climate Progress Report.

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 unpriced 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. This has been done through the use of an index tracking strategy using climate-aware indices (eg, developed market equities) and integrating climate and other financially material ESG considerations into active mandates (eg, investment-grade corporate fixed income).

In addition to the portfolio-level integration, the Trustee will also assess asset managers on their ability to integrate best-practice public frameworks (eg, IIGCC's Net Zero Investment Framework) into their assessment and management of climate-related risks, opportunities, and stewardship.

9. https://thepeoplespension.co.uk/downloads/climate-change-position-paper/

Appendix 2: Responsible Investment Policy continued

Exclusions

In general, the Trustee does not believe that large-scale exclusions[10] 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 regard 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. Appendix 2 details the Scheme's exclusions policy. The exclusions policy has been developed to reflect the minimum standards to be applied, where feasible, to the investment strategy.



Potential trade-offs

Pursuing a net zero strategy may introduce additional concentration risks if there are inconsistent and uncertain government policies and actions globally.[11] 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.

10. For example: excluding whole GICS sectors.
11. Refer to the Scheme's Climate Change Position Paper for further detail.

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

Pillar 2: Stewardship

Introduction

Stewardship has the potential to create long-term value for clients and beneficiaries. To maximise effectiveness, stewardship priorities[12] 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 financial 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 advantage[13] 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 track record behind them.

Principle 2: Prioritising 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 set 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, Part 2 of this Policy also outlines how these expectations and engagements will drive the Scheme's asset manager monitoring programme (Principle 3).

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[14] – listed markets

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

12. 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: Statutory and Non-Statutory Guidance - GOV.UK (www.gov.uk)
13. investorforum.org.uk/wp-content/uploads/sites/ecdhj2072295/Stakeholder_Capitalism-report.pdf
14. Applies to fund managers with which the Scheme has a direct contractual relationship.

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- 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.[15]
- 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 15.

Expectations

Introduction

The Trustee takes a balanced scorecard approach to evaluating its asset managers, which includes RI expectations as outlined in this section. The Trustee acknowledges the need for flexibility in its assessment of how asset managers meet its RI expectations to take account of investment strategies, asset classes, geography, ability to influence and/or legal control. The weightings of each expectation may also differ in the Scheme's selection and monitoring processes, depending on the mandate.

In addition, some of the expectations may be met either immediately or within a relatively short timeframe, whereas other expectations are more challenging and longer term in nature because the barriers to success are more systemic in nature. However, as long-term investors, the Trustee recognises the importance of providing a longer-term vision of where the market should be, and not to dilute its expectations in the face of any systemic barrier, such as challenges in the political landscape. Codifying these longer-term expectations into asset manager monitoring has the potential to be an important driver for innovative RI solutions between the Scheme and the asset manager(s) in question. Ultimately, the determination to include an expectation should not be defined by its difficulty but rather by its fiduciary importance to address in the best financial interests of the Scheme's members.

RI expectations (including those related to the Scheme's net zero ambition) are embedded into the mandate design and implementation, taking into account the above-noted considerations.

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 in this principle.
- Demonstrating reasonable progress against the expectations outlined in the table on the following page.

15. In practice, this means the existence (and ongoing development) of products and services that allow the Scheme to further advance its net zero strategy.

Topic	Asset manager expectations	Key monitoring metrics
Purpose and governance	Alignment with the Scheme's RI objectives and beliefs Robust governance systems that drive effective stewardship	• Evidence of a prioritisation framework that drives the stewardship strategy. If present, whether it is in broad alignment with the Scheme's approach. • Sufficient board-level ESG oversight. • Adequate stewardship resourcing, which aligns with the Scheme's RI objectives and beliefs (financial investment, skills, training, headcount, market coverage). • Evidence of a diversity, equity and inclusion (DEI)[16] action plan. • 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 'robo-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 process, and how ESG issues are integrated into the investment process	• How changes in ESG trends are incorporated into ESG integration, data strategy and use, and portfolio construction process, including exclusions. • Evidence that any deviations from an investment strategy are handled appropriately. • Provide detail on how changes to the investment strategy are/would be implemented effectively. • How exclusions are implemented in different instances eg, 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 stewardship priorities.
Quality of client reporting [17]	Provide best-in-class strategy-level ESG and stewardship reporting with particular note to the Scheme's stewardship priorities	• Engagement reporting, which provides company-level information on milestones, progress against them, escalation routes taken, and outcomes. • Detailed voting records on the Scheme's significant votes.[18] • Quality of voting rationales for votes against management and controversial votes. • How data and reporting are shared with clients, including user access, bespoke reporting, and method of delivery.

16. For the avoidance of doubt, DEI stands for frameworks that seek to promote the fair treatment and full participation of all people based on merit, regardless of gender, race, socioeconomic background, education, disability, or other backgrounds.
17. With regards to voting disclosure, the Trustee expects it to be in alignment with Pension UK's 2025 Vote Reporting Template: A new industry shareholder Vote Reporting Template in alignment with the Financial Conduct Authority's Vote Reporting Group recommendations.
18. As determined by the Scheme's stewardship priorities and taking into account statutory guidance.

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

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 PIL with appropriate escalation to the Trustee at least annually to ensure alignment with industry developments.

PIL as the Trustee's Advisor

The Trustee expects PIL to demonstrate its competency in the field of RI and conducts an annual review against that expectation accordingly. Key focus areas in the competency assessment will include:

- Satisfying the Scheme's governance arrangements pertaining to RI.
- Supervising the implementation of the Scheme's RI Policy, including but not limited to maintaining satisfactory oversight of managers that draws clear lines between leading and lagging RI practice.
- Ensuring the Trustee remains compliant with all regulatory requirements pertaining to RI.

Data and index providers

The Trustee expects its data and index providers[19] 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.
- 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 additional value and services 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 16).

PIL 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.

19. Note that it is the Scheme's relevant 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 FRC's Stewardship Code for Service Providers in fulfilment of these expectations.

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 Trustee currently delegates voting and engagement with investee companies to asset managers. Therefore, the primary avenue the Trustee 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 Trustee (through PIL on its behalf) 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 investor 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.

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

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).

For further details on the Scheme's systemic stewardship approach pertaining to climate, please refer to the Climate Change Position Paper.

Principle 6: Collaborate[20] 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 and make a material difference, given the Scheme's market position and influence. As a result, the Trustee will continue to:

20. In alignment with acting on concert rules. Further guidance on this is provided here: CMA clarifies stance on climate collaborative sustainability agreements

- Lend support to selected existing collaborative initiatives that are focused, well organised, and can add more power to our stewardship approach.[21]
- 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.
- 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 Climate Progress 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 and has produced a member-friendly version of this Policy and its Climate Progress Report.[22] The Trustee intends to apply for signatory status to the Financial Reporting Council's (FRC) Stewardship Code in spring 2026, subject to revisions to the Code and the outcome of consultation which are currently ongoing as of the date of this Policy. The Scheme's SIP outlines the internal monitoring and reporting of its responsible investment activities, of which the Trustee has oversight.

21. Examples include being part of various PRI and IIGCC working groups to address industry challenges. For full details of the Scheme's participation in these working groups, please refer to its website.
22. Responsible Investment | The People's Pension

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

Part 2

The Scheme's stewardship priorities

Menu

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.
- Align their voting to the Scheme's 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).

Summary continued

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	**Investee companies** – adhere to the Scheme's company expectations. **Asset managers** – adhere to the Scheme's company expectations and align to its net zero guidelines.
	• Net zero commitment • Science-based targets • TCFD reporting • Decarbonisation strategies	
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 disclosure • Report and accounts • Lobbying	
Net zero cannot be achieved without addressing deforestation.	Sectors linked to agricultural-linked commodities[23]	
	Deforestation policy and/or commitment	

23. As identified by the Science Based Targets Network (2023) SBTN High Impact Commodity List.

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

Menu

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.
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 enhancement to 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.

Measures of success

The Trustee measures 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 align to 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.

Climate

For further details on the investor and company-level materiality of climate, please refer to the Scheme's Climate Change Position Paper. 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.[24] Appendix 2 outlines the net zero voting guidelines which will be used to benchmark the Scheme's fund managers' voting performance as part of its monitoring programme.

Specifically, the Trustee expects[25] all CA100+ focus companies and banks to:

- Set an ambition to achieve net zero by a target date that is appropriate for their market.
- 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 to relevant recognised industry benchmarks.[26]

24. Banking Tool - Transition Pathway Initiative.
25. The Trustee expects company directors to implement their respective net zero strategies insofar as economic, political and technological circumstances reasonably allow (ie, the policy environment), and ultimately in the long-term best interests of the company. Further details on this can be found here: NZAOA The future of investor engagement.pdf. Appropriate explanations regarding these constraints and how they impact upon net zero delivery should be explained in public disclosure.
26. Examples include the Climate Action 100+ Net Zero Company Benchmark, the Transition Plan Taskforce Disclosure Framework, and sector-specific guidance such as Net Zero Standards for Oil and Gas, Banks and Diversified Mining.



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- Disclose evidence of board or board committee oversight of the management of climate change risks and demonstrate that it has capabilities and competencies to assess and manage climate-related risks and opportunities at board level.
- 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, corporate governance, 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 targets[27] 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 it is fully aligned with the company's public position and policies on climate change.[28]
- Show a commitment to the principles of a "just transition" (see glossary for further detail).

27. Example: Science-based Targets Initiative.
28. The Trustee supports the Global Standard for Responsible Climate Lobbying and thus, on a comply or explain basis, expects companies to adhere to it.

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

Company expectations continued

Potential trade-offs

Just Transition

Pursuing as fast as possible decarbonisation and energy transition will impose uneven costs on 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 the fossil fuel extraction and transport chain. Fast reduction in fossil fuel consumption puts these jobs and livelihoods at risk, creating societal harms which in turn can impact upon the ability to achieve a net zero economy. To address this, the Trustee believes in a commitment to the principles of a Just Transition.[29]

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. A notable example of this is the oil and gas sector, where shareholder value may be eroded if it significantly reduces oil output.

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 on 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 high.
- Continue to prioritise industry and policy engagement as part of its stewardship activities.

Selling assets

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

Nature

The Trustee expects companies in high-impact sectors[30] to:

- Begin disclosing their approach to address nature-related financial risks in alignment with the Taskforce for Nature-related Financial Disclosures (TNFD), and work towards setting Science-Based Targets.[31]
- As a compliment 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's more specific investor expectations of companies[32] in sectors associated with agricultural-linked commodities.[33]
- Consider embedding circular economy principles into their business model. Applying a 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.

29. It is also a CA100+ Indicator.
30. Such as those identified by Nature 100.
31. Example: Science-based Targets for Nature.
32. FSDA Investor expectations of companies - 14.09.2022.docx
33. As identified by the Science Based Targets Network (2023) SBTN High Impact Commodity List.

Menu

Potential trade-offs

Just Nature Transition

Similar to that of the Just Transition, a rapid journey to a nature-positive economy could also result in impacts to livelihoods. The Trustee believes in a commitment to a Just Nature Transition.[34] It implements that belief primarily through its expectation of asset managers to participate in Nature 100, in which one of its key engagement asks is that the implementation plan should prioritise rights-based approaches and be developed in collaboration with Indigenous Peoples and local communities when they are affected.

Human rights

The Trustee expects all companies to respect human rights in accordance with the UN Universal Declaration of Human Rights and the International Labour Organisation's (ILO) Core Labour Standards. Companies should comply with the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGPs).

Under the UNGPs, the Trustee expects companies to have:

- A governance structure for human rights which identifies board-level oversight and executive accountability;
- A statement of their policy commitment to respect human rights;
- A human rights due diligence process to:
  - assess their actual and potential human rights impacts;
  - integrate the findings and take action to prevent or mitigate potential impacts;
  - track their performance; and
  - communicate their performance.
- Processes to provide or enable remedy to those harmed, in the event that the company causes or contributes to a negative impact.

Potential trade-offs

Companies may face trade-offs in incorporating human rights into their business model, which could result in additional costs that are then passed on to their customers. As highlighted in the Scheme's investment belief, the Trustee expects companies to address this tension through a stakeholder value creation approach.[35]

34. Just Nature How finance can support a just transition at the interface of action on climate and biodiversity.pdf (ipa.ac.uk)
35. 2019-10-03 AlexEdmans PurposefulBusiness-TyseFinalVersion.pdf (ssrn.com)

Policymaker expectations

The policymaker expectations outlined below will be predominantly used to drive the Scheme's asset manager monitoring programme. Using these policy expectations as an underpin, the Trustee expects its asset managers to take a leading role in driving policy change where material gaps exist that undermine the Trustee's ability to meet its own RI objective.

The Trustee expects governments to maintain a stable policy environment for its stewardship priorities as outlined in the below policymaker expectations, as this is fundamental to making the case for investment and long-term business model change in material sectors.

Climate

The Trustee expects governments to comply with the goals of the Paris Agreement as summarised here and adhere to the climate policy principles set out by the Investor Agenda.

Nature

The Trustee expects governments to adhere to the Kunming-Montreal Global Biodiversity Framework and:

- Dedicate sufficient and predictable domestic and public expenditure to consideration of critical ecosystems.
- Support green public finance and repurpose harmful subsidies and incentives driving degradation of nature, green budget tagging.
- Create enabling conditions to catalyse private investment through policy and regulations that level the playing field for sustainable practices.
- Develop environmental markets that allow private sectors to monetise ecosystem services.
- Promote nature-related data, standards, labels and disclosure to encourage market transparency and integration of nature-related risks in financial decision making.
- Promote nature-related data, standards, labels and disclosure to encourage market transparency and integration of nature-related risks in financial decision-making.

Human rights

The Trustee expects governments to align their policies with the UN Guiding Principles on Human Rights (UNGPs), in which it states that in meeting their duty to protect, they should:

- Enforce laws that are aimed at, or have the effect of, requiring business enterprises to respect human rights and periodically to assess the adequacy of such laws and address any gaps;
- Ensure that other laws and policies governing the creation and ongoing operation of business enterprises, such as corporate law, do not constrain but enable business respect for human rights;
- Provide effective guidance to business enterprises on how to respect human rights throughout their operations;
- Encourage, and where appropriate require, business enterprises to communicate how they address their human rights impacts.

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

Appendix 2: Responsible Investment Policy continued



Appendix 2: Responsible Investment Policy 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 offers the best chance of driving the stakeholder value it thinks is warranted and gives it 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 and Finance Association (UKSIF)

Supporter of:

- CA100+
- Global Investor Coalition on Mining 2030

Additional information:

The Scheme's IIGCC and UKSIF memberships help the Trustee to 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 include: 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 mining sector's pivotal role in the energy transition and considers key systemic issues faced by the sector that currently challenge, or could challenge, existing good practice and the sector's social licence to operate.

The Scheme is a supporter of this initiative.

Nature

Memberships:

- FAIRR Initiative (FAIRR)

Supporter of:

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

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 of this initiative stems from the systemic importance of corporate lobbying to deliver real-world outcomes. Note that this company ask is not part of Nature Action 100 company expectations.

FAIRR is a collaborative investor network that raises awareness of the ESG risks and

Appendix 2: Responsible Investment Policy continued



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 long-term financial sustainability of investments in the countries they are 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 will work with key stakeholders to encourage adoption and implementation of regulatory frameworks that ensure 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, the key focus area for industry and collaboration engagement will be the improvement of both company disclosures and industry data/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 two investor coalitions aiming to improve human rights disclosures:

1. 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 impinges upon the Scheme's ability to fully integrate human rights considerations into its stewardship approach.
2. The second is to develop and launch a disclosure framework to assess company fair pay practices.

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

Appendix 2: Responsible Investment Policy continued

Appendix

Appendix 1: Glossary

Greenhouse gases (GHGs)

There are four primary GHGs linked to global warming: carbon dioxide (CO_2), 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.[36]

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)[37] 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.[38]

Net zero and Nature Positive

The term "net zero" means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions being reabsorbed 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 and 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).

Nature Positive is a global societal goal defined as 'Halt and Reverse Nature Loss by 2030 on a 2020 baseline, and achieve full recovery by 2050'. To put this more simply, it means ensuring more nature in the world in 2030 than in 2020 and continued recovery after that.[39]

36. Homepage | GHG Protocol
37. Investing in a just transition - global project - Grantham Research Institute on climate change and the environment (lse.ac.uk)
38. Just Nature | how finance can support a just transition at the interface of action on climate and biodiversity.pdf (lse.ac.uk)
39. Nature Positive

Appendix 2: Responsible Investment Policy continued

Menu

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 a '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.'[40]

Principles for Responsible Investment (PRI)

A United Nations-supported international network of financial institutions working together to implement its six 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.

Responsible investment

The Scheme defines responsible investment as an approach to investment that explicitly acknowledges the relevance to the investor, from both a financial and non-financial perspective, of environmental, social, and governance factors at investee companies, as well as the long-term health and stability of the market as a whole. Responsible Investment recognises that:

- The generation of long-term sustainable returns is dependent on stable, well-functioning, and well-governed social, environmental, and economic systems.[41]
- Companies can choose to create value for shareholders in ways that create harm to the wider environment or society, which detract from member outcomes in non-financial ways.

Stewardship

Given the risk of conflation between the term 'stewardship' and 'responsible investment' and the activities that underpin them[42], for the purpose of this Policy, the term 'stewardship' and its remit will be defined by the RI Strategic Framework as outlined in this Policy.

The UK Stewardship Code 2026[43] sets high stewardship standards for those investing money on behalf of UK savers and pensioners and those that support them.

40. The Paris Agreement | UNFCCC
41. Source: What is responsible investment? | Cambridge Institute for Sustainability Leadership (CISL)
42. As an illustration, the FRC's 2026 definition of stewardship includes capital allocation. UK Stewardship Code 2026
43. UK Stewardship Code 2026

Appendix 2: Responsible Investment Policy continued

Appendix continued

Appendix 2: Exclusions Policy

Introduction

The Trustee believes that it can achieve its responsible investment 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.
- A limited use of exclusions.

'A limited use of exclusions' means that exclusions are not enacted on a large scale but are instead used in a targeted manner following an assessment of the need for the exclusion, provided there is no material financial detriment in its use and it aligns with the Law Commission's recommendation regarding exclusions.

The Trustee believes that a robust stewardship programme will influence corporate behaviour more effectively than large-scale exclusions eg, excluding whole GICS sectors. There, are however, certain issues where exclusions are considered appropriate for the portfolio. The ability to apply a stewardship escalation approach and the following questions are considered when deciding whether or not to introduce an exclusion:

- Is there an international ban or treaty against the manufacture/use of a product? eg, a UN treaty against certain weapons.
- Are there reasonably foreseeable risks associated with the business activity where there is a fundamental belief that the risk is not being appropriately captured in the asset price? e.g. stranded asset risk linked to climate change.
- Is there good reason to believe that members would agree with the exclusion?

Following this assessment, further analysis will be conducted to understand the financial materiality of any potential exclusion. The recommendations from the Law Commission on the use of exclusions forms the basis of the Trustee's decision-making process.

Scope and Implementation Considerations

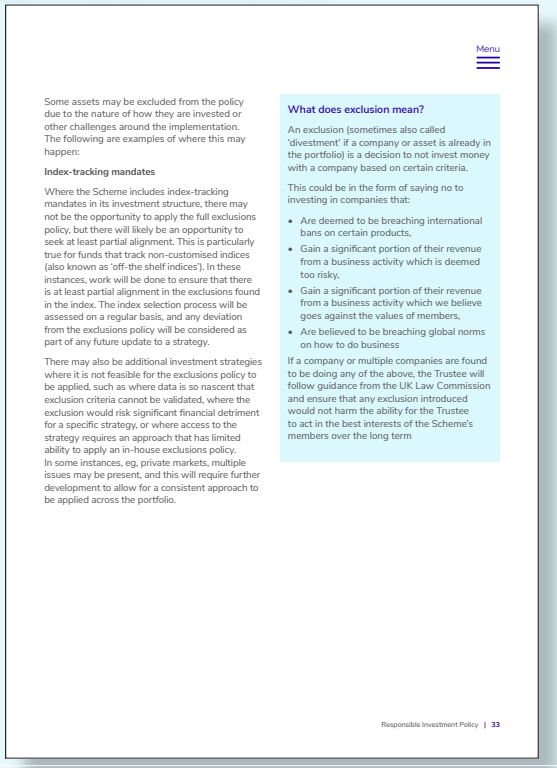
This exclusions policy reflects minimum standards to be applied where feasible to the investment strategy.

The initial scope of the policy includes assets where the Trustee has control or significant influence over the investment mandate or solutions and where the Scheme has a contractual relationship with the manager. The ability to introduce exclusions to an investment strategy will be assessed on a case-by-case basis. Any strategies that are included within the Scheme's portfolio that do not fully align to this policy will be regularly monitored and, where possible, will become in scope when the mandate or index selection decision is up for renewal.

Widening the scope and implementation of the policy across the Scheme's portfolio will remain under review. The policy is treated as a 'living' document and, as such, will be continually reviewed and will evolve as data availability, ability to apply exclusions across certain asset types improves, and as the Scheme's investment strategy develops into the future.

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

Appendix 2: Responsible Investment Policy continued



Menu

Some assets may be excluded from the policy due to the nature of how they are invested or other challenges around the implementation. The following are examples of where this may happen:

Index-tracking mandates

Where the Scheme includes index-tracking mandates in its investment structure, there may not be the opportunity to apply the full exclusions policy, but there will likely be an opportunity to seek at least partial alignment. This is particularly true for funds that track non-customised indices (also known as 'off-the shelf indices'). In these instances, work will be done to ensure that there is at least partial alignment in the exclusions found in the index. The index selection process will be assessed on a regular basis, and any deviation from the exclusions policy will be considered as part of any future update to a strategy.

There may also be additional investment strategies where it is not feasible for the exclusions policy to be applied, such as where data is so nascent that exclusion criteria cannot be validated, where the exclusion would risk significant financial detriment for a specific strategy, or where access to the strategy requires an approach that has limited ability to apply an in-house exclusions policy. In some instances, eg, private markets, multiple issues may be present, and this will require further development to allow for a consistent approach to be applied across the portfolio.

What does exclusion mean?

An exclusion (sometimes also called 'divestment' if a company or asset is already in the portfolio) is a decision to not invest money with a company based on certain criteria.

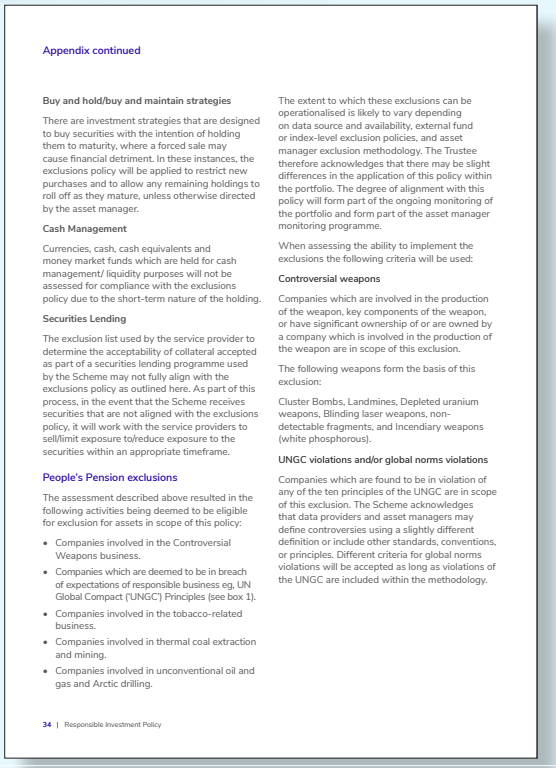
This could be in the form of saying no to investing in companies that:

- Are deemed to be breaching international bans on certain products,
- Gain a significant portion of their revenue from a business activity which is deemed too risky,
- Gain a significant portion of their revenue from a business activity which we believe goes against the values of members,
- Are believed to be breaching global norms on how to do business

If a company or multiple companies are found to be doing any of the above, the Trustee will follow guidance from the UK Law Commission and ensure that any exclusion introduced would not harm the ability for the Trustee to act in the best interests of the Scheme's members over the long term

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Appendix 2: Responsible Investment Policy continued



Appendix continued

Buy and hold/buy and maintain strategies

There are investment strategies that are designed to buy securities with the intention of holding them to maturity, where a forced sale may cause financial detriment. In these instances, the exclusions policy will be applied to restrict new purchases and to allow any remaining holdings to roll off as they mature, unless otherwise directed by the asset manager.

Cash Management

Currencies, cash, cash equivalents and money market funds which are held for cash management/ liquidity purposes will not be assessed for compliance with the exclusions policy due to the short-term nature of the holding.

Securities Lending

The exclusion list used by the service provider to determine the acceptability of collateral accepted as part of a securities lending programme used by the Scheme may not fully align with the exclusions policy as outlined here. As part of this process, in the event that the Scheme receives securities that are not aligned with the exclusions policy, it will work with the service providers to sell/limit exposure to/reduce exposure to the securities within an appropriate timeframe.

People's Pension exclusions

The assessment described above resulted in the following activities being deemed to be eligible for exclusion for assets in scope of this policy:

- Companies involved in the Controversial Weapons business.
- Companies which are deemed to be in breach of expectations of responsible business eg, UN Global Compact ('UNGC') Principles (see box 1).
- Companies involved in the tobacco-related business.
- Companies involved in thermal coal extraction and mining.
- Companies involved in unconventional oil and gas and Arctic drilling.

The extent to which these exclusions can be operationalised is likely to vary depending on data source and availability, external fund or index-level exclusion policies, and asset manager exclusion methodology. The Trustee therefore acknowledges that there may be slight differences in the application of this policy within the portfolio. The degree of alignment with this policy will form part of the ongoing monitoring of the portfolio and form part of the asset manager monitoring programme.

When assessing the ability to implement the exclusions the following criteria will be used:

Controversial weapons

Companies which are involved in the production of the weapon, key components of the weapon, or have significant ownership of or are owned by a company which is involved in the production of the weapon are in scope of this exclusion.

The following weapons form the basis of this exclusion:

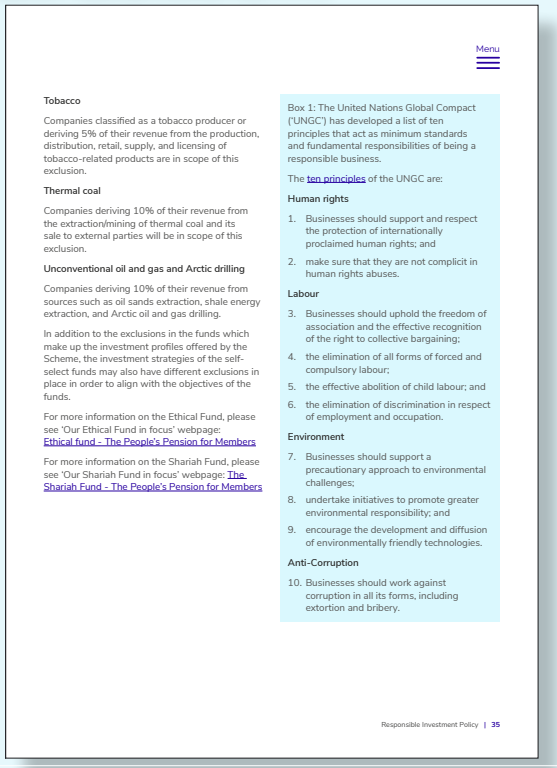
Cluster Bombs, Landmines, Depleted uranium weapons, Blinding laser weapons, non-detectable fragments, and Incendiary weapons (white phosphorous).

UNGC violations and/or global norms violations

Companies which are found to be in violation of any of the ten principles of the UNGC are in scope of this exclusion. The Scheme acknowledges that data providers and asset managers may define controversies using a slightly different definition or include other standards, conventions, or principles. Different criteria for global norms violations will be accepted as long as violations of the UNGC are included within the methodology.

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Appendix 2: Responsible Investment Policy continued



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Tobacco

Companies classified as a tobacco producer or deriving 5% of their revenue from the production, distribution, retail, supply, and licensing of tobacco-related products are in scope of this exclusion.

Thermal coal

Companies deriving 10% of their revenue from the extraction/mining of thermal coal and its sale to external parties will be in scope of this exclusion.

Unconventional oil and gas and Arctic drilling

Companies deriving 10% of their revenue from sources such as oil sands extraction, shale energy extraction, and Arctic oil and gas drilling.

In addition to the exclusions in the funds which make up the investment profiles offered by the Scheme, the investment strategies of the self-select funds may also have different exclusions in place in order to align with the objectives of the funds.

For more information on the Ethical Fund, please see 'Our Ethical Fund in focus' webpage: Ethical fund - The People's Pension for Members

For more information on the Shariah Fund, please see 'Our Shariah Fund in focus' webpage: The Shariah Fund - The People's Pension for Members

Box 1: The United Nations Global Compact ('UNGC') has developed a list of ten principles that act as minimum standards and fundamental responsibilities of being a responsible business.

The ten principles of the UNGC are:

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

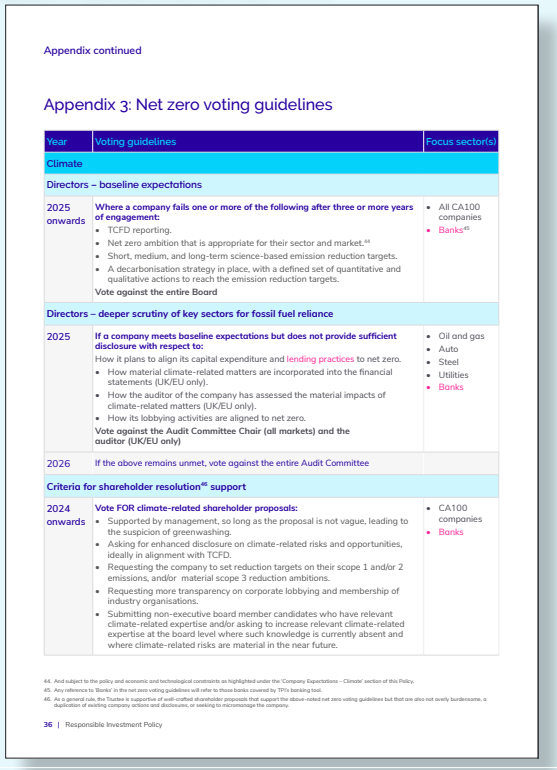
Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

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

Appendix 2: Responsible Investment Policy continued



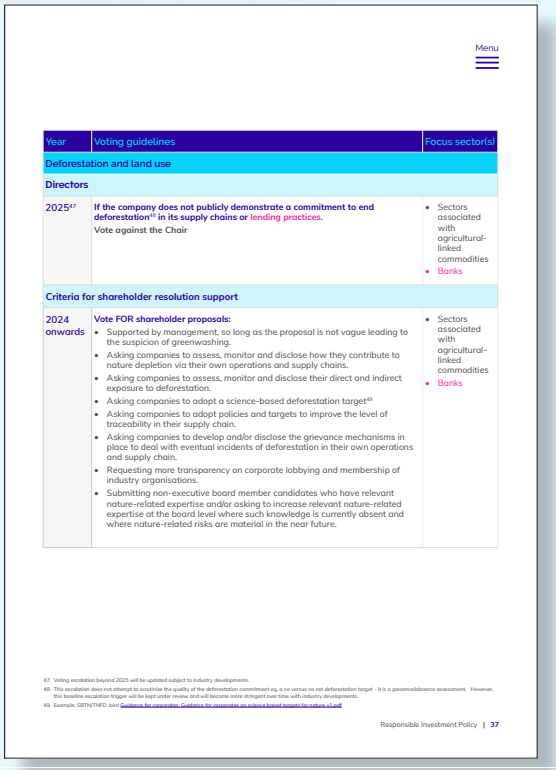
Appendix continued

Appendix 3: Net zero voting guidelines

Year	Voting guidelines	Focus sector(s)
Climate		
Directors – baseline expectations		
2025 onwards	**Where a company fails one or more of the following after three or more years of engagement:** • TCFD reporting. • Net zero ambition that is appropriate for their sector and market.[44] • 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. **Vote against the entire Board**	• All CA100 companies • Banks[45]
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/EU only). • How the auditor of the company has assessed the material impacts of climate-related matters (UK/EU only). • How its lobbying activities are aligned to net zero. **Vote against the Audit Committee Chair (all markets) and the auditor (UK/EU only)**	• Oil and gas • Auto • Steel • Utilities • Banks
2026	If the above remains unmet, vote against the entire Audit Committee	
Criteria for shareholder resolution[46] support		
2024 onwards	**Vote FOR climate-related shareholder proposals:** • Supported by management, so long as the proposal is not vague, leading to the suspicion of greenwashing. • Asking for enhanced disclosure on climate-related risks and opportunities, ideally in alignment with TCFD. • Requesting the company to set reduction targets on 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 climate-related expertise and/or asking to increase relevant climate-related expertise at the board level where such knowledge is currently absent and where climate-related risks are material in the near future.	• CA100 companies • Banks

44. And subject to the policy and economic and technological constraints as highlighted under the 'Company Expectations – Climate' section of this Policy.
45. Any reference to 'Banks' in the net zero voting guidelines will refer to those banks covered by TPI's banking tool.
46. As a general rule, the Trustee is supportive of well-crafted shareholder proposals that support the above-noted net zero voting guidelines but that are also not overly burdensome, a duplication of existing company actions and disclosures, or seeking to micromanage the company.

Appendix 2: Responsible Investment Policy continued

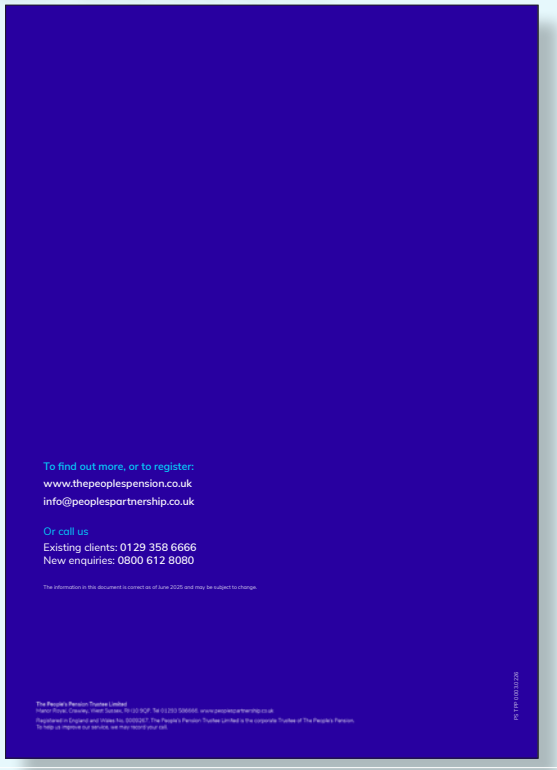


Menu

Year	Voting guidelines	Focus sector(s)
Deforestation and land use		
Directors		
2025[47]	**If the company does not publicly demonstrate a commitment to end deforestation[48] in its supply chains or lending practices.** **Vote against the Chair**	• Sectors associated with agricultural-linked commodities • Banks
Criteria for shareholder resolution support		
2024 onwards	**Vote FOR 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 target[49] • 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. • 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.	• Sectors associated with agricultural-linked commodities • Banks

47. Voting escalation beyond 2025 will be updated subject to industry developments.
48. This escalation does not attempt to scrutinise the quality of the deforestation commitment-e.g. a no versus no net deforestation target – it is a presence/absence assessment. However, this baseline escalation trigger will be kept under review and will become more stringent over time with industry developments.
49. Example: SBTN TNFD Joint Guidance for companies: Guidance for companies on science-based targets for nature v1.pdf

Appendix 2: Responsible Investment Policy continued



To find out more, or to register:
www.thepeoplespension.co.uk
info@peoplespartnership.co.uk

Or call us
Existing clients: 0129 358 6666
New enquiries: 0800 612 8080

The information in this document is correct as of June 2025 and may be subject to change.

The People's Pension Trustee Limited
Registered in England and Wales No. 10312267. The People's Pension Trustee Limited is the corporate Trustee of The People's Pension.
To help us improve our service, we may record your call.

PS TP 1010 12.26

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

Appendix 3

Climate Change Position Paper

people's pension

Climate Change Position Paper

March 2026



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

Appendix 3: Climate Change Position Paper continued

- **Systemic versus idiosyncratic exposures:** economy-wide or multi-sector versus diversifiable or hedgeable.
- **Adaptation versus mitigation:** actions aimed at reducing dependency and improving resilience versus actions aimed at reducing impact and emissions.
- **Market mispricing:** a persistent gap between market price and fundamental value, where the former can represent either under or overpricing relative to fundamental value depending on the asset.
- **Systemic risk:**[4] the potential for a single institution or sector failure to trigger a widespread collapse, spreading contagion through the entire financial system
- **Universal owner:** An institutional investor (such as a large pension fund or sovereign wealth fund) that has such a large, diversified, and long-term portfolio that it is, as a result, dependent on the wellbeing of the economy as a whole.
- **Transition risk:** risks that result from the transition to net zero, eg, money needed to shift from gas to solar energy.
- **Physical risk:** risks that result from more frequent extreme weather events causing disruption, eg, a flood stopping a factory from operating.
- **Liability risks:** risks that 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).

Positioning within our market-driven investment philosophy

Climate-related exposures are assessed alongside sector, factor, and geography. As a well-diversified investor with universal owner characteristics, both climate dependency and impact are material to our approach.[5] However, in alignment with our RI objectives and to avoid blanket conflation between the two, different implementation levers are used with no material financial detriment as a key underpin to both. Where climate dependency is particularly acute, underweights or exclusions may be justified if not fully priced in; where climate impact is the concern, stewardship is our key lever, holding our fund managers to account for their engagement objectives and escalation paths as outlined in our RI Policy. Understanding of physical and liability risks is still at a relatively nascent stage for both investors and investee companies relative to transition risk, and therefore stewardship is the key lever to address it.[6]

With regard to mispricing, evidence is mixed. Some studies and practitioner work suggest underpricing of climate risks due to disclosure gaps and policy uncertainty; others show instances of overpricing of so-called green exposures or outperformance by brown assets. We therefore avoid blanket claims and act only where MEPT criteria supports doing so, notably when tracking error is within budget. [8–11]

Potential actions are unpacked further in the next section.

Recent industry and policy developments

Policy: Since 2015, progress has been uneven across regions. The UNEP Emissions Gap Report 2025 finds that, even with full implementation of current national pledges, global temperature rise is projected at 2.3–2.5°C, and 2.8°C under current policies; an overshoot of 1.5°C is likely without faster cuts. The report implies uncertain timing for transition risks and cautions against binary policy bets. [14–17]. It also implies that a strict '1.5°C aligned' portfolio (with limited to no overshoot) will increasingly deviate from the market portfolio, which may impact risk budgets. However, some academic evidence suggests that progress towards meeting the Paris Agreement goals reduces portfolio risk and indeed likely increases portfolio values [13].

The muted policy response to date presents two divergent scenarios for the future. Firstly, a scenario where delayed action leads to a more severe policy action down the line. Alternatively, less policy action now could be indicative of chronic structural issues and tensions that may always place limits on a policy response, implying less policy response later. This poses a risk to any portfolio positioning that is predicated on either more or less policy response in the future and suggests disciplined position sizing is essential.

Markets: The strategic business case for the energy transition has varied considerably in strength through time. Relative performance and valuations of climate-aligned exposures have varied (eg, climate indices). There have been episodes of uprating of conventional energy stocks outside Europe and sustained volatility among transition leaders (eg, offshore wind). We therefore do not presume a persistent green premium and place emphasis on valuation discipline and risk control. [18–19]

World Energy Outlook 2024 highlights that delayed or inconsistent transition policies risk continued capital misallocation across energy and industrial sectors, increasing both physical and transition risks for investors. Clean energy meets virtually all growth in energy demand in aggregate, but policy uncertainty and uneven investment, particularly in emerging markets, can amplify risk asymmetries and repricing events. [23–24]

Applying a system-level investing approach

System-level investing is increasingly articulated as fiduciary-aligned practice: shifting the focus from single issuers to the wider systems (financial, environmental and social) that drive long-term portfolio performance, and using investor influence to improve market structures, policy and norms. Formal resources from PRI and TIIP, and academic and practitioner commentary, describe governance and resourcing models to operationalise this. [25, 27–29]

UKSIF, Scottish Widows, and Canbury propose a portfolio-resilience framework for systemic risks, emphasising that diversified asset owners should identify and address undiversifiable, cross-market risks and align stewardship,

5. Also referred to as "system-level risks"- both terms are used interchangeably in this position paper. Not to be confused with systematic risk - often called market risk or undiversifiable risk, which is the inherent, unavoidable uncertainty that impacts the entire financial market or a large segment of it. Caused by uncontrollable macroeconomic factors like recessions, inflation, or geopolitical events, it has overlapping characteristics with systemic risk, as both cannot be addressed through diversification alone, but they should not be conflated.
6. This emphasises the importance of prioritisation in our stewardship approach. For further details on this, please refer to the RI Policy.
7. Key focus areas are holding fund managers to account for improving company disclosures for the most material sectors and working with industry actors to improve investment tools to assess physical risk.

Appendix 3: Climate Change Position Paper continued

manager oversight and policy engagement accordingly. Rathbones argues that collaboration across companies and policymakers can strengthen system resilience and protect long-term portfolio value. [30–33]

What is our main business case for adopting a systems investing approach? This connects to our RI belief outlined in our RI Policy: being a well-diversified investor with universal owner characteristics means that we are dependent upon these wider systems to drive long-term portfolio performance. Systemic stewardship is the main lever by which this is implemented, which is outlined further in the next section.

Systemic stewardship and the investment case

Systemic stewardship (engagement across companies, financiers and policymakers) is emerging as a core lever alongside issuer-level engagement, particularly for well-diversified investors. The Net Zero Asset Owner Alliance calls for expanding investor engagement beyond single issuers to policy and sector or value-chain engagement and for aligning asset managers with asset owners' long-term interests, noting issuer engagement alone has limits. The Thinking Ahead Institute sets out the pillars of effective stewardship, with explicit focus on systemic-stewardship resourcing and coalition approaches. [34–36]

What is our main investment case for taking a systemic stewardship approach? Beyond the reasons outlined in the previous section, there is also a strong efficacy and proportionality argument (as part of our MEPT criteria). Climate change is a systemic risk that cannot be addressed by acting at the level of a single investment or company – therefore, prioritising our stewardship resources for engagement with policymakers and regulators and engagement across entire sectors (such as mining) or systems that span multiple sectors (such as food, water, energy or critical minerals) is deemed the most efficient approach to deliver maximum impact. We hold both ourselves and our asset managers accountable for this type of robust prioritisation. We acknowledge the above-noted trade-offs at a company level (refer to 'limitations to universal owner claims') [37, 38]. Refer to RI Policy and Principles 1 and 2 of the Asset Owner Statement on Climate Stewardship for further detail.

Literature review

We take into account both supportive and sceptical voices, including critiques of universal-owner assumptions and of portfolio-level net-zero targets that focus on financed rather than real-economy emissions, as highlighted by IIGCC's Net Zero Investment Framework (NZIF) 2.0[8] [20–22]. Refer to the References and the Appendix for the literature review, which informed the contents of this position paper.

Potential actions and associated trade-offs

We consider a menu of potential tools we could employ and select case-by-case using MEPT criteria and the below noted trade-offs:

1. Investment Actions

a) Rules-based, data-driven climate factor tilts are applied in index portfolios where there is reasonable evidence that these may improve risk-adjusted returns and are insufficiently priced by the market, to reduce exposure to high transition dependency, sized within an appropriate risk budget. Other climate-related factors (eg, physical risk) will be considered for inclusion on an ongoing basis as data and financial materiality arguments improve.

b) Targeted exclusions or underweights where dependency risk is deemed to be material and persistent to future returns and is also mispriced by the market, and exclusion does not create undue concentration or cost.

c) Fundamental active decisions where managers have a demonstrable edge linking climate factor drivers to cash flows and valuation, with disciplined position sizing (alongside other investment factors)

d) Non-index allocations (solutions or adaptation themes) only where return drivers are robust, valuations reasonable, and liquidity and sizing appropriate.

2. Stewardship Actions

a) Prioritisation of industry and policy engagement (systemic stewardship approach) where there is a plausible pathway to improving the investment environment and a reasonable expectation of efficacy relative to cost. Refer to the RI Policy for further detail.

b) Holding our fund managers to account for company-level engagement via focus lists where either (i) there is materiality in terms of climate risk posed to the portfolio and efficacy of the selected actions or (ii) the ask contributes to positive climate impacts but is neutral to returns. This approach aligns with our primary and secondary RI objectives. Refer to the RI Policy for further detail.

Trade-offs

1. **Tracking error:** departures from the market portfolio introduce performance dispersion. We budget for tracking error for climate tilts in the same way we do for other investment exposures and review outcomes; we avoid cumulating many small tilts that unintentionally exhaust the risk budget.
2. **Opportunity cost:** if climate-tilted factors de-rate or policy progress stalls, climate-aligned positions may underperform; conversely, abrupt policy shifts can penalise portfolios that ignore transition exposures. We manage path risks through sizing and diversification.
3. **Implementation and governance:** complex screens or bespoke indices raise cost and complexity; we favour simple, auditable rules and clear manager accountability.
4. **Limits to universal-owner claims (including taking a systemic stewardship approach):**

a). We avoid relying on blanket statements that all climate risks are material or non-diversifiable in every situation. Our framework recognises this and focuses action where it adds value. [12–13]

b). Addressing portfolio-level systemic risks may introduce trade-offs at a company level. To address this, we recognise that our investee companies can only pursue a net zero strategy insofar as technological, economical and policy constraints allow. Refer to the RI Policy (company expectations on climate) for further detail.

8. Emphasises focus on financing reduced emissions rather than only reducing financed emissions.

Appendix 3: Climate Change Position Paper continued

Part 2: Strategic Framework

Net-zero ambition: our stance

As a general yardstick for managing climate dependency and impact in the portfolio, we retain a Paris-aligned ambition, implemented bottom-up to reflect differences across markets, asset classes and sectors. Target setting will be pursued using this bottom-up guideline (investment strategy-led followed by target-setting feasibility assessments). This means we will no longer pursue a top-down '1.5°C aligned portfolio' (with limited to no overshoot) investment constraint.

Progress against this ambition depends on an enabling policy environment and company actions. Implementation will remain flexible, avoiding binary policy bets and focusing on risk-adjusted returns. We will outline these dependencies/barriers to progress in our yearly Climate Progress Report, which is broadly the same disclosure expectation we have of investee companies.[9]

Consistent with NZIF 2.0, our emphasis is on financing reduced emissions rather than solely reducing financed emissions; capital allocation to credible transition and adaptation opportunities will be evidence-led.

Investment beliefs

The core investment belief that drives our positioning is that climate risk is a systemic risk that cannot be eliminated through diversification alone.

In practice, this means:

- We manage left-tail risk with disciplined tilts and position sizing within a defined risk budget.
- Where mispricing exists, we will act, but we will avoid timing bets on policy or factor regimes.
- We do not adopt blanket divestment, notably in carbon-intensive sectors, which remain critical to the energy transition. Targeted exclusions or underweights may be used case by case, where climate dependency risk is acute. Refer to the RI objectives and beliefs section in the RI Policy (and Exclusions in the Appendix) for further detail.
- We will investigate the benefits of an investment strategy of favouring transition leaders within carbon-intensive sectors where fundamentals, valuations and evidence support downside protection and potential upside. Stewardship remains a core tool to drive real economy outcomes.
- We will focus on financing reduced emissions, not reducing financed emissions, to achieve real-world outcomes.
- We will evolve our scenario analysis[10] in line with industry developments.

Strategy

The following are the guidelines we will implement at an investment strategy level:

Objectives first: In alignment with the RI Policy's primary objective, climate is integrated as a risk/return input alongside other factors; it does not override investment objectives. In practice, this means protecting member outcomes by addressing financially material climate risks while maintaining disciplined exposure to the reference market. We aim to reduce avoidable left-tail risks without making uncompensated bets on specific transition pathways.

Flexible and evolving: We apply the MEPT criteria in identifying the potential actions we will deploy as outlined in the previous section. We will review implementation (eg, tracking error budgets) at least annually and after major policy/market developments.[11] An illustration of how this works in practice is provided below.

MEPT in practice:

- Materiality: define the risk channel (physical or transition), identify exposures, assess financial relevance to the portfolio, and specify the time horizon.
- Efficacy: for tilts and exclusions, estimate risk reduction; for engagement, set asset objectives, milestones and escalation; for policy work, specify the target change and our leverage.
- Proportionality: scale actions to risk size and confidence level; avoid complexity that outweighs benefits.
- Tracking error: set and monitor risk budgets by asset class and mandate

Manager - led implementation: mandates set clear expectations on climate risk management,[12] including engagement objectives and reporting; we monitor delivery and escalate where needed. Refer to the RI Policy for further detail.

Systemic stewardship: we prioritise industry and policy engagement to strengthen market functioning and resilience, aligning asset manager activity with our long-term interests. Refer to the RI Policy for further detail.

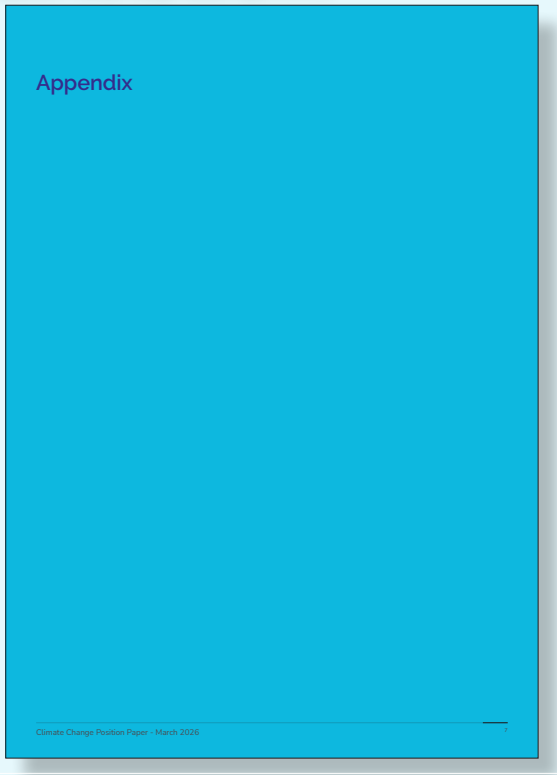
Reporting

We will embed MEPT into manager guidelines and oversight and report annually[13] on climate actions, including cases where we chose not to act due to insufficient materiality or efficacy.

9. Refer to RI Policy for further detail.
10. With respect to our Climate Progress Report in line with TCFD requirements.
11. RI Policy also highlights annual review – refer to Page 24 under 'Shareholder value'.
12. This includes reference to not compromising investment objectives in its pursuit.
13. Predominantly through our annual Climate Progress and RI Reports.

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

Appendix 3: Climate Change Position Paper continued



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Appendix 3: Climate Change Position Paper continued

References

[1] Financial Markets Law Committee (FMLC). Paper for Pension Trustees (2024).

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[27] Columbia SIRI (2025): System-level investing — redefining the role of institutional investors.

[28] MIT Sloan (2025): What is systemic investing, and why are impact investors taking notice?

[29] AI-CIO (2025): What System-Level Investing Is — and Why It's Different...

[30] UKSIF (May 2025): Systemic risks — a framework for portfolio resilience.

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[32] Scottish Widows Insights (2025): Why systemic risks matter for investors.

[33] Rathbones (Jul 2025): From risk to resilience — systems investing for long-term value.

[34] UNEP FI (Apr 2022): The Future of Investor Engagement — systematic stewardship to address systemic climate risk.

[35] Net-Zero Asset Owner Alliance (Apr 2023): Aligning Climate Policy Engagement with Net-Zero Commitments.

[36] Thinking Ahead Institute (May 2024): The five pillars of effective stewardship, with a systemic-stewardship focus.

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Literature Review

Introduction

This literature review was conducted by Canbury Insights Ltd, a sustainability consultancy. While not exhaustive, the purpose of this review was to gain an understanding of a wide spectrum of industry and academic voices that could help inform this position paper and to ultimately attempt to mitigate against unconscious bias in our decision-making. More specifically, in taking into account both supportive and sceptical voices, we can better understand the trade-offs inherent in any approach we choose to take and attempt to address them to the extent possible.

Research parameters

Timeframe: 2015-2025

Types of sources: Primarily academic, with practitioner/grey literature

Academic:

- Peer-reviewed journals
- Meta-analyses, systematic reviews, and industry reports

Practitioner/grey literature:

- Investor reports
- Think tanks and NGOs
- Consultancy and data providers
- Policy institutions

Research Categories

1. **Fiduciary landscape: integration of climate issues**
2. **Macro challenges in climate investing: market mispricing**
   - Global policy response
3. **Systems thinking: Climate change as a systemic risk**
4. **Systems thinking: use of systems investing approaches**
5. **Systems stewardship and the investment case**
6. **Other works not included in the overview**
   - Market mispricing
   - Paris alignment

Fiduciary landscape: integration of climate issues

Key points:

- **Climate risk is financially material, not optional**
- **Long-termism is now embedded in fiduciary expectations**
- **Universal ownership theory strengthens fiduciary expectations around climate**

The fiduciary landscape has developed to ensure that climate considerations form part of trustees' core duties and investment governance. The Financial Markets Law Committee Paper for Pension Trustees (2024) establishes that fiduciary duty requires trustees to assess all material risks to members' assets, including those related to climate change, as these risks affect the long-term sustainability of investment returns.

Legal practitioners are now central to clarifying fiduciary expectations. Sackers (2024) emphasise that trustees must integrate financially material ESG factors, including climate risks, within prudent decision-making. Dentons (Saunders 2025) further stresses, in analysis of the Mansion House Accord, that UK trustees must ensure any investments supporting national growth remain consistent with fiduciary duty and robust risk evaluation.

Legal commentary such as Colarusso-Kaperonis (2025) and Karamally and Franco (C2ES Report) shows that fiduciary frameworks in the UK and EU now embed long-termism, meaning that environmental and climate issues must be considered as financially material factors rather than discretionary concerns. In the United States, the interpretation of fiduciary duty remains contested. The C2ES finds that U.S. fiduciary obligations are gradually widening from a short-term financial focus to recognition of systemic climate risks, while the GRESB (2025) analysis highlights legal tension between fiduciary and antitrust frameworks as investors coordinate on climate action. Together, these sources show convergence toward the UK-EU view that climate risk is financially material and within trustees' duties.

The IIGCC Fiduciary Duties Report confirms that trustees may be required to prioritise long-term portfolio stability over short-term performance when short-term returns create identifiable risks to the enduring value of members' savings. The Legal Framework for Impact (UNEP FI & Freshfields 2022–25) provides a comprehensive cross-jurisdictional analysis of how law already requires investors to consider sustainability impacts where these affect financial outcomes. It identifies fiduciary duties as enabling, and in some contexts obliging, investors to act on climate and nature impacts.

Taken together, these sources confirm that integrating climate issues into fiduciary practice is a matter of legal and financial prudence.

Alongside this legal commentary, we can draw on universal owner theory (established by Hawley and Williams; drawn upon by Gosling and Quigley; applied to actual practitioners by APT) to frame pension funds as large, long-horizon investors who cannot diversify away from systemic risks and externalities, making climate considerations material to their portfolio.

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

Appendix 3: Climate Change Position Paper continued

Additional evidence of fiduciary duty's expansion comes from Volans and the Generation Foundation's 2025 project on policy advocacy for systemic risk management. The initiative positions climate-related policy engagement as part of investors' legal duty to manage systemic risks, aligning with the Freshfields-authored Legal Framework for Impact, which concludes that investors may be required to pursue sustainability impacts when material to long-term returns.

Title	Author	Date	Type
Financial Markets Law Committee, FMLC Paper for Pension Trustees	FMLC	February 2024	Industry paper
Steering the "fiduciary duties" ship	Sackers	December 2024	Website article
The Mansion House Accord: balancing UK growth and fiduciary duty	Carolyn Saunders, Dentons	June 2025	Website article
The fiduciary's green thumb: reconciling fiduciary duty with sustainable investment in pension fund management	Kolarusso-Kaperonis	September 2025	Journal article
Redefining Fiduciary Duty: Climate Risk, Stewardship, and the Transition Imperative	Karamally and Franco, C2ES	August 2025	Industry report
Investor Climate Action Under Fire: How Fiduciary Duty and Antitrust Are Shaping the Debate	GRESB	October 2025	Industry article
IIGCC Insights: Fiduciary duties report offers clarity to asset owners on climate risk	Jane Murray, IIGCC.	15 February 2024	Industry article
A Legal Framework for Impact	UNEP FI & Freshfields	July 2021	Industry report
The Emergence of Universal Owners: Some Implications of Institutional Equity Ownership	Hawley and Williams	July 2000 – not within the threshold, but important foundation	Journal article
Universal Owners and Climate Change	Gosling	December 2024	Journal article
Universal Ownership in Practice: A Practical Guide for Asset Owners	Quigley	July 2020	Journal article
Universal Ownership: Systems thinking for asset owners	AP7	October 2025	Industry report
Mobilising investors to engage on real-economy policy for net zero	Volans	January 2025	Website article
Volans partnership summary – Fiduciary Duty and Policy Advocacy	Generation	February 2025	Website article

Counterpoints

While much recent commentary argues that climate considerations are now embedded within fiduciary duty, a parallel strand of legal scholarship cautions against expansive interpretations of fiduciary duty that some argue move beyond demonstrable financial materiality. Some authors state that treating climate as a core component of fiduciary duty may expose trustees to legal risk, particularly in jurisdictions where shareholder primacy remains dominant.

De Mariz et al. (2024) examine fiduciary obligations under U.S. and common law frameworks, finding that while ESG considerations may be permissible, they are not universally required unless a clear connection to financial performance can be demonstrated.

Hoyle (2023) similarly reviews recent fiduciary litigation and concludes that courts continue to apply a cautious and fragmented approach to ESG integration, suggesting that systemic or values-based climate objectives cannot yet be assumed to fall within trustees' core duties.

Ultimately, while climate risk is increasingly recognised as financially material, fiduciary duty remains fundamentally a legal duty grounded in case law and requires the Trustee to exercise its investment powers for proper purposes, which includes taking into account scheme-specific circumstances and relevant factors to reach a reasonable, justifiable investment decision. UK guidance (Law Commission) makes clear that trustees may consider environmental concerns as 'non-financial factors' under strict conditions and must avoid decisions that create a risk of significant financial detriment, leaving scope for narrower interpretations where materiality is contested (2017).

Appendix 3: Climate Change Position Paper continued

Even for long-term investors, the systemic nature of climate risk can paradoxically make financial materiality harder to demonstrate within conventional fiduciary frameworks, because the risk is diffuse, portfolio-wide and often realised through indirect or second-order channels rather than asset-specific losses.

Together, these sources challenge the view that fiduciary duty has fully converged around mandatory climate integration.

Title	Author	Date	Type
Fiduciary duty for directors and managers in the light of anti-ESG backlash	De Mariz et al.	2024	Journal article
The fiduciary's divestment dilemma: ESG and the age of climate change	Hoyle	2023	Journal article
Pension Funds and Social Investment	UK Law Commission	2017	Law Commission Report

Macro challenges in climate investing: market mispricing

Key points:

- Climate risks remain consistently and structurally underpriced
- Experts recognise mispricing, but markets still fail to reflect risks

Climate-related market mispricing remains a significant challenge in climate investing.

Eren, Merten and Verhoeven's BIS paper shows that climate risks are economy-wide, difficult to hedge and often underpriced because of incomplete disclosure and uncertainty about future policy responses. Campiglio finds that both physical and transition risks affect asset values and profitability but are still treated as diversifiable rather than systemic factors, leading to consistent undervaluation. The MSCI Climate Risk Outlook Study reports that while investors recognise these risks, integration into valuation and decision-making remains limited, resulting in a gap between awareness and market pricing. Bauer et al. (IZA Discussion Paper 17030) further observe that financial professionals continue to undervalue climate risks, showing persistent inconsistency between expert understanding and actual market pricing.

Together these findings show that climate risks remain systematically mispriced across markets, distorting capital allocation and undermining effective transition planning.

Title	Author	Date	Type
Pricing of climate risks in financial markets: a summary of the literature	Eren, Merten and Verhoeven. BIS	December 2022	Journal article
Climate-related risks in financial assets	Campiglio	July 2022	Journal article
Climate Risk Outlook Study	MSCI	October 2024	Industry report
Mental Models in Financial Markets: How Do Experts Reason about the Pricing of Climate Risk	Bauer, Gödker, Smeets, and Zimmermann. IZA	May 2024	Journal article

Counterpoints

Although much of the literature argues that climate risks remain systematically underpriced, some recent academic work presents an alternative view, suggesting that markets may price climate risk in complex and heterogeneous ways rather than ignoring it entirely. This literature questions whether observed outcomes reflect mispricing or instead represent rational risk premia shaped by uncertainty and disagreement.

Lontzek et al. (2023) develop an asset pricing model in which disagreement about climate damages and policy responses leads to variation in carbon risk premia across investors and assets. Their findings imply that climate risk can be priced even when outcomes appear inconsistent or incomplete. Fliegel (2025) provides empirical evidence that transition risk is reflected in equity prices over time, with green firms outperforming brown firms, indicating that markets respond dynamically to climate-related information rather than persistently underpricing risk. These studies challenge claims of uniform or structural mispricing.

Title	Author	Date	Type
Asset pricing with disagreement about climate risks	Lontzek et al.	2023	Journal article
Brown risk or green opportunity? Dynamic pricing of climate transition risk	Fliegel	2025	Journal article

Appendix 3: Climate Change Position Paper continued

Macro challenges in climate investing: global policy response

Key points:

- Weak, inconsistent, or unstable climate policy increases transition risks
- Current global policies fall short of transition pathways, embedding long-term risk

Global policy response is a major constraint on effective climate investing.

The OECD's Investing in Climate for Growth and Development report finds that inconsistent or weak national commitments deter private capital and increase transition risks, while coordinated policy action supports growth and resilience. The NBER Working Paper on Environmental Policy Uncertainty shows that unstable climate policy reduces clean technology investment and raises market volatility. The Too Hot to Think Straight, Too Cold to Panic report highlights that short political cycles and fragmented international coordination delay capital reallocation and weaken investor confidence. The World Energy Outlook 2024 confirms that existing policy trajectories fall short of 1.5°C goals, locking in physical and transition risks across sectors. Together these findings show that clear, consistent and coordinated policy frameworks are essential to enable investment and manage systemic climate risk.

Title	Author	Date	Type
Investing in Climate for Growth and Development	OECD	June 2025	Industry report
Does environmental policy uncertainty hinder investments towards a low-carbon economy?	Noailly, Nowzohour and van den Heuvel. NBER	August 2022	Journal article
Too Hot to Think Straight, Too Cold to Panic	Benayad et. al	March 2025	Journal article
World Energy Outlook	IEA	October 2024	Industry report

Counterpoints

Global policy uncertainty is often framed as a constraint on climate investing because it can weaken confidence in transition pathways and raise the risk of stranded assets. Some schools of thought complicate this picture by showing that uncertainty can also accelerate parts of the transition, particularly where it shifts relative expectations toward tighter future constraints or encourages substitution away from fossil exposure.

Pata (2024) analyses the United States using monthly data (2002 to 2022) and finds that climate policy uncertainty is associated with increased renewable energy consumption and an acceleration of the shift toward low-carbon energy sources, with the direction and strength of effects varying across quantiles and time horizons.

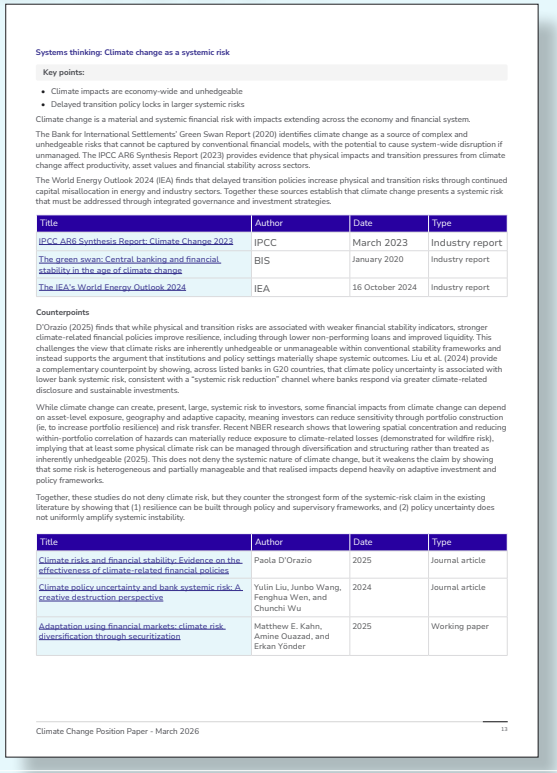
Bai et al. (2023) study Chinese A-share industrial firms (2011 to 2020) and find that climate policy uncertainty positively contributes to firms' green innovation, with stronger effects in non-state enterprises, energy-providing industries, and technology-intensive firms, operating partly through increased environmental regulation intensity and higher R&D investment.

Together, these papers act as effective counterpoints because they challenge the assumption that unstable policy environments primarily suppress transition activity, instead showing conditions under which uncertainty can catalyse innovation and renewable uptake.

Title	Author	Date	Type
Comparative impacts of energy, climate, and economic policy uncertainties on renewable energy	Selin Karlilar Pata	2024	Journal article
Climate policy uncertainty and corporate green innovation: Evidence from Chinese A-share listed industrial corporations	Dongbei Bai, Lizhao Du, Yang Xu, and Shujaat Abbas	2023	Journal article

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

Appendix 3: Climate Change Position Paper continued



Systems thinking: Climate change as a systemic risk

Key points:

- Climate impacts are economy-wide and unhedgeable
- Delayed transition policy locks in larger systemic risks

Climate change is a material and systemic financial risk with impacts extending across the economy and financial system.

The Bank for International Settlements' Green Swan Report (2020) identifies climate change as a source of complex and unhedgeable risks that cannot be captured by conventional financial models, with the potential to cause system-wide disruption if unmanaged. The IPCC AR6 Synthesis Report (2023) provides evidence that physical impacts and transition pressures from climate change affect productivity, asset values and financial stability across sectors.

The World Energy Outlook 2024 (IEA) finds that delayed transition policies increase physical and transition risks through continued capital misallocation in energy and industry sectors. Together these sources establish that climate change presents a systemic risk that must be addressed through integrated governance and investment strategies.

Title	Author	Date	Type
IPCC AR6 Synthesis Report: Climate Change 2023	IPCC	March 2023	Industry report
The green swan: Central banking and financial stability in the age of climate change	BIS	January 2020	Industry report
The IEA's World Energy Outlook 2024	IEA	16 October 2024	Industry report

Counterpoints

D'Orazio (2025) finds that while physical and transition risks are associated with weaker financial stability indicators, stronger climate-related financial policies improve resilience, including through lower non-performing loans and improved liquidity. This challenges the view that climate risks are inherently unhedgeable or unmanageable within conventional stability frameworks and instead supports the argument that institutions and policy settings materially shape systemic outcomes. Liu et al. (2024) provide a complementary counterpoint by showing, across listed banks in G20 countries, that climate policy uncertainty is associated with lower bank systemic risk, consistent with a "systemic risk reduction" channel where banks respond via greater climate-related disclosure and sustainable investments.

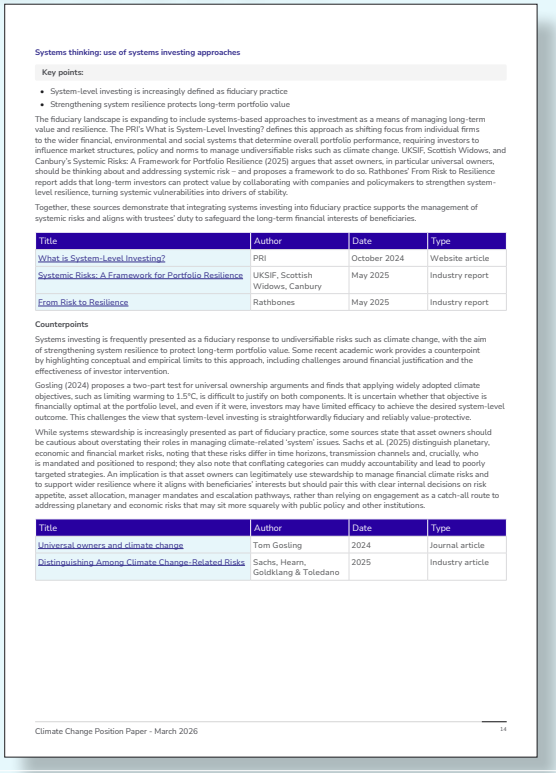
While climate change can create, present, large, systemic risk to investors, some financial impacts from climate change can depend on asset-level exposure, geography and adaptive capacity, meaning investors can reduce sensitivity through portfolio construction (ie, to increase portfolio resilience) and risk transfer. Recent NBER research shows that lowering spatial concentration and reducing within-portfolio correlation of hazards can materially reduce exposure to climate-related losses (demonstrated for wildfire risk), implying that at least some physical climate risk can be managed through diversification and structuring rather than treated as inherently unhedgeable (2025). This does not deny the systemic nature of climate change, but it weakens the claim by showing that some risk is heterogeneous and partially manageable and that realised impacts depend heavily on adaptive investment and policy frameworks.

Together, these studies do not deny climate risk, but they counter the strongest form of the systemic-risk claim in the existing literature by showing that (1) resilience can be built through policy and supervisory frameworks, and (2) policy uncertainty does not uniformly amplify systemic instability.

Title	Author	Date	Type
Climate risks and financial stability: Evidence on the effectiveness of climate-related financial policies	Paola D'Orazio	2025	Journal article
Climate policy uncertainty and bank systemic risk: A creative destruction perspective	Yulin Liu, Junbo Wang, Fenghua Wen, and Chunchi Wu	2024	Journal article
Adaptation using financial markets: climate risk diversification through securitization	Matthew E. Kahn, Amine Ouazad, and Erkan Yönder	2025	Working paper

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Appendix 3: Climate Change Position Paper continued



Systems thinking: use of systems investing approaches

Key points:

- System-level investing is increasingly defined as fiduciary practice
- Strengthening system resilience protects long-term portfolio value

The fiduciary landscape is expanding to include systems-based approaches to investment as a means of managing long-term value and resilience. The PRI's What is System-Level Investing? defines this approach as shifting focus from individual firms to the wider financial, environmental and social systems that determine overall portfolio performance, requiring investors to influence market structures, policy and norms to manage undiversifiable risks such as climate change. UKSIF, Scottish Widows, and Canbury's Systemic Risks: A Framework for Portfolio Resilience (2025) argues that asset owners, in particular universal owners, should be thinking about and addressing systemic risk – and proposes a framework to do so. Rathbones' From Risk to Resilience report adds that long-term investors can protect value by collaborating with companies and policymakers to strengthen system-level resilience, turning systemic vulnerabilities into drivers of stability.

Together, these sources demonstrate that integrating systems investing into fiduciary practice supports the management of systemic risks and aligns with trustees' duty to safeguard the long-term financial interests of beneficiaries.

Title	Author	Date	Type
What is System-Level Investing?	PRI	October 2024	Website article
Systemic Risks: A Framework for Portfolio Resilience	UKSIF, Scottish Widows, Canbury	May 2025	Industry report
From Risk to Resilience	Rathbones	May 2025	Industry report

Counterpoints

Systems investing is frequently presented as a fiduciary response to undiversifiable risks such as climate change, with the aim of strengthening system resilience to protect long-term portfolio value. Some recent academic work provides a counterpoint by highlighting conceptual and empirical limits to this approach, including challenges around financial justification and the effectiveness of investor intervention.

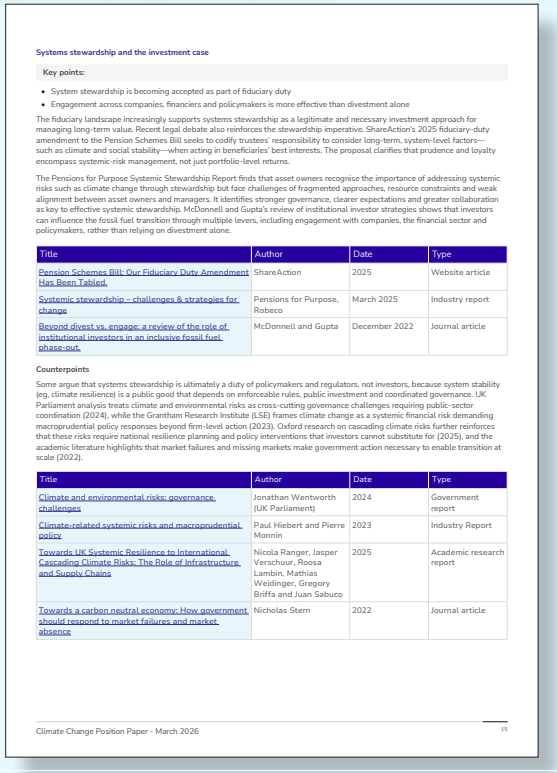
Gosling (2024) proposes a two-part test for universal ownership arguments and finds that applying widely adopted climate objectives, such as limiting warming to 1.5°C, is difficult to justify on both components. It is uncertain whether that objective is financially optimal at the portfolio level, and even if it were, investors may have limited efficacy to achieve the desired system-level outcome. This challenges the view that system-level investing is straightforwardly fiduciary and reliably value-protective.

While systems stewardship is increasingly presented as part of fiduciary practice, some sources state that asset owners should be cautious about overstating their roles in managing climate-related 'system' issues. Sachs et al. (2025) distinguish planetary, economic and financial market risks, noting that these risks differ in time horizons, transmission channels and, crucially, who is mandated and positioned to respond; they also note that conflating categories can muddy accountability and lead to poorly targeted strategies. An implication is that asset owners can legitimately use stewardship to manage financial climate risks and to support wider resilience where it aligns with beneficiaries' interests but should pair this with clear internal decisions on risk appetite, asset allocation, manager mandates and escalation pathways, rather than relying on engagement as a catch-all route to addressing planetary and economic risks that may sit more squarely with public policy and other institutions.

Title	Author	Date	Type
Universal owners and climate change	Tom Gosling	2024	Journal article
Distinguishing Among Climate Change-Related Risks	Sachs, Hearn, Goldklang & Toledano	2025	Industry article

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Appendix 3: Climate Change Position Paper continued



Systems stewardship and the investment case

Key points:

- System stewardship is becoming accepted as part of fiduciary duty
- Engagement across companies, financiers and policymakers is more effective than divestment alone

The fiduciary landscape increasingly supports systems stewardship as a legitimate and necessary investment approach for managing long-term value. Recent legal debate also reinforces the stewardship imperative. ShareAction's 2025 fiduciary-duty amendment to the Pension Schemes Bill seeks to codify trustees' responsibility to consider long-term, system-level factors—such as climate and social stability—when acting in beneficiaries' best interests. The proposal clarifies that prudence and loyalty encompass systemic-risk management, not just portfolio-level returns.

The Pensions for Purpose Systemic Stewardship Report finds that asset owners recognise the importance of addressing systemic risks such as climate change through stewardship but face challenges of fragmented approaches, resource constraints and weak alignment between asset owners and managers. It identifies stronger governance, clearer expectations and greater collaboration as key to effective systemic stewardship. McDonnell and Gupta's review of institutional investor strategies shows that investors can influence the fossil fuel transition through multiple levers, including engagement with companies, the financial sector and policymakers, rather than relying on divestment alone.

Title	Author	Date	Type
Pension Schemes Bill: Our Fiduciary Duty Amendment Has Been Tabled.	ShareAction	2025	Website article
Systemic stewardship – challenges & strategies for change	Pensions for Purpose, Robeco	March 2025	Industry report
Beyond divest vs. engage: a review of the role of institutional investors in an inclusive fossil fuel phase-out.	McDonnell and Gupta	December 2022	Journal article

Counterpoints

Some argue that systems stewardship is ultimately a duty of policymakers and regulators, not investors, because system stability (eg, climate resilience) is a public good that depends on enforceable rules, public investment and coordinated governance. UK Parliament analysis treats climate and environmental risks as cross-cutting governance challenges requiring public-sector coordination (2024), while the Grantham Research Institute (LSE) frames climate change as a systemic financial risk demanding macroprudential policy responses beyond firm-level action (2023). Oxford research on cascading climate risks further reinforces that these risks require national resilience planning and policy interventions that investors cannot substitute for (2025), and the academic literature highlights that market failures and missing markets make government action necessary to enable transition at scale (2022).

Title	Author	Date	Type
Climate and environmental risks: governance challenges	Jonathan Wentworth (UK Parliament)	2024	Government report
Climate-related systemic risks and macroprudential policy	Paul Hiebert and Pierre Monnin	2023	Industry Report
Towards UK Systemic Resilience to International Cascading Climate Risks: The Role of Infrastructure and Supply Chains	Nicola Ranger, Jasper Verschuur, Roosa Lambin, Mathias Weidinger, Gregory Briffa and Juan Sabuco	2025	Academic research report
Towards a carbon neutral economy: How government should respond to market failures and market absence	Nicholas Stern	2022	Journal article

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

Other works not included in the overview

Market Mispricing

Source	Summary
CFA Institute Research & Policy Centre – Carbon Emissions, Net-Zero Transition, and Implications for Equity Portfolio Risk (Campos et al.)	Links carbon emissions and climate-news flow to equity-risk metrics, showing pricing sensitivity to transition signals.
CFRAC External Advisory Committee Report – Key Themes 2023-2024	Summarises US public- and private-sector perspectives on managing climate-related financial risk and data needs.
US Senate Budget Committee – Testimony of Robert B. Litterman (Feb 2023)	Highlights the systemic nature of climate risk and the need for effective carbon pricing to mitigate fiscal exposure.
FCA, PRA, TPR & FRC – Joint Statement on Climate Change Adaptation (Oct 2021)	UK regulators define expectations for governance, disclosure, and adaptation reporting across financial sectors.
Robeco White Paper (2024) – Transition Investing: Exploring Alpha Potential	Presents a framework for capturing alpha from transition leaders rather than only 'green' assets.
LSE – 15 Years on from the Stern Review (2021)	Revisits the economic rationale for proactive climate policy and green growth; contrasts with persistent underpricing.
PRI – Financial Markets Are Mispricing Climate Risk (2019)	Argues markets rely on outdated scenarios and underestimate policy-response risk; introduces IPR framework.
Man Group – Climate News Anomaly (2023)	Identifies return premium linked to climate-news attention, showing under-reaction to information flow.
UK Cabinet Office – Forests and Climate Leaders' Partnership, (COP27, 2022)	Coalition advancing forest and land-use finance as integral to global transition risk management.
UK BEIS – Net Zero Strategy: Build Back Greener (2021)	The UK's detailed policy roadmap for achieving net-zero; contextual baseline for investment analysis.
Bilal & Känzig (2024) – The Macroeconomic Impact of Climate Change	Empirically estimates GDP losses from global warming, reinforcing rationale for carbon pricing and transition.
Institute and Faculty of Actuaries & University of Exeter – Planetary Solvency (2025)	Integrates climate, nature, and economic risks into a solvency-style prudential framework.
Bank of England – Breaking the Tragedy of the Horizon (2015)	Foundational framing of climate risk as a financial-stability issue; introduces physical, transition, and liability risks.
IMF Blog – Further Delaying Climate Policies Will Hurt Economic Growth (2022)	Demonstrates macroeconomic benefits of early, credible climate policy versus delayed action.
Grantham Research Institute – Preventing a 'Climate Minsky Moment' (2022)	Examines prudential tools and exposure limits to mitigate systemic climate-transition risks.

Paris Alignment

Source	Summary
Inevitable Policy Response – Quarterly Forecast Tracker	Ongoing tracker of near-term climate policy developments across major economies. Quantifies expected force and timing of responses shaping transition pathways.
Climate Action Tracker – Net Zero Target Evaluations (Nov 2023)	Evaluates the integrity and credibility of national net-zero targets, highlighting ambition gaps and offset reliance versus 1.5°C pathways.
European Commission – The European Green Deal	Comprehensive EU strategy for climate neutrality by 2050 covering energy, industry, transport, and finance.
Carbon Border Adjustment Mechanism (CBAM)	EU policy introducing carbon pricing on imports to prevent carbon leakage and drive global pricing convergence.
United Kingdom Climate Change Commitments – 2035 NDC & Seventh Carbon Budget	Summarises statutory targets and carbon budgets guiding the UK's 2050 net-zero path under CCC oversight.
International Energy Agency – World Energy Outlook 2024	Global scenario analysis comparing STEPS, APS, and NZE trajectories; outlines the capacity to accelerate the energy transition.
Net Zero Tracker – Data Explorer	Aggregates data on net-zero commitments and integrity metrics for countries, regions, cities, and corporates.
LSE Grantham Research Institute – Why is Net Zero So Important?	Explains carbon budgets, the logic of net zero, and implications for climate stabilisation.
International Court of Justice – Advisory Opinion on Obligations of States (Cleary Gottlieb Insights)	Reviews legal proceedings on state obligations under international law for climate protection
Möller, Högner & Schleussner (2024) – Achieving Net Zero Greenhouse Gas Emissions Critical to Limit Climate Tipping Risks	Analyses interaction between tipping elements and mitigation feasibility; underscores urgency of net-zero targets.
Transition Pathway Initiative – State of the Corporate Transition, 2025	Benchmarks corporate decarbonisation progress; finds most firms misaligned with 1.5°C pathways without stronger plans.

People's Administration Services Limited
Manor Royal, Crawley, West Sussex, RH10 9QP. Tel 0300 2000 555. www.peoplespartnership.co.uk

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PEN-0028/0326

Appendix 2 – Illustration of Charges and Transaction Costs

Illustrative examples of the effect of the management charge of 0.5%, the 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	£2,450	£2,440
3 years	£8,010	£7,930
5 years	£14,500	£14,300
10 years	£35,800	£34,900
15 years	£66,500	£64,200
20 years	£110,000	£105,000
25 years	£171,000	£162,000
30 years	£256,000	£241,000
35 years	£368,000	£345,000
40 years	£507,000	£470,000
to age 68	£702,000	£646,000

The 'balanced' investment profile* (age 30, starting pot size of £3,554)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£6,220	£6,190
3 years	£12,200	£12,100
5 years	£19,200	£18,900
10 years	£42,200	£41,000
15 years	£75,100	£72,300
20 years	£121,000	£116,000
25 years	£185,000	£176,000
30 years	£267,000	£252,000
35 years	£367,000	£342,000
to age 68	£433,000	£403,000

* Scheme default arrangement

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

The 'balanced' investment profile* (age 40, starting pot size of £5,365)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£8,140	£8,100
3 years	£14,400	£14,200
5 years	£21,700	£21,300
10 years	£45,400	£44,100
15 years	£79,100	£76,200
20 years	£123,000	£117,000
25 years	£178,000	£169,000
to age 68	£216,000	£204,000

The 'balanced' investment profile* (deferred member age 42, average pot size £3,907)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£3,280	£3,250
3 years	£3,680	£3,600
5 years	£4,140	£3,990
10 years	£5,540	£5,170
15 years	£7,330	£6,630
20 years	£9,410	£8,260
25 years	£11,700	£9,990
to age 68	£12,100	£10,300

The 'balanced' investment profile* (age 50, starting pot size of £7,343)

Year in Scheme	Pot value before charges	Pot value after all costs and charges deducted
1 year	£10,200	£10,100
3 years	£16,700	£16,500
5 years	£24,200	£23,800
10 years	£47,600	£46,300
15 years	£78,100	£75,200
to age 68	£99,000	£95,000

* 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 from. 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	£2,450	£2,440
3 years	£8,010	£7,930
5 years	£14,500	£14,300
10 years	£35,800	£34,900
15 years	£66,500	£64,200
20 years	£110,000	£105,000
25 years	£171,000	£162,000
30 years	£256,000	£241,000
35 years	£373,000	£348,000
40 years	£533,000	£495,000
to age 68	£805,000	£739,000

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	£2,450	£2,440
3 years	£8,010	£7,930
5 years	£14,500	£14,300
10 years	£35,800	£34,900
15 years	£66,500	£64,300
20 years	£110,000	£105,000
25 years	£171,000	£163,000
30 years	£256,000	£242,000
35 years	£373,000	£350,000
40 years	£533,000	£497,000
to age 68	£805,000	£743,000

** 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	£2,430	£2,420
3 years	£7,790	£7,710
5 years	£13,800	£13,600
10 years	£32,500	£31,700
15 years	£57,200	£55,300
20 years	£89,700	£86,100
25 years	£131,000	£125,000
30 years	£186,000	£176,000
35 years	£255,000	£240,000
40 years	£343,000	£321,000
to age 68	£480,000	£446,000

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	£2,430	£2,420
3 years	£7,790	£7,710
5 years	£13,800	£13,600
10 years	£32,500	£31,700
15 years	£57,200	£55,400
20 years	£89,700	£86,100
25 years	£131,000	£125,000
30 years	£186,000	£176,000
35 years	£255,000	£240,000
40 years	£343,000	£321,000
to age 68	£480,000	£446,000

** 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	£2,450	£2,440
3 years	£8,010	£7,930
5 years	£14,500	£14,300
10 years	£35,800	£35,000
15 years	£66,500	£64,500
20 years	£110,000	£106,000
25 years	£171,000	£163,000
30 years	£256,000	£243,000
35 years	£373,000	£352,000
40 years	£533,000	£501,000
to age 68	£805,000	£750,000

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	£2,450	£2,440
3 years	£8,010	£7,930
5 years	£14,500	£14,300
10 years	£35,800	£35,000
15 years	£66,500	£64,600
20 years	£110,000	£106,000
25 years	£171,000	£164,000
30 years	£256,000	£244,000
35 years	£373,000	£353,000
40 years	£533,000	£503,000
to age 68	£805,000	£754,000

** 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	£2,450	£2,440
3 years	£8,010	£7,930
5 years	£14,500	£14,300
10 years	£35,800	£35,000
15 years	£66,500	£64,500
20 years	£110,000	£106,000
25 years	£171,000	£163,000
30 years	£256,000	£243,000
35 years	£373,000	£352,000
40 years	£533,000	£501,000
to age 68	£805,000	£751,000

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	£2,410	£2,400
3 years	£7,570	£7,500
5 years	£13,100	£13,000
10 years	£29,500	£28,800
15 years	£49,400	£48,000
20 years	£73,700	£71,100
25 years	£103,000	£98,900
30 years	£138,000	£132,000
35 years	£180,000	£171,000
40 years	£230,000	£218,000
to age 68	£302,000	£286,000

** 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. Projected pension pot values are shown in today's terms, allowing for future inflation of 2.5% a year in accordance with AS TM1. Statutory Money Purchase Illustrations do not need to be reduced further for the effect of future inflation. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
- Contributions are assumed to be £199 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 £186 on 31 March 2025). 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.peoplespension.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.

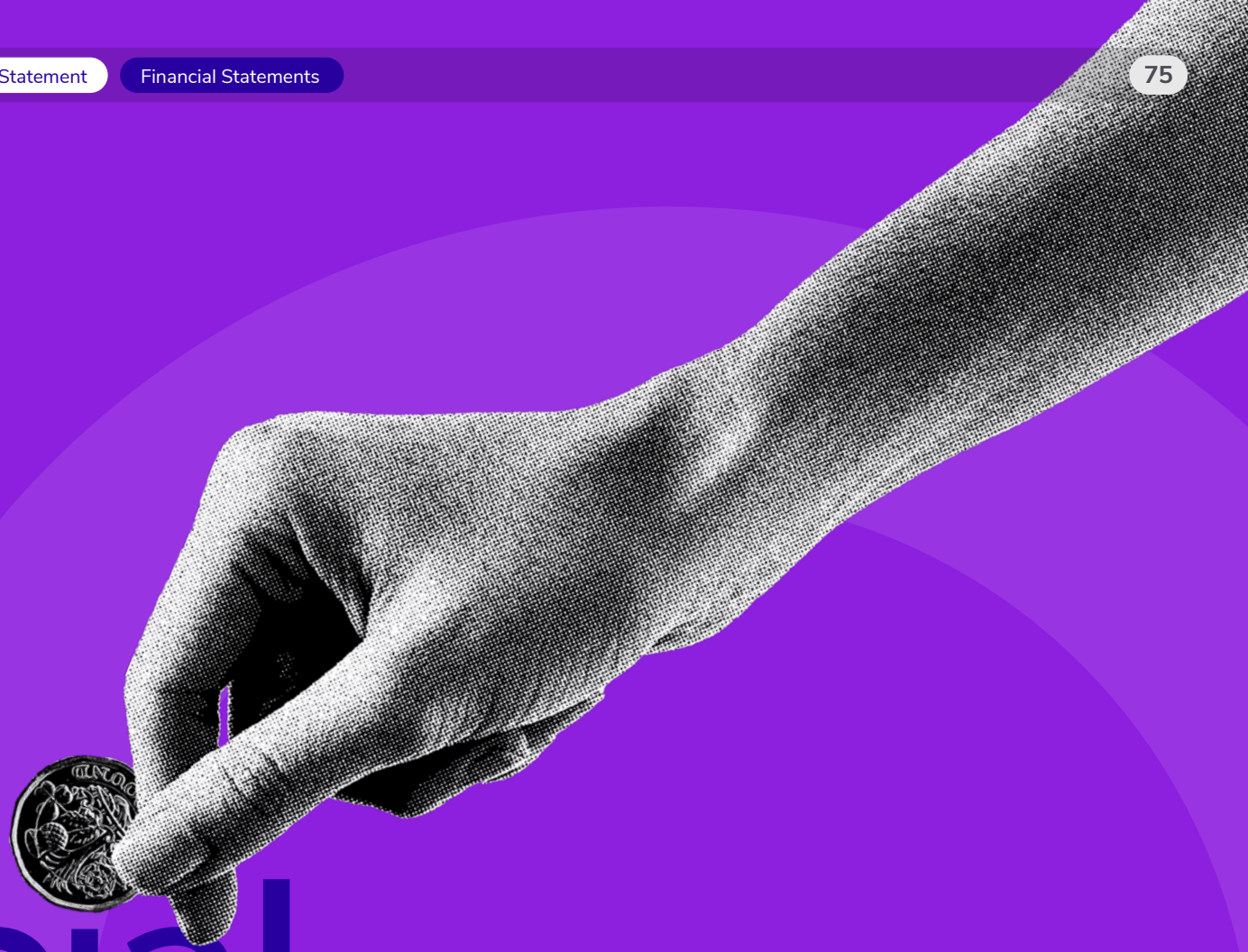
Fund	Fund performance*	Performance Objective	Performance Objective**	Asset allocation
Global Investments (up to 85% shares) Fund	14.6% 1 Year 10.9% 3 Year 6.6% 5 Year	5.8% 1 Year 5.5% 3 Year 7.7% 5 Year	UK CPI +3.0% (Gross of fees) UK CPI +2.5% (Net of fees) Performance shown on a net of fee basis	6.2% UK Equity 60.7% Global Developed Market Equity (excluding UK) 9.9% Global Emerging Market Equity **76.8% Total Listed Equity** **3.2% Listed Infrastructure** 13.0% Global Investment Grade Corporate Bonds 0.5% High Yield Corporate Bonds 3.5% UK Gilts 1.5% Global Developed Market Government Bonds, 0.5% Global Emerging Market Bonds, 1.0% Securitised Loans **20.0% Total Fixed Income**
Pre-Retirement Fund	6.5% 1 Year 5.3% 3 Year 1.7% 5 Year	3.8% 1 Year 3.5% 3 Year 5.7% 5 Year	UK CPI +1% (Gross of fees) UK CPI +0.5% (Net of fees) Performance shown on a net of fee basis	1.5% UK Equity 15.2% Global Developed Market Equity (excluding UK) 2.5% Global Emerging Market Equity **19.2% Total Listed Equity** **0.8% Listed Infrastructure** 75.1% Global Investment Grade Corporate Bonds 3.9% Global Non-Investment Grade Corporate Bonds **79.0% Total Bonds** **1.0% Cash**
Global Investments (up to 100% shares) Fund	17.1% 1 Year 12.8% 3 Year 8.4% 5 Year	6.3% 1 Year 6.0% 3 Year 8.2% 5 Year	UK CPI +3.5% (Gross of fees) UK CPI +3% (Net of fees) Performance shown on a net of fee basis	7.7% UK Equity 75.9% Global Developed Market Equity (excluding UK) 12.4% Global Emerging Market Equity **96.0% Total Listed Equity** **4.0% Listed Infrastructure**

*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 2026. Due to differences in calculation methodology performance of CPI+ Performance objectives will differ slightly from fund published fund factsheets.

Appendix 3 – Fund Performance (continued)

Fund	Fund performance*	Performance Objective	Performance Objective**	Asset allocation
Global Investments (up to 60% shares) Fund	11.5% 1 Year 9.0% 3 Year 4.7% 5 Year	5.3% 1 Year 5.0% 3 Year 7.2% 5 Year	UK CPI +2.5% (Gross of fees) UK CPI +2.0% (Net of fees) Performance shown on a net of fee basis	4.3% UK Equity 41.7% Global Developed Market Equity (excluding UK) 6.8% Global Emerging Market Equity **52.8% Total Listed Equity** **2.2% Total Listed Infrastructure** 29.2% Global Investment Grade Corporate Bonds 1.1% Global Non-Investment Grade Corporate Bonds 7.9% UK Gilts 3.4% Global Developed Market Government Bonds 1.1% Global Emerging Market Government Bonds 2.3% Securitised loans **45.0% Total Fixed Income**
Shariah Fund	19.9% 1 Year 17.2% 3 Year 13.2% 5 Year	6.3% 1 Year 6.0% 3 Year 8.2% 5 Year	UK CPI +3.5% (Gross of fees) UK CPI +3% (Net of fees) Performance shown on a net of fee basis	**100.0% Global listed equity**
Cash Fund	3.9% 1 Year 4.4% 3 Year 2.9% 5 Year	4.1% 1 Year 4.7% 3 Year 3.3% 5 Year	SONIA	**100.0% Cash**
Annuity Fund	1.8% 1 Year (1.1)% 3 Year (7.7)% 5 Year	1.0% 1 Year (2.2)% 3 Year (8.5)% 5 Year	ABI Sterling Long Bond	70.0% 30.0% **100.0% Total Fixed Income**

*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 2026. Due to differences in calculation methodology performance of CPI+ Performance objectives will differ slightly from fund published fund factsheets.



Financial Statements

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 2026 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 2026 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.

Independent Auditor's Report to the Trustee of The People's Pension Scheme (continued)

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, Investment Committee and Risk, Administration and Communications Committee 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. 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 communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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.

Independent Auditor's Report to the Trustee of The People's Pension Scheme (continued)

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 of the information included in the annual report other than the Financial Statements and the Independent Auditor's Report. 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 16, 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.

Iryndeep Kaur-Delay

Iryndeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
Date: 21 September 2026

Fund Account for the year ended 31 March 2026



	Note	2026 £000	2025 £000
Contributions and Benefits			
Employer contributions		2,280,016	2,179,932
Employee contributions		2,194,571	2,168,584
Total contributions	4	**4,474,587**	**4,348,516**
Individual transfers in		614,897	529,884
		5,089,484	**4,878,400**
Benefits paid or payable	5	(705,855)	(535,758)
Payments to and on account of leavers	6	(15,345)	(12,789)
Individual transfers to other plans		(1,042,302)	(790,444)
Administrative expenses	7	(152,319)	(127,761)
		(1,915,821)	**(1,466,752)**
Net additions from dealings with members		**3,173,663**	**3,411,648**
Returns on investments			
Change in market value of investments	8	4,427,369	1,579,536
Investment management expenses		(14,613)	(13,004)
Net return on investments		**4,412,756**	**1,566,532**
Net increase in the fund during the year		7,586,419	4,978,180
Opening net assets		31,553,227	26,575,047
Closing net assets		**39,139,646**	**31,553,227**

The notes on pages 81 to 96 form part of these Financial Statements.

Statement of Net Assets Available for Benefits as at 31 March 2026

	Note	2026 £000	2025 £000
Investment assets			
Pooled investment vehicles	8	38,925,669	31,342,916
Total net investment assets		**38,925,669**	**31,342,916**
Current assets	16	267,285	292,457
Current liabilities	17	(53,308)	(82,146)
Net assets available for benefits		**39,139,646**	**31,553,227**

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 81 to 96 form part of these Financial Statements.

These Financial Statements were approved by the Trustee and signed on its behalf by:

Mark Condron

Mark Condron
Trustee Director
21 September 2026



Notes to the Financial Statements for the year ended 31 March 2026

1 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.

2 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.

3 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 three 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.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

3 Summary of accounting policies (continued)

F. Change in market value, investment income and transaction costs

The pooled investment vehicles administered by the Scheme represent member unitised funds.

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

The member unitised funds also receive investment income arising from the underlying investments within them. Such investment income is rolled up and reinvested within the member unitised funds as and when declared by the investment fund manager. Investment income comprises dividends from equities and interest on bonds held directly by the Scheme. This is reflected in the unit price and reported within 'change in market value'.

Investment income received by the Scheme arising from the underlying investments includes interest bought and sold on bond transactions.

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.

G. Valuation and classification of investments

Investment assets and liabilities are included in the Financial Statements at fair value.

Pooled investment vehicles held as part of members' unitised funds are stated using pricing 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 provided by the investment fund manager is used.

The Scheme directly holds the majority of underlying instruments that make up the members' unitised funds. Such underlying instruments are valued as follows:

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

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

4 Contributions

	2026 £000	2025 £000
Employer		
Normal	**2,280,016**	2,179,933
Employee	2,147,694	2,131,260
Normal	46,877	37,323
Additional voluntary contributions	2,194,571	2,168,583
Total	**4,474,587**	4,348,516

5 Benefits paid or payable

	2026 £000	2025 £000
Lump sum retirement benefits	659,620	500,503
Lump sum death benefits	46,235	35,255
Total	**705,855**	535,758

6 Payments to and on account of leavers

	2026 £000	2025 £000
Refund of contributions in respect of: Opt-outs	**15,345**	12,789

7 Administrative expenses

	2026 £000	2025 £000
Administrative expenses	**15,345**	12,789

The AMC deducted from members' funds during the year totalled £167.1m (2025: £140.8m). The AMC is net of the savings reward on the management charge of £43.6m (2025: £31.6m) and includes an 'Annual Charge' of £28.6m (2025: £25.7m).

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 totalling £14.6m (2025: £13.0m).

8 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:

	Pooled investment vehicles – member unitised funds
Market value at 31 March 2025 £000	31,342,916
Purchases and derivative payments £000	3,637,876
Sales and derivative receipts £000	(315,371)
Change in market value £000	4,427,369
AMC £000	(167,121)
Market value at 31 March 2026 £000	**38,925,669**

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. The change in market value above relates to the member unitised funds and therefore includes investment income received in respect of the underlying investment portfolio, which has been included as part of the unit price of the member unitised funds. During the year, a total of £740,684k (2025: £224,788k) of investment income was earned by the Scheme.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

8 Reconciliation of net investments (continued)

Our members have a choice of three investment profiles and eight funds, which held the following at the year-end date:

	2026 £000	2025 £000
	Total Market Value	
Global Investment up to 85% Shares Fund	30,016,286	24,480,448
Pre-Retirement Fund	6,378,373	5,072,975
Global Investment up to 100% Shares Fund	1,911,869	1,315,211
Shariah Fund	270,612	201,812
Ethical Fund	151,829	132,497
Cash Fund	94,268	69,295
Global Investment up to 60% Shares Fund	100,225	68,992
Annuity Fund	2,207	1,686
Total	**38,925,669**	**31,342,916**

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 continued to undertake a reorganisation of how the Scheme holds its investment portfolio within the Scheme specific pooled funds, and after the significant disinvestment of pooled investment vehicles during the prior year, in favour of directly holding the underlying instruments previously held within those pooled investments, a further £1.0bn of debt pooled funds were also disinvested in favour of holding the underlying debt instruments directly.

The underlying investment portfolio within the Scheme specific pooled funds comprises the following at the year-end date:

	2026 £000	2025 £000
Investment Assets		
Equities	26,438,862	17,718,188
Bonds	10,227,386	6,986,675
Pooled Investment Vehicles	1,704,633	6,120,246
Derivatives - Currency Forwards	23,982	182,678
Derivatives - Futures	567	372
Cash Balances	560,363	206,537
Other Investment Balances	221,196	122,327
Unsettled Sales	210,100	24,286
	39,387,089	**31,361,309**
Investment Liabilities		
Derivatives - Futures	(9,753)	(139)
Derivatives - Currency Forwards	(252,559)	(2,308)
Unsettled Purchases	(182,375)	(15,946)
Other Investment Balances	(16,733)	–
	(461,420)	**(18,393)**
Total	**38,925,669**	**31,342,916**

9 Pooled investment vehicles

The pooled investment vehicles within the underlying assets of the Scheme specific pooled fund had the following economic exposures at the Scheme year end:

	2026 £000	2025 £000
Equities	422,287	3,081,200
Bonds	580,949	1,027,618
Infrastructure	490,485	924,487
Cash and cash equivalents	210,912	1,086,941
Total	**1,704,633**	**6,120,246**

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

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.

Derivatives – FX open contracts summary

	2026 £000	2025 £000
Derivative Assets		
Forward FX	23,982	182,678
Derivative Liabilities		
Forward FX	(252,559)	(2,308)
Total	**(228,577)**	**180,370**

The Scheme had 378 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 2026 £000	Liability Value at 31 March 2026 £000
Forward	< 3 months	1	GBP 4,633	CHF 4,910	-	-
Forward	< 3 months	24	GBP 1,371,177	EUR 1,570,416	1,407	(223)
Forward	< 3 months	1	AUD 760	GBP 395	-	-
Forward	< 3 months	1	CAD 11,998	GBP 6,519	-	-
Forward	< 3 months	74	EUR 5,363,398	GBP 4,688,487	8,298	(12,421)
Forward	< 3 months	25	JPY 489,812,226	GBP 2,338,183	2,457	(1,574)
Forward	< 3 months	168	USD 19,892,426	GBP 14,847,237	2	(238,198)
Forward	< 3 months	12	GBP 1,346,904	JPY 282,751,403	999	(111)
Forward	< 3 months	1	GBP 118	NOK 1,518	-	-
Forward	< 3 months	1	GBP 103	SGD 176	-	-
Forward	< 3 months	70	GBP 7,216,129	USD 9,530,103	10,819	(32)
		378			**23,982**	**(252,559)**

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

10 Derivatives (continued)

At 31 March 2025 the Scheme had 111 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 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)**



Notes to the Financial Statements for the year ended 31 March 2026 (continued)

10 Derivatives (continued)

Futures contracts

The (£9,186k) 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 Value at 31 March 2026 £000	Fair Value Liability Value at 31 March 2026 £000
ULTRA T BOND (CBT) Future	3	< 3 months	1,059	20	(2)
ULTRA T NOTE (CBT) Future	4	< 3 months	10,036	122	(47)
S&P500 EMINI Future	1	< 3 months	342,019	-	(5,209)
EURO BOBL Future	2	< 3 months	44,889	-	(35)
EURO BUND Future	1	< 3 months	8,280	-	(81)
EURO STOXX 50 Future	1	< 3 months	38,240	-	(1,019)
FTSE 100 IDX Future	2	< 3 months	27,218	115	-
HANG SENG IDX Future	1	< 1 month	848	-	(19)
MSCI EMERGING MKT Future	1	< 3 months	45,825	-	(141)
LONG GILT Future	1	< 3 months	20,803	-	(1,136)
OMXS30 IND Future	1	< 1 month	3,187	-	(58)
MSCI SING IX ETS Future	1	< 1 month	662	1	-
SPI 200 Future	1	< 3 months	2,592	-	(21)
SWISS MKT IX Future	1	< 3 months	10,249	2	-
TOPIX INDX Future	1	< 3 months	53,542	-	(431)
US T BONDS Future	2	< 3 months	8,849	-	(241)
US 2YR Note (CBT) Future	3	< 3 months	150,170	-	(1,093)
US T NOTE Future	3	< 3 Months	84,197	106	(220)
US T NOTES Future	1	< 3 Months	9,811	201	-
	31			**567**	**(9,753)**

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

10 Derivatives (continued)

Futures contracts (continued)

The £233k of net outstanding futures held at the end of 2025 within the underlying assets are summarised as follows:

Contract	Number of contracts	Expires within	Notional principal £000	Fair Value Asset Value at 31 March 2025 £000	Fair Value Liability Value at 31 March 2025 £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)**

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

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 (2025: Level 2).

The Scheme's underlying investment assets within the member pooled funds have been included at fair value within these levels:

	Level 1 £000	Level 2 £000	Level 3 £000	2026 Total £000
Investment assets				
Equities	26,438,862	–	–	26,438,862
Bonds	–	10,227,386	–	10,227,386
Pooled investment vehicles	–	1,704,633	–	1,704,633
Derivatives	(9,186)	(228,577)	–	(237,763)
Cash and cash equivalents*	792,551	–	–	792,551
Total	**27,222,227**	**11,703,442**	**–**	**38,925,669**

*Cash and cash equivalents include cash balances, other investment balances, and unsettled sales.

As at the end of 2025 the Scheme's the fair value hierarchy of the underlying investment assets within the member pooled funds was:

	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	**18,055,625**	**13,287,291**	**–**	**31,342,916**

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

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 approved the transition of assets in our emerging market equity portfolio from State Street Investment Management (SSIM) to Robeco Asset Management, moving c£3.6bn of assets. These assets will be directly held by the Scheme. Additionally, a portion of the infrastructure portfolio was moved into a directly owned investment vehicle. The investment manager remains SSIM.

At the Scheme year end date, the portfolio was managed as follows:

	£000
State Street – pooled investment vehicles	1,704,633
Amundi - developed market direct equity holdings	22,777,745
Robeco - emerging market direct equity holdings	3,661,117
Invesco - direct bond holdings	10,227,386
Derivatives	(237,764)
Cash and other investment balances	792,552
	38,925,669



Notes to the Financial Statements for the year ended 31 March 2026 (continued)

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* market risk			Direct market risk			2026	2025
			Currency	Interest rate	Other price	Currency	Interest rate	Other price	£000	£000
PIV Equities	No	No	Partially	No	Yes	N/A	N/A	N/A	422,287	3,081,200
PIV Bonds	No	Yes	Partially	Yes	Yes	N/A	N/A	N/A	580,949	1,027,618
PIV Infrastructure	No	Yes	Yes	Yes	Yes	N/A	N/A	N/A	490,485	924,487
PIV Cash and cash equivalents	Yes	Yes	Yes	Partially	Yes	N/A	N/A	N/A	210,912	1,086,941
UK Equities	No	N/A	N/A	N/A	N/A	No	No	Yes	2,185,303	1,710,235
Non UK Equities	No	N/A	N/A	N/A	N/A	Yes	No	Yes	24,253,559	16,007,953
UK Bonds	Yes	N/A	N/A	N/A	N/A	No	Yes	Partially	4,048,229	4,032,892
Non UK Bonds	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Partially	6,179,157	2,953,783
Derivatives	Yes	N/A	N/A	N/A	N/A	Yes	No	Yes	(237,764)	180,603
Cash and cash equivalents	Yes	N/A	N/A	N/A	N/A	Yes	Yes	No	792,552	337,204
									38,925,669	**31,342,916**

* Indirect risks only apply to holdings in a pooled investment vehicle, where the indirect credit and market risk 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 17 and 18.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

12 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 SSIM and directly held investments managed by Amundi, Invesco and Robeco, which are each overseen by an investment management agreement.

The day-to-day management of the underlying investments in the funds is the responsibility of SSIM, Amundi, Invesco and Robeco. 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 investment 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. Therefore, direct investment risks relate to investment assets that the Scheme holds legal title to, and indirect investment risks relate to underlying exposures within pooled investment vehicles the Scheme invests in.

Direct credit risk – Directly held assets

The Scheme's directly held fixed interest assets are directly exposed to the risk of individual issuers defaulting, this is mitigated by the corporate issues being actively selected by the investment manager Invesco and the overwhelming majority of the fixed income assets being rated investment grade by credit rating agencies and are therefore at a lower risk of default. The Scheme holds £10,227m in directly held bonds at the Scheme year end date (2025: £6,987m).

Direct credit risk – Pooled Investment Vehicles

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

Direct 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.

Direct currency risk

The directly held non-sterling denominated bonds valued at £7,242m (2025: £4,067m), 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 valued at £24,328m (2025: £15,996m) reduces some but not all the currency risk by hedging 50% of the Dollar, Euro and Yen exposure. The Trustee reviews the equity currency hedging policy on a regular basis to ensure it remains appropriate.

Direct interest rate risk

The directly held bond portfolio of £10,227m (2025: £6,987) 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.

Direct 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 £26,439m of equities (2025: £17,718m).

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

12 Investment risks (continued)

Indirectly held investments risk within underlying pooled investments

Indirect credit risk

The Scheme is subject to direct credit risk through their holding in unit-linked insurance funds provided by SSIM. Pooled investments held in Unit-linked insurance funds at the end of the year were £1,705m (2025: £6,120m).

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. SSIM invest 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 SSIM or HGAM, members may be entitled to limited compensation from the Financial Services Compensation Scheme 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 currency, interest rate and other price risks arising from the underlying financial instruments held in the funds managed by SSIM and HGAM, as shown on page 119.

Indirect currency risk

The Scheme is subject to indirect currency risk where a pooled fund's underlying assets are denominated in overseas markets. 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.

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.

Indirect other price risk

The Scheme invests in pooled investment vehicles that invest in equities whose value is exposed to other price risk. Overall, the Scheme mitigates this risk by diversifying its investments both within individual markets but also by investing in countries globally.

13 Concentration of investments

Following on from the change in asset ownership structures that commenced in 2025, that reduced the holding of Pooled funds and moving into direct ownership of assets via segregated mandates, a further £6.8bn of pooled funds were also moved into segregated mandates in 2026, as disclosed in note 12. This further change in the asset holdings has meant that as at 31 March 2026 there were no direct investments held in the underlying investment portfolio accounting for more than 5% of the year end net assets of the Scheme. At the prior year end, 31 March 2025, the only investment with a holding over 5% was the Emerging Markets ESG Screened Index Equity Sub-Fund, which had a value of £2.5bn (8% of Scheme net assets). Note 15 discloses the largest single investment exposures the Scheme has at 31 March 2026.

14 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 in relation to pooled investment vehicles were:

Explicit transaction costs as reported by the Fund investment managers for the year were:	2026 £000	2025 £000
Fees	10	2,512
Commissions	276	954
Taxes	300	3,014
Total	**586**	**6,480**

In addition, the Fund investment manager has advised of total implicit and indirect transaction costs relating to pooled investment vehicles of £502,000 (2025: £4,444,000).

Transaction costs segregated mandates

There were £7,138,000 (2025: £nil) of explicit transaction costs and £19,813,000 (2025: £nil) implicit (slippage) transaction costs for the segregated mandates, relating to new holdings in the current year.

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

15 Top 100 investment holdings

The top 100 investments as at 31 March 2026 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 remaining pooled investment vehicles, as invested in by the Scheme.

	Investment	% of Investment
1	NVIDIA CORP	2.70%
2	APPLE INC	2.51%
3	ALPHABET INC	2.07%
4	AMAZON COM INC	1.80%
5	BROADCOM INC	1.76%
6	TESLA INC	1.70%
7	MICROSOFT CORP	1.69%
8	TAIWAN SEMICONDUCTOR MANUFACTURING	1.29%
9	ELI LILLY AND COMPANY	0.99%
10	META PLATFORMS INC	0.89%
11	JOHNSON & JOHNSON	0.81%
12	HSBC HOLDINGS PLC	0.80%
13	JPMORGAN CHASE & CO	0.67%
14	ASTRAZENECA PLC	0.59%
15	SAMSUNG ELECTRONICS CO	0.56%
16	BANCO SANTANDER SA	0.51%

	Investment	% of Investment
17	GLAXOSMITHKLINE	0.46%
18	MERCK & CO INC	0.45%
19	ADVANCED MICRO DEVICES INC	0.44%
20	NATWEST GROUP PLC	0.44%
21	MICRON TECHNOLOGY INC	0.44%
22	CISCO SYS INC	0.44%
23	ENEL	0.43%
24	VERIZON COMMUNICATIONS INC	0.42%
25	BANK OF AMERICA	0.41%
26	ROCHE HOLDINGS AG	0.41%
27	NOVARTIS AG	0.40%
28	BARCLAYS PLC	0.40%
29	VISA INC	0.37%
30	MASTERCARD INC	0.36%
31	AT&T INC	0.36%
32	IBERDROLA SA	0.35%

	Investment	% of Investment
33	LLOYDS BANKING GROUP	0.35%
34	ORACLE CORP	0.35%
35	ABBVIE INC	0.34%
36	MITSUBISHI UFJ FINANCIAL GROUP INC	0.33%
37	CREDIT AGRICOLE SA	0.33%
38	TENCENT HOLDINGS LIMITED	0.33%
39	SCHNEIDER ELECTRIC SE	0.33%
40	BNP PARIBAS	0.33%
41	PROLOGIS	0.32%
42	MORGAN STANLEY	0.31%
43	UBS GROUP AG	0.30%
44	GOLDMAN SACHS GROUP INC	0.30%
45	ADVANTEST CORP	0.30%
46	NETFLIX INC	0.30%
47	ING GROEP N.V.	0.29%
48	BANCO BILBAO VIZCAYA ARGENTAR	0.29%

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

15 Top 100 investment holdings (continued)

	Investment	% of Investment
49	THERMO FISHER SCIENTIFIC INC	0.29%
50	TESCO	0.29%
51	INTERNATIONAL BUSINESS MACHS CORP	0.28%
52	HALEON PLC	0.28%
53	SAP SE	0.28%
54	PFIZER INC	0.26%
55	EQUINIX INC	0.26%
56	SK HYNIX INC	0.26%
57	ANZ GROUP HOLDINGS LIMITED	0.25%
58	DIAGEO	0.25%
59	VOLKSWAGEN	0.24%
60	SONY GROUP CORPORATION	0.24%
61	RECKITT BENCKISER GROUP	0.24%
62	KLA CORP	0.24%
63	DEUTSCHE BANK AG	0.23%
64	SIEMENS AG	0.23%
65	TAKEDA PHARMACEUTICAL CO LTD	0.23%
66	AMERICAN TOWER CORP	0.23%

	Investment	% of Investment
67	ASML HOLDING NV	0.23%
68	CITIGROUP INC	0.22%
69	FAST RETAILING CO LTD	0.22%
70	HOME DEPOT INC	0.22%
71	TEXAS INSTRUMENTS INC	0.22%
72	ALIBABA GROUP HLDG LTD	0.22%
73	SALESFORCE INC	0.22%
74	BRITISH TELECOMMUNICATIONS	0.22%
75	PALANTIR TECHNOLOGIES INC	0.22%
76	SUMITOMO MITSUI FINANCIAL GROUP INC	0.22%
77	COCA COLA	0.21%
78	UNITEDHEALTH GROUP INC	0.21%
79	CAIXABANK SA	0.21%
80	ANALOG DEVICES INC	0.21%
81	SSE PLC	0.21%
82	SOFTBANK CORP. NPV	0.20%
83	MIZUHO FINANCIAL GROUP	0.20%
84	AMGEN INC	0.20%

	Investment	% of Investment
85	KEYENCE CORP	0.20%
86	SOCIETE GENERALE	0.20%
87	ALLIANZ SE	0.20%
88	COMPASS GROUP PLC	0.20%
89	COOPERATIEVE RABOBANK UA	0.20%
90	KBC GROEP NV	0.20%
91	WALMART INC	0.19%
92	HITACHI LTD	0.19%
93	NEXT GROUP PLC	0.19%
94	SWEDBANK AB	0.19%
95	MARVELL TECHNOLOGY INC	0.19%
96	LVMH MOET HENNESSY LOUIS VUITTON SE	0.19%
97	AMPHENOL CORP NEW	0.19%
98	EAST JAPAN RAILWAY CO	0.18%
99	NATIONAL GRID	0.18%
100	QUALCOMM INC	0.18%

Notes to the Financial Statements for the year ended 31 March 2026 (continued)

16 Current assets

	2026 £000	2025 £000
Contributions due in respect of:		
Employers	82,904	92,558
Employees	64,232	73,153
Total	**147,136**	**165,711**
Other debtors	90,549	97,183
Cash balances	29,600	29,563
Total	**267,285**	**292,457**

Included in cash balances is £10.1m (2025: £12.7m) which is not allocated to members, comprising amounts not yet allocated to members due to timing differences between receipt of funds and subsequent processing onto a member's account, funds held for payment of Investment Manager fees and non-designated funds to be utilised for the benefit of the Scheme. All other current assets represent member funds and are therefore allocated to members.



17 Current liabilities

	2026 £000	2025 £000
Unpaid benefits	12,386	45,509
Tax deducted from benefits	8,699	6,318
Contributions pending settlement with investment manager	1,861	1,373
Contributions prepaid	7,376	4,782
Other creditors	11,546	12,613
Amounts owed to the Administrator	11,440	11,551
Total	**53,308**	**82,146**

18 Related party transactions

Related party transactions and balances comprise:

- The administration fees amounting to £152,319k (2025: £127,761k) mentioned in note 7, including £11,440k (2025: £11,551k) outstanding at the year-end as detailed in note 17, which is payable to the Scheme Administrator.
- PPL is a related party 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 £6,247k (2025: £5,215k). At the end of the year, there were no contributions due from PPL and are included within contributions due in respect of Employers in note 16 (2025: £723k).
- All fees and expenses payable to the Trustee Directors, amounting to £364k (2025: £358k), 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 2,089 employees amounted to £5,418k (2025: £5,803k).
- 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 £19.8m (2025: £17.4m).
- 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 (2025: 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 (2025: nil).

The People's Pension Trustee Limited
Manor Royal, Crawley, West Sussex, RH10 9QP.
Tel 0300 2000 555
www.peoplespension.co.uk

Registered in England and Wales No.08089267.
Pension Scheme Registry No.12005993

The People's Pension Trustee Limited is the corporate Trustee of The People's Pension Scheme.
To help us improve our service, we may record your call.