

# BPT Retirement Benefits Scheme

## Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated September 2023 and August 2024 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 July 2024 to 30 June 2025.

### Investment objectives of the Scheme

The Trustees' objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objectives as set out in the Statement of Funding Principles.

The Trustees' primary objectives are:

- "funding objective" – to ensure that the Scheme is fully funded using assumptions that contain an appropriate margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the Principal Employer;
- "stability objective" – to monitor the absolute level and stability of contributions required when setting the investment strategy of the Scheme; and
- "security objective" – to endeavour to improve the funding position of the Scheme and in turn the asset coverage of members' benefits.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

The Trustees also recognise that it may be necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

### Review of the SIP and Investment Strategy

The SIP was last reviewed and updated in August 2024 to reflect the purchase of a bulk annuity policy from Aviva Life & Pensions UK Limited ("Aviva"), in June 2024.

The Trustees have a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

## Investment Manager and Insurer

The bulk annuity contract is held in the Scheme's name and is an asset of the Scheme. As the insurance company, Aviva will guarantee the Scheme's ongoing cash flow needs for future benefit payments as projected for the participants and agreed in the contract.

At the date of the bulk annuity transaction, the value of the Scheme's assets was greater than the premium payable to Aviva. The Scheme retained the surplus assets in a segregated cash portfolio managed by Rathbones. The asset allocation between the insurance policy and the cash portfolio will vary over time and will not be rebalanced.

## Investment Governance

The Trustees are responsible for making investment decisions and seek advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustees' investment advisor.

The Trustees believe that in order to protect and enhance the value of the investments, during the period over which the benefits are paid, they must act as a responsible asset owner.

The Scheme is also comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy, both financial and non-financial.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment advisor, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance and service standards. These objectives were last reviewed by the Trustees in December 2024 and are due to be reviewed again in December 2027.

## Trustee Policies

The tables below set out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Policy		Implementation of Policy
<b>Selection of Investments</b>	The Trustees will invest in a range of assets. Consisting of bonds, other matching assets (such as a buy-in insurance policy) and cash, traded in the UK and overseas. Within the categories of investment permitted by the Trustees, the Investment Manager can purchase any new investments, as long as they do not breach the provision of the fund management agreement. The Investment Manager will report all investment activity, income receipts and payments made from the fund in their regular reports to the Trustees.	No deviation from this policy over the year to 30 June 2025

<b>Target Asset Allocation</b>	The Trustees will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustees' view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment.	No deviation from this policy over the year to 30 June 2025
<b>Delegation to Investment Managers</b>	The Trustees rely on professional investment managers for the day-to-day management of the majority of the Scheme's assets and have delegated discretion in relation to most day-to-day decisions. The investment managers have been provided with a copy of this statement and have been instructed to take into account its contents so far as is practicable, however to the extent that the assets are invested in pooled funds, it is up to the Trustees to monitor whether those pooled funds remain appropriate for the Scheme.	No deviation from this policy over the year to 30 June 2025
<b>Employer Related Investments</b>	The Trustee's policy is not to hold any employer related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005.	No deviation from this policy over the year to 30 June 2025

Requirement	Policy	Implementation of Policy
<b>Financially Material Considerations</b>	<p>The Trustees believe that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustees expect its Investment Manager, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee assesses the ESG integration capability of its Investment Manager.</p> <p>The Trustees do not currently impose any specific restrictions on the Investment Manager with regard to ESG issues, but will review this position from time to time. The Trustees receive information on request from the Investment Manager on its approach to selecting investments and engaging with issuers with reference to ESG issues.</p> <p>With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustees take the view that this falls within their general approach to ESG issues. The Trustees regard the potential impact of climate change on the Scheme's assets as a longer term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustees will continue to monitor market developments in this area with their investment adviser.</p>	No deviation from this policy over the year to 30 June 2025
<b>Non-Financially Material Considerations</b>	Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustees believe these should not drive investment decisions. The Trustees expect the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.	No deviation from this policy over the year to 30 June 2025
<b>Voting Rights and Engagement</b>	The Trustees' voting and engagement policy is to use their investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies (where possible). These ESG topics encompass a range of priorities, which may over	No deviation from this policy over the year to 30 June 2025

	time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustees believe that having this policy and aiming to improve how companies behave in the medium and long term will protect and enhance the value of their investments and is in the members' best interests. The Trustees will aim to monitor the actions taken by the investment managers on their behalf and if there are significant differences from the policy detailed above, they will escalate their concerns which could ultimately lead to disinvesting their assets from the manager.	
<b>Capital Structure of Underlying Companies</b>	Responsibility for monitoring the capital structure of investee companies is delegated to the Investment Manager. The Trustees expect the extent to which the Investment Manager monitors capital structure to be appropriate to the nature of the mandate.	No deviation from this policy over the year to 30 June 2025

## Financially material considerations

The Trustees are satisfied that the Scheme's investments are managed in accordance with their views on financially material considerations, as set out above, and with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by their Investment Manager, and input from their investment advisors on ESG matters. These views are also considered when appointing and reviewing an investment manager.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their Investment Manager.

## Voting rights and engagement activities

The underlying assets held within the Rathbones and Aviva portfolios do not typically attract voting rights.

The notable engagement activities of Rathbones over the last 12 months are provided below:

- Rathbones** - In 2024, Rathbones had a meeting with the General Counsel for AB Dynamics to discuss the company's approach to tackling slavery within its supply chain. Rathbones recommended various actions that the Board could take to reduce the risk of slavery occurring within its supply chains, such as enhanced training for staff and senior management, assessing the efficacy of the company's whistleblowing policy and improved auditing of its suppliers. In January 2025, the General Counsel said that following the meeting, the company had been investigating the idea of some specific training for their senior managers and procurement teams. AB Dynamics also asked if Rathbones could help connect them with a training provider that delivered modern slavery training. Rathbones connected them with an experienced human rights NGO, which has agreed to produce a bespoke training program for the company.
- Rathbones** - In 2024/25 Rathbones wrote to 40 companies, outlining their expectations for the management of climate risk and the features of a sound climate transition plan. Rathbones had a 90% response rate to the letters and were

successful in meeting directly with 15 of the target companies. As of the start of 2025, National Grid was the only company from the list of 40 priority engagement companies to have improved its ranking under Rathbones Net Zero alignment staircase, moving from ‘committed to aligning’ to ‘aligning.’ Rathbones alignment staircase measures companies’ alignment with six core criteria set out in the Net Zero Investment Framework (NZIF) guidance. National Grid’s advancement was on account of improvements to its quantified plans to deliver on its greenhouse gas reduction targets, as defined by MSCI data. Rathbones will continue to engage with the 40 priority companies in relation to the management of climate risk and the features of a sound climate transition plan and have already moved two companies down on their alignment staircase as they had regressed, compared with 2024.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall ‘score’ which represents how well ESG metrics are incorporated into managers’ investment processes. The investment manager will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report.

For the 2024 UNPRI Assessment Reports, scores are presented as a ‘star’ rating ranging from ★ to ★★★★★, with more stars representing a higher score.

The latest available UNPRI scores of the Investment Manager and Insurer are outlined in the table below:

Manager	UNPRI Score
Rathbones*	★★★★
Aviva*	★★★★★
Median**	★★★

\*Latest available UNPRI score for Rathbones and Aviva is 2023.

\*\*Median score for all UNPRI Signatories.

The Trustees also consider an investment manager’s policies on stewardship and engagement when selecting and reviewing an investment manager.

## Monitoring of Investment Arrangements

In addition to any direct engagement with the Investment Manager, the Trustees receive reports from Rathbones to ensure the investment objectives set out in their SIP are being met.



Signed:

Date: 18 November 2025

On behalf of the Trustees of the BPT Retirement Benefits Scheme