

The AQA Pension Scheme Implementation Statement – 30 September 2025

Why have we produced this Statement?

The Trustees of The AQA Pension Scheme have prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustees have complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustees' investment objectives and investment strategy.

It also explains how and why the Trustees delegate certain responsibilities to third parties and the risks the Scheme faces and the mitigating responses.

The Trustees last reviewed the SIP in May 2025.

What is the purpose of this Statement?

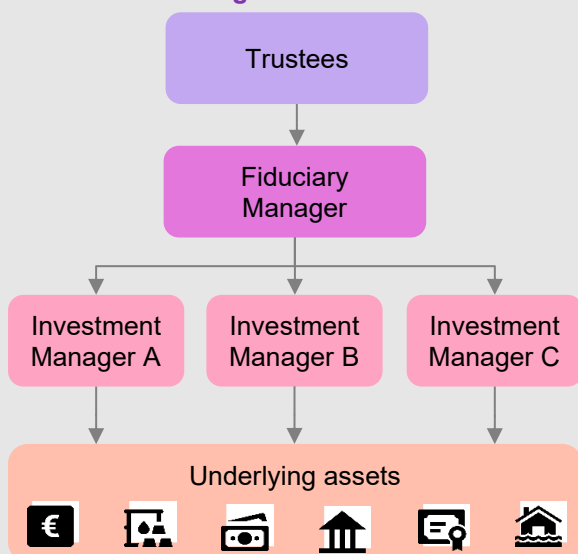
1. To explain how the Trustees' engagement policy has been applied over the year.
2. To describe how the voting rights attached to the Scheme's assets have been exercised over the year.

What changes have we made to the SIP?

The Trustees have made the following key changes to the SIP over the year:

- Updated wording to reflect the implementation of a bulk purchase annuity agreement (buy-in) on 31 January 2025 aiming to cover the value of all the Scheme's liabilities.
- Updated wording to reflect the Trustees' decision to move from a fiduciary management service to an advisory relationship with WTW from 29 April 2025 following the buy-in.

Prior to the buy-in, how were the Scheme's investments managed?



Trustees - The Trustees' key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustees retain overall responsibility for the Scheme's investment strategy, but delegate some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustees employed a Fiduciary Manager to implement the Trustees' investment strategy. The Fiduciary Manager allocated the Scheme's assets between asset classes and investment managers.

Investment managers – The Fiduciary Manager appointed underlying investment managers either using a pooled vehicle or a segregated mandate where these assets were held directly in the Scheme's name. The Fiduciary Manager looked for best in class specialist managers for each asset class.

Underlying assets – The investment managers picked the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Following the buy-in how are the Scheme's investments managed?

The Trustees entered into a buy-in insurance contract with Rothesay on 31 January 2025 to look to secure members' benefits. The majority of the Scheme's assets were used to fund the buy-in premium payment. The small amount of residual assets are being held in cash in the Scheme's Bank account until required to meet ongoing liabilities and expenses.

Why do the Trustees believe voting and engagement is important?

The Trustees' view is that Environmental, Social and Governance ("ESG") factors can have a potential impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustees further believe that voting and engagement are important tools to influence these issues.

The Trustees appointed a Fiduciary Manager who shares this view, and considers and integrates ESG factors, voting and engagement in its processes.

The Trustees incorporated an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustees' voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustees expect investment managers to address broad ESG considerations but have identified climate change as a key area of focus for the Trustees.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustees expect investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors were considered to be particularly influential to outcomes, the Trustees expected their Fiduciary Manager to engage with investment managers to improve their processes.

Over the fourth quarter of 2024, the Scheme sold its remaining return seeking assets in preparation for the buy-in. The Scheme's assets were held in a liability hedging portfolio (UK government bonds and cash) to fund the buy-in premium. This limited opportunities for company engagement over the year. ESG capabilities were taken into consideration when selecting the insurer with which the Scheme's buy-in was transacted.

What are the Fiduciary Manager's policies at the time of providing the delegated service?

Climate change and net zero goal

The Trustees believe Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

Public policy and corporate engagement

The Fiduciary Manager employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustees).

Some highlights from 2024 include:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives.

Industry initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:

<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>.

How did the Trustees assess the investment managers over the year?

Investment manager appointment - The Fiduciary Manager considered the investment managers' policies and activities in relation to ESG factors and stewardship (which included voting and engagement) at the appointment of any new manager. In 2024 the Fiduciary Manager conducted engagements with over 70 managers across asset classes. They also engaged over 100 products on sustainability and stewardship. In addition, over 150 sustainability-theme strategies were researched.

Investment manager monitoring - The Fiduciary Manager produced detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis.

Investment manager termination - The Fiduciary Manager engaged with investment managers to improve their practices and increase the bar by which they are assessed as best practice evolves. Whilst the Fiduciary Manager could terminate an investment manager's appointment if they failed to demonstrate an acceptable level of practice in these areas, no investment managers were terminated on these grounds during the year.

Example of engagements carried out by the Fiduciary Manager prior to the transition to the advisory service over the year

Securitised Credit Manager

Environment - Climate

Issue: The manager has not yet produced asset-level climate reports for the fund, which is a minimum requirement for Sustainable Investment. The Fiduciary Manager has engaged with the manager to initiate the production of these reports.

Outcome: The Fiduciary Manager actively engaged with the fund's investment and investor relations teams to address climate reporting gaps. They encouraged the use of estimated (proxied) carbon emissions when actual data was unavailable and will continue working with the manager to produce comprehensive climate reports based on the collected data.

Emerging Market Debt Manager

Environment - Climate

Issue: Anecdotally the manager is engaging robustly with certain issuers, but the Fiduciary Manager have asked for regular and consistent engagement reporting to evidence this and ensure the engagement is not selective/ad-hoc. The manager has been asked to start producing alignment data for the fund in line with the Net Zero Investment Framework (NZIF). This is expected to be completed by the second half of 2025.

Outcome: The manager is finalising a reporting template to demonstrate ongoing engagement efforts, which will be included in quarterly reports to the Fiduciary Manager. The manager is also proactively working on producing alignment data, leveraging existing processes to gather the necessary information.

What are the voting statistics we provide?

At the start of the fourth quarter of 2024, the Scheme was invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers which were held in the Towers Watson Core Diversified Fund. This is a Fund of Funds which invests across equities, real assets, credit, diversifying strategies and downside protection strategies.

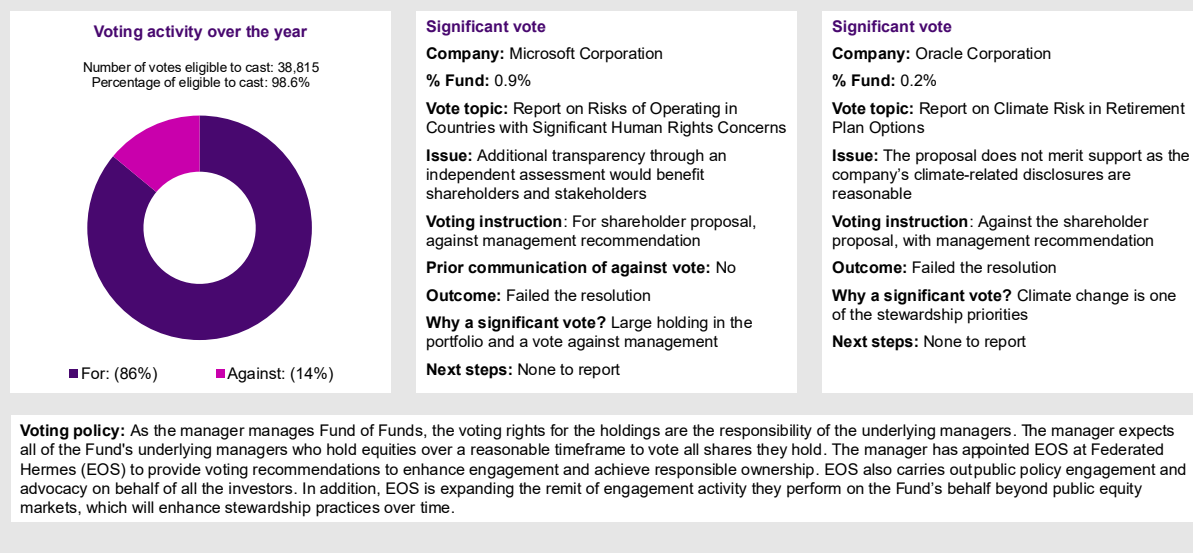
Responses received are provided below. The Trustees used the following criteria to determine the most significant votes:

- Trustees' stewardship priorities (with climate change being a key area of focus).
- Financial outcome for members, including size of holding.
- High profile votes, including votes not supporting company management.

At the end of November 2024, the Scheme's holding in the Towers Watson Core Diversified Fund was terminated ahead of the buy-in. The remaining assets were held in bonds and cash which do not have voting rights attached. The voting activity is shown for the year to 31 December 2024 to cover the period invested and we have selected significant votes in the fourth quarter of 2024.

Core Diversified Fund

Voting activity over the year



In conclusion...

The Trustees are satisfied that over the year, all SIP policies and principles were adhered to and in particular, those relating to voting and engagement.