The Family Action Pension Scheme – year to 31 December 2025

Implementation Statement

The Trustee of The Family Action Pension Scheme (the "Trustee" and the "Scheme" respectively) has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

Its purpose is to describe the actions taken over the past year and to demonstrate how the Trustee has followed the policies on voting, stewardship and engagement, as set out in the Scheme's Statement of Investment Principles (the "SIP") dated February 2024. This statement covers the year to 31 December 2025.

During the previous Scheme year Defined Contribution benefits held by the two members of the Defined Contribution Section were transferred to a Master Trust with Smart Pensions. Following the transfer of the Defined Contribution Section liabilities in November 2024 the Scheme is now solely a Defined Benefit Scheme.

The Scheme's Defined Benefit assets are held in pooled investment funds (via the Mobius Life investment platform) and the day-to-day management of these investments (including the responsibility for voting and engaging with companies) is delegated to the fund managers of the pooled investment funds (the "Fund Managers").

The Fund Managers of the pooled investment funds over the period were Columbia Threadneedle Investments ("CT"), BNY Mellon Investment Management Limited ("BNYM") and TwentyFour Asset Management ("TwentyFour").

As Trustee of the Scheme's assets, we are responsible for the selection and retention of the funds. Reviewing the voting and engagement activities, for which we include details below, is an important exercise to help us ensure they remain appropriate and are consistent with the Fund Managers' stated policies in this regard.

We are satisfied with the voting and engagement activities of the Fund Managers, and in particular, that they are using their position as stakeholder to engage constructively with investee companies; however, we will engage with the Fund Managers should we have any concerns about the voting and/or engagement activities carried out on our behalf.

Where the Trustee identified areas for improvement or potential concern in manager practices, it would take appropriate action. The Trustee had no cause to challenge the Fund Managers' voting and/or engagement activities during the year to 31 December 2025.

Changes to investment strategy

During February 2025 the Trustee agreed to rebalance the LDI allocations in accordance with the Statement of Investment Principles in order to target 100% hedge ratios relative to the funded liability on the Technical Provisions basis. No other changes were made to the investment strategy during the Scheme year.

All of the changes to the investment strategy detailed above were based on advice received from the appointed investment consultant.

Reporting and oversight

The Trustee has regularly reviewed the performance of the funds over the year and performance information is set out elsewhere in this report.

Changes to investment governance

In September 2025, the Trustee reviewed the objectives for the current investment consultant. The purpose of this review is to help ensure they are getting good value for money. The Trustee will continue to assess performance, relative to these objectives on an annual basis.

Compliance with the Statement of Investment Principles

The Trustee has reviewed the extent to which, in its opinion the Statement of Investment Principles have been followed in the year and the Trustee remains satisfied that it continues to follow all the principles, policies and processes as detailed in the Statement of Investment Principles.

Voting and engagement overview

The Trustee's policy, as set out in the SIP, is to consider only factors that are expected to have a financial impact on the Scheme's investments. Details on significant voting and engagement activities provided by the Fund Managers are set out below.

In order to produce this statement we have asked the Fund Managers a series of questions on their policies and actions and to provide examples relating to their voting and engagement activities during the year and in conjunction with our advisers, have identified significant voting and engagement activities (i.e. those most relevant to the Trustee's policy). We have then reviewed these and selected the most relevant comments for the purpose of this statement.

BNYM have provided information relating to the Real Return Fund as this fund holds equities for which they have voting rights. The BNYM Global Dynamic Bond Fund and TwentyFour Absolute Return Credit Fund does not hold equities and given that bonds do not confer voting rights, there was no voting carried out in relation to these funds. However, BNYM and TwentyFour both undertake engagement activities in respect of its bond holdings and we have included examples below.

The CT LDI funds do not hold equities and given that these investments do not confer voting rights, there was no voting carried out in relation to these funds. The primary underlying counterparty for the LDI fund assets is the UK government; however the derivatives used means the funds will also have exposure to clearing houses and investment banks. Engagement with these types of organisations can be more difficult than engaging with companies issuing shares and debt, although it is an area that continues to evolve.

<u>BNYM – voting and engagement activities</u>

The following commentary is based on the information that BNYM have provided in response to our questions and illustrates how they co-ordinate their voting and engagement activities with companies. Newton are a subsidiary of BNYM and are the entity that manage the Real Return and Global Dynamic Bond funds.

"We believe the value of our clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Our head of responsible investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. We do not maintain a strict proxy voting policy. Instead, we prefer to take into account a company's individual circumstances, our investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices.

It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (Institutional Shareholder Services, *or the ISS) will take precedence. We employ a variety of research providers that aid us in the vote decision-making process, including proxy advisors such as ISS. We utilise ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings."*

BNYM Real Return Fund

BNYM voted on 999 resolutions. Votes: For 84%, Against 14%, Did not vote / abstained 2%.

There were 30 engagements over the year in relation to this fund. The majority of engagements were made regarding environmental or governance topics.

The Trustee has reviewed BNYM's voting activity and in conjunction with their adviser, Cartwright, on the Trustee's behalf, have identified the following as the most significant votes from the perspective that they potentially have the biggest financial impact on the Scheme, as set out in the SIP:

1. THE GOLDMAN SACHS GROUP, INC.

   Resolution: Report on Clean Energy Supply Financing Ratio

   Vote: For

   "We supported a shareholder proposal requesting additional disclosure on the company's clean energy supply financing ratio. We believe enhanced transparency in this area would improve shareholders' ability to assess the firm's alignment with the transition to a lower-carbon economy. While the company has made progress in its sustainability reporting, we consider that further detail on the balance of financing between clean and carbon-intensive energy activities would be beneficial. As such, we supported the proposal as it seeks reasonable and decision-useful disclosure without being overly prescriptive."

2. UNIVERSAL MUSIC GROUP NV

   Resolution: Approve Remuneration Policy of Executive Board.

   Vote: Against management recommendation

   "We voted against the proposed remuneration policy for the Executive Board as we have concerns regarding the structure and alignment of pay with long-term shareholder interests. In particular, we consider that certain elements of the policy lack sufficient performance linkage and may result in outcomes that are not fully aligned with company performance. We believe remuneration frameworks should incentivise sustainable value creation and include robust performance conditions. As such, we did not support the policy in its current form."

BNYM Global Dynamic Bond Fund

The fund does not hold equities and given that bonds do not confer voting rights, there was no voting carried out in relation to this fund. However, BNYM does undertake engagement activities in respect of its bond holdings.

There were 6 engagements over the year in relation to this fund all regarding environmental topics.

The Trustee has reviewed Newton's engagement activity in conjunction with their adviser, Cartwright, and the following has been identified as the most significant example of engagement from the perspective that it potentially has the biggest financial impact on the Scheme, as set out in the SIP.

EXELON CORPORATION – Climate Change Engagement

BNYM engaged with Exelon on climate change, specifically encouraging the adoption of a robust Scope 3 emissions reduction target to strengthen the credibility of its transition strategy and support long-term business resilience. Engagement activities included ongoing dialogue with the company, focusing on its decarbonisation approach and the challenges associated with value chain emissions.

Exelon maintained that Scope 3 targets are not currently feasible due to data limitations and limited influence as a transmission and distribution provider, noting reliance on customer demand and regulatory frameworks. While the company has set targets for operational emissions (Scopes 1 and 2), it continues to view offsets as a secondary tool rather than a primary decarbonisation mechanism.

The engagement has not yet achieved its objective of securing a Scope 3 target. The manager will continue to monitor developments and engage with the company, including reviewing disclosures at future AGMs, although the introduction of such a target is considered unlikely in the near term.

TwentyFour – engagement activities

The following commentary is based on the information that TwentyFour have provided in response to our questions on voting and engagement, alongside additional reporting on their engagement activity over 2025. TwentyFour are fixed income investors only and therefore do not have an opportunity to vote. The following commentary illustrates how they co-ordinate their engagement activities with companies.

TwentyFour continues to emphasise collaborative engagement with other investors, regulators and market participants where appropriate. They are regularly consulted by key regulatory bodies including the Bank of England, PRA/FCA and other European authorities. As fixed income investors, their primary focus remains on downside protection, with engagement targeted at mitigating credit risks and improving issuer behaviour over the long term.

Over 2025, engagement activity has remained high, with a broad range of environmental, social and governance (ESG) topics addressed across sectors. A particular focus has been on:

- Net zero commitments and alignment following several banks exiting the Net Zero Banking Alliance;
- Fossil fuel financing policies and energy transition strategies;
- Corporate responses to regulatory and political developments;
- Social considerations such as wages, working conditions and incident management; and
- Governance issues including transparency and risk controls.

Across the year, TwentyFour conducted numerous engagements each quarter, including both direct issuer meetings and ongoing monitoring activities.

TwentyFour Absolute Return Credit Fund

The fund does not hold equities and, given that bonds do not confer voting rights, no voting was carried out. However, TwentyFour undertakes significant engagement activity in respect of its bond holdings.

The Trustee has reviewed TwentyFour's engagement activity in conjunction with its adviser and has identified the following as a significant example of engagement, from the perspective that it potentially has a material financial impact on the Scheme, as set out in the SIP.

1. Bank of America

Issue:

TwentyFour engaged with Bank of America to understand the rationale behind a weakening of its fossil fuel financing policies, including the removal of explicit restrictions on financing certain high-carbon projects. This raised concerns around whether the bank's approach remained aligned with peers and consistent with its stated net zero ambitions.

Response:

Bank of America confirmed that while it maintains its overarching net zero targets, it has shifted its policy framework to allow financing of certain projects subject to enhanced due diligence rather than outright exclusion. The bank cited regulatory and political pressures, particularly in certain US states, as a driver of this change.

Outcome:

TwentyFour considered the response reasonable but identified the policy shift as a potential concern relative to peers. As a result, they initiated further engagement with other major banks to assess whether similar changes were expected across the sector. The manager indicated that, should peers maintain stronger policies, they would consider reallocating exposure away from Bank of America.

This engagement demonstrates TwentyFour's focus on downside risk management, willingness to challenge issuers on ESG-related risks, and readiness to adjust portfolio positioning where policies weaken.

2. JP MORGAN

Issue:

Following JP Morgan's exit from the Net Zero Banking Alliance, TwentyFour engaged with the bank to assess whether this indicated a weakening of its climate commitments.

Response:

JP Morgan confirmed that its net zero targets and broader climate strategy remain unchanged, although it no longer sees value in alliance membership.

Outcome:

TwentyFour acknowledged the response but noted some uncertainty around fossil fuel phase-out plans and will continue to monitor lending activity and disclosures to assess whether commitments are upheld in practice.

<u>CT - engagement activities</u>

The following commentary is based on the information that CT have provided in response to our questions and illustrates how they co-ordinate their engagement activities with companies. These examples provide evidence that they are engaging actively with the companies they invest in on behalf of the Scheme.

"We take responsible investment seriously. The identification of financially material environmental, social and governance (ESG) issues forms part of our investment process, helping us to manage risk and support long-term returns. Beyond the management of opportunity and risk, we also see responsible

investing and broader investment stewardship activities as part of our duty as an investor acting in the best interest of our clients, and as a participant in the global financial system.

Our approach is aligned with the core values and beliefs of the wider Financial Group, and draws on national and international codes and standards for responsible investment and ownership, including the United Nations Principles for Responsible Investment, to which we are a founder signatory

LDI portfolios are very different to traditional equity or bond portfolios and so our engagement programme primarily focuses on trading counterparties and clearing members. This engagement work is structured both in terms of prioritisation (both in terms of companies to whom we have the greatest exposure and to companies whom we feel have the greatest ESG deficiencies) and in terms of progress monitoring against predefined milestones."

CT Credit-Linked Real, Equity-Linked Real and Nominal Dynamic LDI Funds

The funds do not hold equities and therefore do not have the same voting rights as some other funds. However, Columbia Threadneedle's engagement activities are undertaken for all the companies that they hold and so they also engage with the companies whose bonds are held within these funds.

There were 26 engagements over the year in relation to these funds. The majority of engagements were made regarding governance topics, with 5 engagements relating to environmental issues, 6 relating to social issues and 15 relating to governance issues.

The Trustee has reviewed Columbia Threadneedle's engagement activity in conjunction with their adviser, Cartwright, and the following has been identified as the most significant example of engagement from the perspective that it potentially has the biggest financial impact on the Scheme, as set out in the SIP.

1. *BARCLAYS PLC*

   "Objective: To encourage improvements in environmental risk management, climate transition planning and human rights policies within the banking sector.

   Action: Columbia Threadneedle engaged with Barclays on several ESG themes including environmental stewardship, climate change risk management and human rights policies. Engagement discussions focused on improving biodiversity risk management and strengthening the bank's approach to climate transition planning and social responsibility.

   Outcome: Barclays enhanced its biodiversity risk management framework through updates to its forestry and agricultural commodities policies. The bank also strengthened its climate risk management approach by introducing additional financed emissions targets across sectors including agriculture, commercial real estate and aviation, and by publishing a transition finance framework. In addition, the company updated its human rights statement following a saliency assessment and established a work programme to enhance its approach to human rights risks."

2. *HSBC HOLDINGS PLC*

   "Objective: To engage with the company on its climate transition strategy and encourage the development of clear targets for reducing financed emissions.

   Action: Columbia Threadneedle engaged with HSBC to discuss the bank's climate transition plans and the role that financial institutions play in supporting the transition to a lower-carbon economy.

Outcome: HSBC became the first UK bank to publish a climate transition plan aligned with HM Treasury guidelines for banks and set facilitated emissions reduction targets for sectors including oil and gas and utilities."

Signed on behalf of the Trustee of the Family Action Pension Scheme

Helen Frisby
Trustee Director - Independent Trustee Services Limited
Date: 23 July 2026