

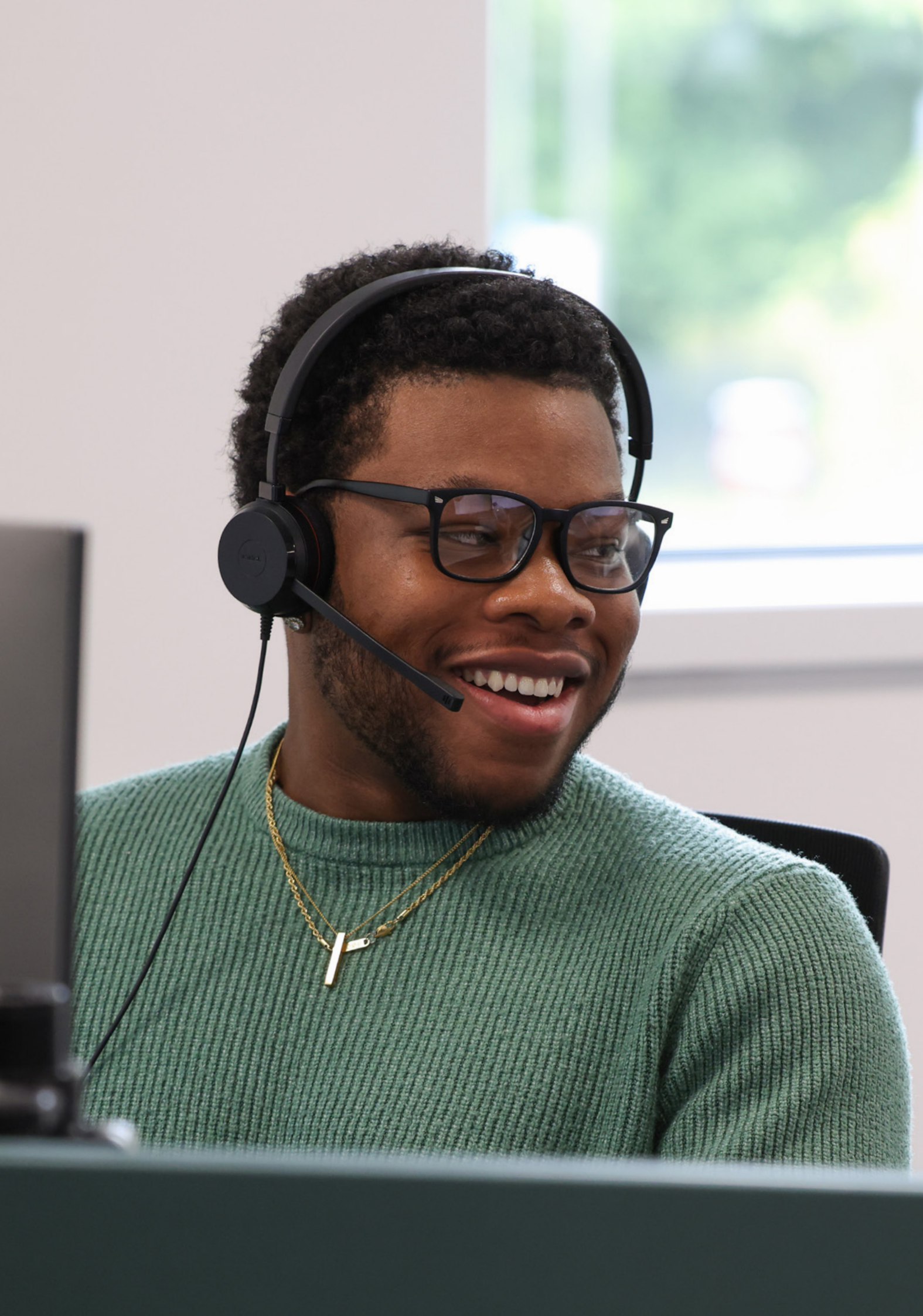


people's  
pension

# Responsible Investment Report

2024/2025





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## We have...

Moved from pooled funds to segregated mandates

Led a £1.2 trillion asset owner coalition on the AO Statement on Climate Stewardship\*

Appointed People's Investments Limited as the Scheme's advisor

Aligned almost 50% of the Scheme's growth pool with Science Based Targets initiative ('SBTi') approved targets \*

Moved over 80% of the Scheme's growth pool to climate-aware strategies\*

Appointed two new asset managers with greater alignment to the Responsible Investment ('RI') Policy \*



**6.9m**

Members



**£31.3bn**

assets under management ('AUM')\*



**Over £4bn**

in annual contributions

\*Data as of 31 March 2025

NZIF: Net Zero Investment Framework; SBTi: Science-Based Targets Initiative; AO Statement: Asset Owner Statement; Growth pool: assets included in equities and listed infrastructure equity and debt.







**Mark Condon**

Chair of People's Pension Trustee Limited

## Transforming pensions and driving growth

We are excited to present our inaugural Responsible Investment Report. The People's Pension Scheme ('the Scheme') has had an incredible year, and we look forward to the opportunities and challenges ahead.

2024 was a year of great progress. We've achieved some significant milestones – including reaching assets under management of over £31bn and the selection of two new asset managers following an intensive market review. We were also honoured that our efforts have been recognised by the market in various ways, including being shortlisted for DC Master Trust of the Year and Pension Communication Initiative of the Year by Professional Pensions for the 2025 UK Pension Awards.

With significant reforms taking shape in the UK pension industry, we are in an excellent position to take a leading role. Foreign regulatory environments like those in the United States are also undergoing substantial changes, with political power shifting dramatically around the world. This uncertainty has created significant market volatility that can impact investment in the short term. As a global investor, these shifts have and will continue to present unique challenges. Our size, scope of assets, and investment performance provide current and prospective members with a competitive, sustainable offering in the market.

We continue to advance our responsible investment approach regardless of the changing political landscape. The primary objective is to protect and grow our members' savings, and our stewardship objective is to encourage investee companies to behave in more responsible and sustainable ways. How companies treat the environment and people and how they are led and managed can have both financial and non-financial impacts on our members, as well as cause long-term damage to the health of the planet and financial systems. Ultimately, this aim is likely to lead to better and more sustainable retirement outcomes for members.

The challenges we see are not without opportunity. While others may use this moment to take a step back from long-term sustainable investment, we've continued moving forward. This includes appointing Vicky Paramour, whose experience strengthens our commitment to sustainable investment, to the Trustee Board and the Investment Committee. We also continue to maintain high standards by holding our asset managers accountable and refining our Responsible Investment Policy.

We firmly believe that our collective expertise and dedication enable us to meet the challenges ahead and set new benchmarks for the industry. Our focus remains on delivering exceptional service and propositions to our members.



**Dan Mikulskis**

Chief Investment Officer, People's Partnership – provider of People's Pension

## Financial resilience and prioritisation central to our RI approach

I am delighted to have led People's Partnership's Investment Team during an incredibly transformative year for the Scheme, and therefore it is extraordinarily well-timed for it to produce its first Responsible Investment Report! The launch of the Scheme's new Responsible Investment Policy at the beginning of the year, with more stretching asset manager expectations, followed by moving £28bn of assets to two new managers with greater alignment with that policy near the end of the year, demonstrated that along with the Trustee we are not afraid to put our money where our joint beliefs are to deliver better member outcomes.

At the core of this decision-making is the Trustee's primary responsible investment objective, which is to add financial value and resilience to members' savings through its portfolio construction and stewardship approaches. We put robust prioritisation at the heart of how we allocate our responsible investment resources to ensure that we are delivering the best value for money for members.

Of course, none of these positive outcomes could have been achieved without a diverse, talented Investment Team. I am proud to have worked with The Return Hub to recruit investment professionals with a wide variety of experiences and perspectives. I'm also delighted to be a mentor for the Investment Diversity Project. I really believe in small teams doing important work and am very proud of what the team has delivered during the year under review.

Together with the Trustee, we are building the foundations of a world-class asset owner, projected to be overseeing £50bn within the next four years. Setting robust, responsible investment standards is a key pillar to achieving this aim, and we look forward to communicating our approach and RI outcomes over the coming years.

## Want to learn more about my perspectives on Responsible Investment?

Take a look at these podcasts:

[What does responsible investment mean in 2025?](#)

[A Sustainable Future: Dan Mikulskis, People's Partnership CIO | Man Group](#)



The People's Pension Trustee Limited ('the Trustee') of The People's Pension Scheme ('the Scheme') is delighted to publish its inaugural Responsible Investment ('RI') Report that outlines how its RI activities (including stewardship) have contributed to better member outcomes. While this report is meant primarily for the Scheme's members, the Trustee has also prepared this report to align with the UK Stewardship Code from both 2020 and 2026 and has mapped it to the Principles in Appendix II.

This report complements the Scheme's other publicly available RI-related documents, including its [RI Policy](#), [Climate Change Policy](#), and [Climate Progress Report](#).

This report is divided into three main sections:

1. Setting the scene, which outlines the Scheme's key characteristics, investment and member profiles, member insights, and internal governance structure.
2. Key outcomes against the Scheme's RI Strategic Framework and a 'Looking ahead' section, which outlines the Scheme's plans for the forthcoming year.
3. The Appendices, which covers a glossary of key terms, mapping of the report to the UK Stewardship Code 2020 and 2026, and engagement case studies and significant votes.

This report predominantly covers the period from 1 April 2024 to 31 March 2025. However, given that this is the Scheme's inaugural report, key outcomes from the previous financial year may be referenced in the interests of creating a cohesive narrative.

This report is, first and foremost, for the Scheme's members. For further information on how the Trustee has made the report more accessible, please refer to Section 9 on page 48.

The Trustee also wants to hear from its members. If members would like to contact the Scheme, please get in touch [here](#).

## Overview of the Scheme

The Trustee is responsible for overseeing the management of the Scheme, which is a defined contribution ('DC') master trust open to all UK employers. For the reporting year, it invested on behalf of nearly 7m members, received contributions of more than £4bn, and had assets under management ('AUM') of over £31bn. As an open and growing commercial master trust, the Scheme has a long-term investment outlook.

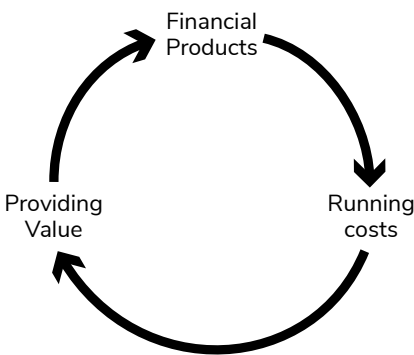
The Scheme's primary investment adviser is People's Investments Limited (PIL), whose Board provides oversight and support for People's Partnership's Investment Team. PIL is a subsidiary of People's Partnership, the group of companies that operate the Scheme. The Scheme is People's Partnership's main client, ensuring that all its activities are aligned with the interests of the Scheme's members. Note that at times, the terms 'members' and 'savers' will be used interchangeably throughout this report. In the interests of simplicity, beyond this section the report will use layman terms such as 'Investment Team' or 'RI team' (where relevant) to describe PIL activities.

## People's Partnership

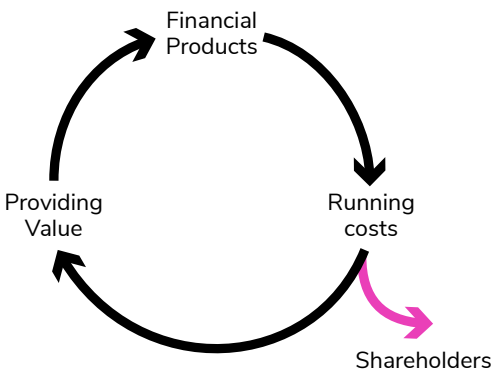
Founded for social good, People's Partnership has provided millions of people with greater financial security for more than 80 years. Through the Scheme, which is the largest independent commercial master trust in the UK, it helps almost 7m people from over 100,000 employers across all sectors live financially stronger lives.

As a 'Profit for People' organisation without shareholders, People's Partnership is a different kind of financial services company – putting its customers at the heart of everything it does and reinvesting its profits to benefit them. Its main purpose is to design products and services for everyone rather than just the wealthy in society, striving to make pensions straightforward and accessible for all.

### People's Partnership



### Other providers



Learn more about People's Partnership's rich heritage in the construction industry here:

[Our heritage - People's Partnership](#)

# Progress against milestones

This was an incredibly exciting year for the Trustee. The Scheme achieved several significant milestones that helped support members' savings and drive the Scheme's investment philosophy forward, all of which are outlined in more detail throughout this report. Some of the highlights include:



## Greater RI alignment

**Asset manager transition:** Throughout 2024, the Trustee undertook an extensive review of its external managers, culminating in a decision to diversify its managers to better serve members and support its RI ambitions. As a result, beginning 31 March 2025, the Scheme's developed markets equity portfolio is managed by Amundi Asset Management and the Scheme's fixed income portfolio is managed by Invesco Asset Management.

**Move to segregated mandates:** The Scheme migrated its assets from pooled funds to segregated mandates, which was completed in February 2025. This has allowed the Scheme to better manage key investment risks and support its RI policy and stewardship programme more effectively.

**Investment adviser appointment:** To help align the advice it receives with its RI objectives, the Trustee made the decision to approve People's Investments Limited (a Financial Conduct Authority-regulated subsidiary of People's Partnership) as its primary investment adviser in January 2025.

**RI Policy updates:** The Scheme published an updated [RI Policy](#) that further details its strategic framework and stewardship priorities. The Policy explains how the Scheme integrates environmental, social, and governance ('ESG') considerations into its investment decision-making, what its stewardship priorities are, and the different types of engagement activities it undertakes to deliver better member outcomes.

## Taking the lead

**Climate targets:** The Scheme set new targets for investment-grade corporate bonds that align with its long-term target of net zero GHG emissions by 2050. These new targets are a 30% reduction in GHG emissions intensity by 2025 and a 50% reduction in GHG emissions intensity by 2030, measured against a 2023 baseline. These targets are embedded within the contractual language of the Investment Management Agreement with Invesco, the Scheme's new fixed income asset manager.

**Asset Owner Statement:** The Scheme is proud to highlight the work done by Leanne Clements, Head of Responsible Investment for People's Partnership, who co-authored the [Asset Owner Statement on Climate Stewardship](#). The statement defines five core principles expected of asset managers given the growing fiduciary risks from climate-related impacts.

**Enhanced Ethical Fund:** The Scheme launched an updated [Ethical Fund](#) during the year under review. The fund emphasises climate change with its Paris-aligned decarbonisation strategy and strict exclusion for all fossil fuels. The fund also has a number of additional exclusions in place for weapons, alcohol, tobacco, gambling, adult entertainment, for-profit prisons, and more. This update reflects the Scheme's commitment to reinvesting profits to offer better options for members.

## Improving member communications

**Member-friendly improvements:** The member is at the heart of all the work done by the Scheme. To support this, the Trustee published its first member-friendly Task Force for Climate-Related Financial Disclosures ('TCFD') report in October 2024. The Scheme also plans to produce member-friendly documents for additional reports, including the RI Policy and RI Report to better communicate with members.

**Launch of a mobile app:** Making sure members have easy access to their pension information is important to the Trustee. In May 2024, the Scheme launched its very first member app for mobile devices. At the touch of a finger, members can now check their pension value, see how their pension is invested, and learn more about retirement planning.



# Part 1

## Setting the scene

### Section 1: The Scheme's key characteristics

#### Introduction

For the fiscal year ending March 2025, the Scheme's AUM was £31.3bn. In October 2024, the Trustee was delighted to surpass [£30bn](#), which was a significant milestone and positions the Scheme as a leading commercial master trust in the UK. During most of the year under review, the Scheme was an investor in externally managed pooled indexed fund arrangements run by State Street Investment Management (formerly known as State Street Global Advisors) and HSBC, and therefore its asset managers were responsible for voting and engagement on its behalf. This structure, alongside the key characteristics outlined in this section, shaped the Scheme's RI approach and ultimately its prioritisation to effect change in the following ways:

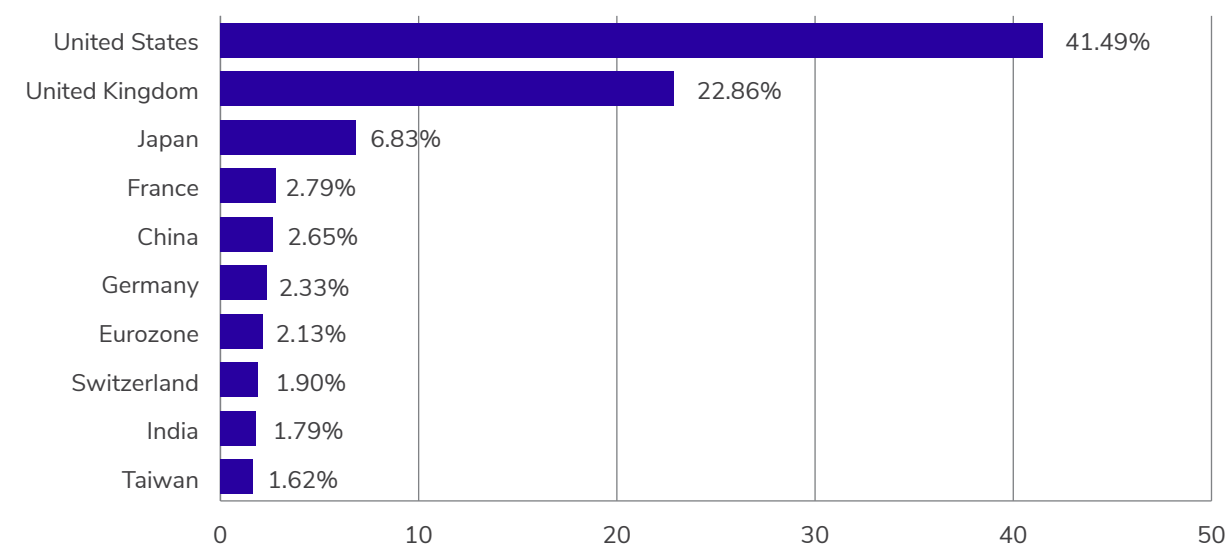
- Strengthening its asset manager expectations as outlined in its [Responsible Investment Policy](#).
- As a well-diversified asset owner with universal owner characteristics, recognising the importance of industry and policy engagement underpinned by collaboration with other like-minded investors.
- How its net zero ambition was integrated into its portfolio construction approach.



## Investment profile

The allocation of the Scheme’s assets is monitored regularly by the Investment Team, with opportunities to reassess geographical distributions taken when needed. The weighting of equities and fixed income investments varies between fund offerings; the Scheme offers 8 funds and 3 investment profiles to choose from, each of which provides its own strategy for preserving or growing the value of members’ money. The Scheme’s default is a ‘balanced’ profile that initially invests up to 85% in global equity. More information on the Scheme’s investment options can be found [here](#).

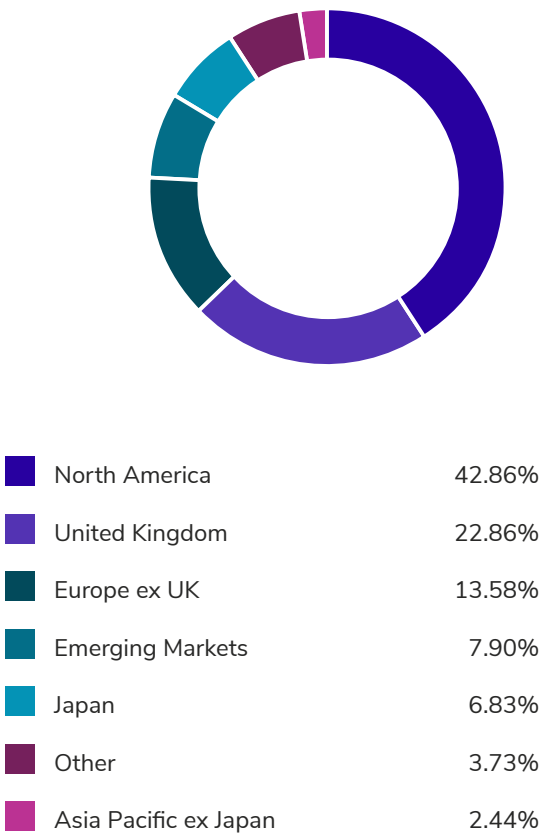
Top investments by country



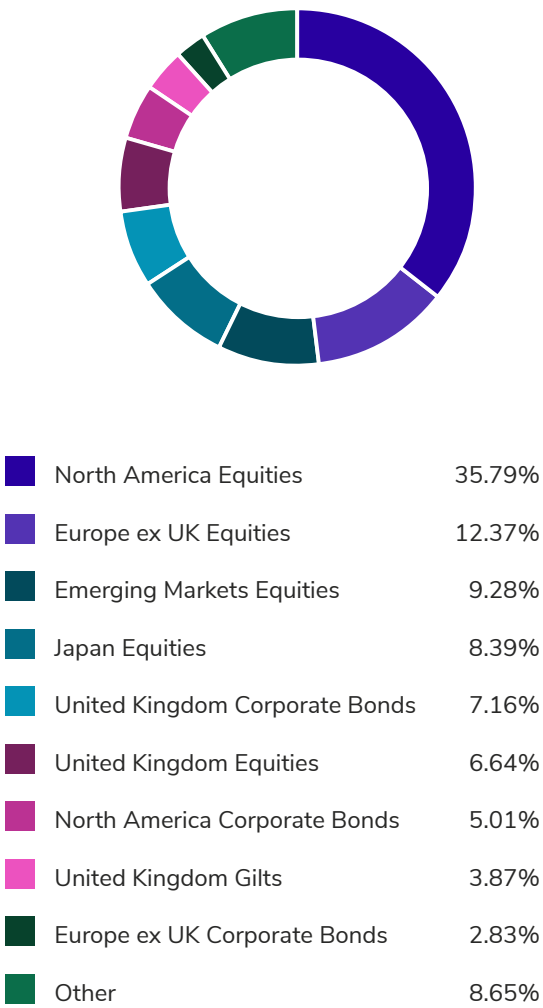
Top 10 equity exposures

|                      |                  |    |
|----------------------|------------------|----|
| Apple                | \$710,545,131.84 | US |
| Nvidia               | \$561,718,616.69 | US |
| Microsoft            | \$536,342,933.42 | US |
| Amazon               | \$511,130,257.99 | US |
| Tesla                | \$413,676,123.80 | US |
| Alphabet             | \$369,732,528.09 | US |
| Meta                 | \$275,120,882.35 | US |
| Broadcom             | \$262,450,580.61 | US |
| Taiwan Semiconductor | \$246,271,196.84 | TW |
| Eli Lilly & Co       | \$243,684,861.90 | US |

Total assets by region



AUM by asset class



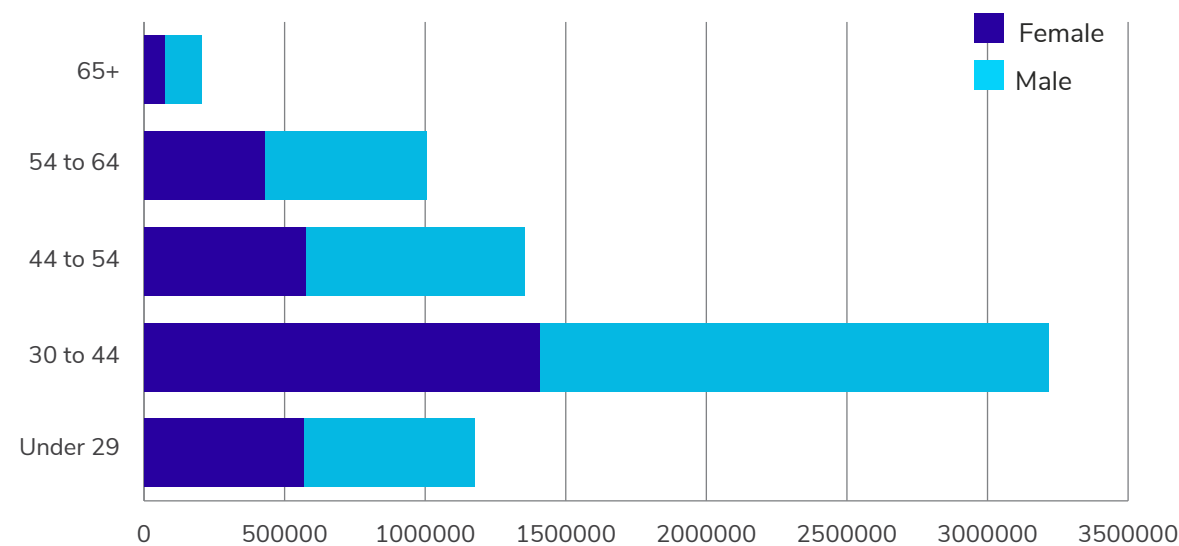


## Member profile

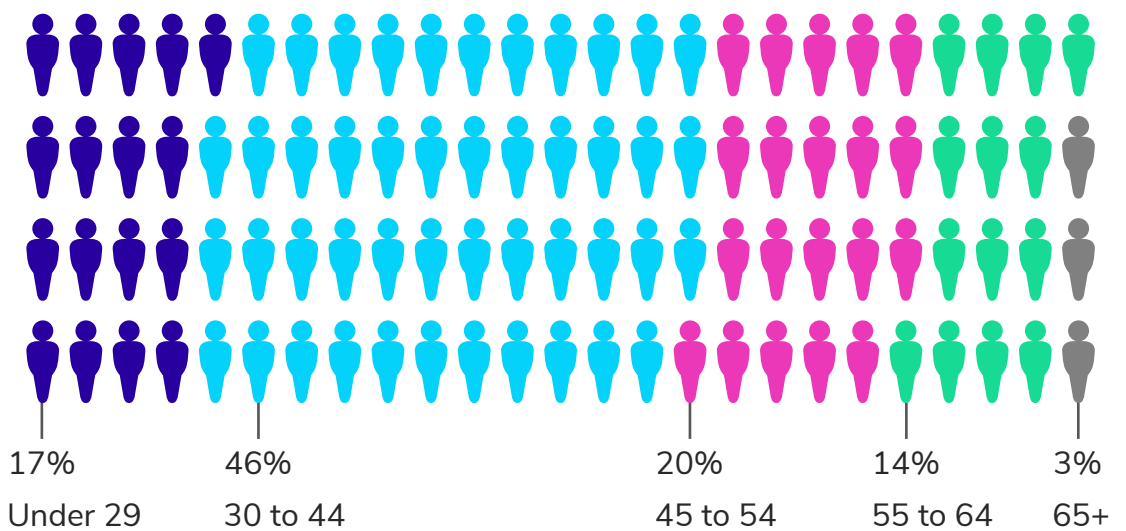
It is important for the Trustee to understand its members and where they are in their retirement journey. As of the end of March 2025, the Scheme had 6.9 million members. The majority of the Scheme's members are 30 years or more from retirement, which reinforces the Trustee's investment beliefs in having a long-term outlook and the prioritisation of systemic risks such as climate change, which may play out over the longer term, therefore impacting members' investments. The Trustee is also aware that the pot size of the majority of the Scheme's members tends to be small, which may be representative of

wider concerns about UK workers not saving enough for retirement. Given the importance of pot size to retirement, People's Partnership has undertaken some work on financial wellbeing, more details of which can be found on the Scheme's website [here](#).

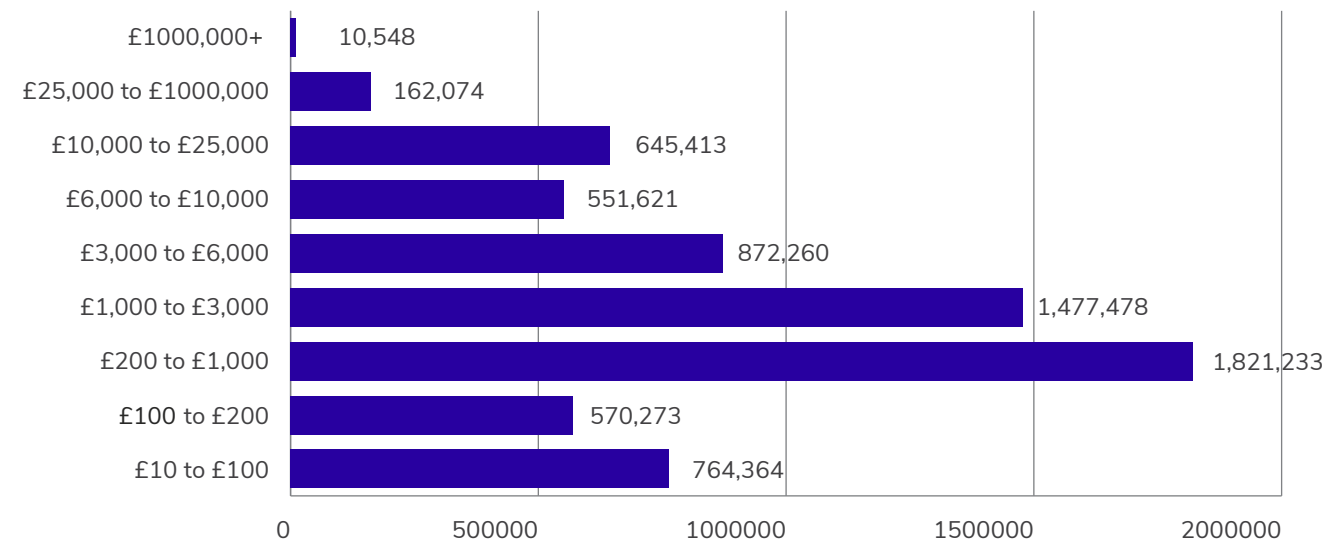
Total members



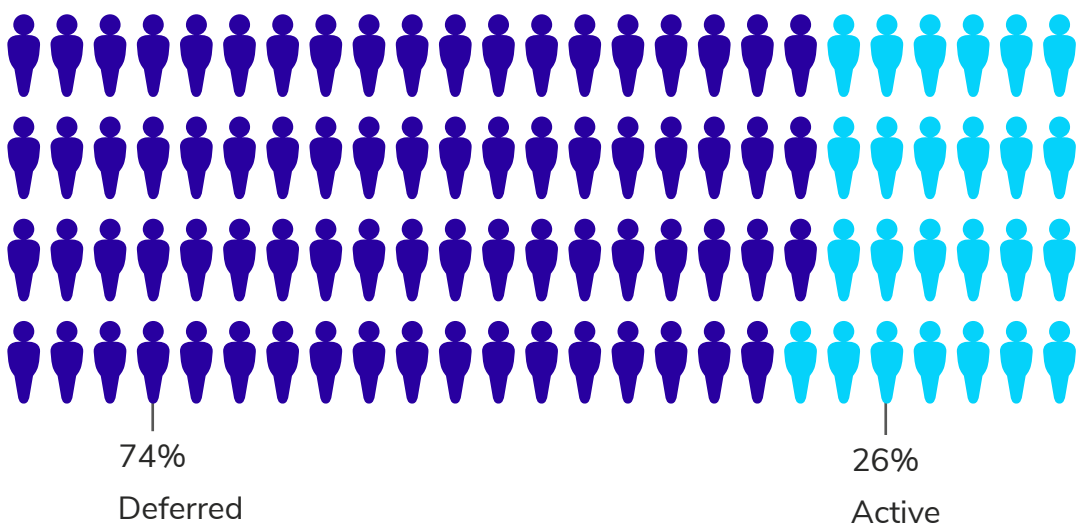
Members by age



Members by pot size



Active vs deferred members

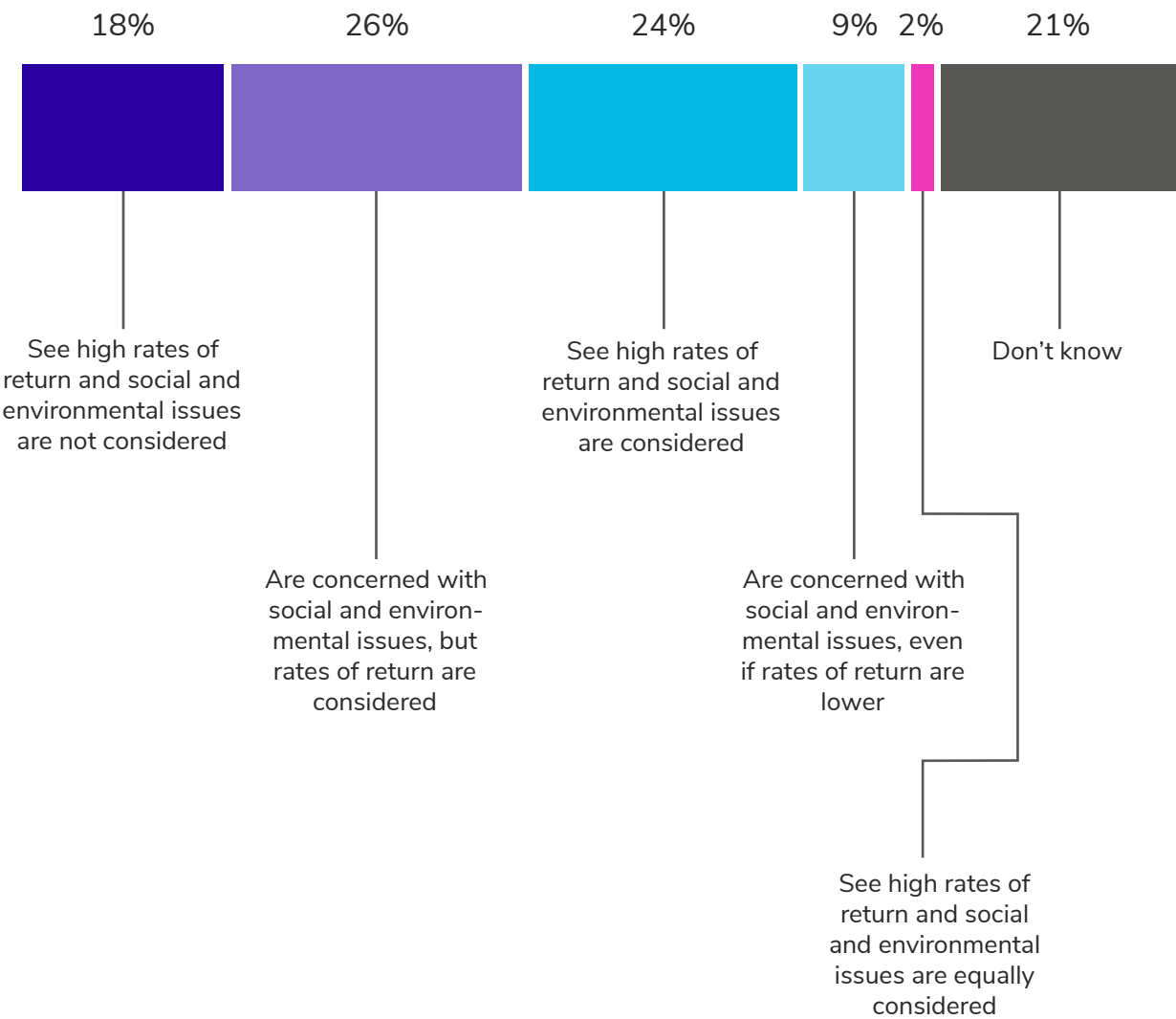


# Member insights

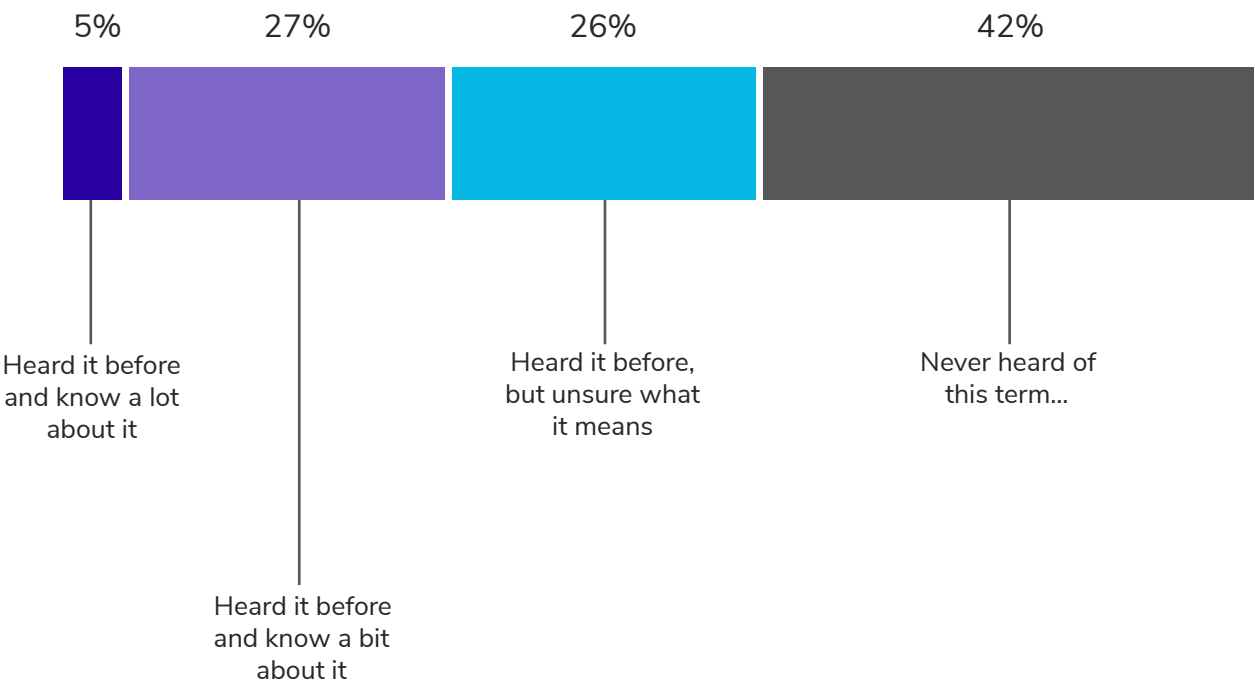
The Scheme is committed to understanding its members. To this end, it worked with YouGov in September of 2024 to conduct a survey of 1,540 people with pensions across the UK.

The results of the survey highlighted challenges and opportunities for the Scheme and its members. For example, 42% of respondents had never heard of the term ‘responsible investment’, but conversely, 61% of respondents wanted social and environmental issues to be considered in some way throughout the investment process. This disparity shows the important role knowledge sharing needs to play to close this gap and will feed into the Scheme’s RI policy and communications strategy moving forward.

When it comes to pension savings it’s important that investments...



Awareness of the term ‘responsible investment





# Section 2: Creating a solid foundation for better member outcomes

Strong internal governance is essential to any RI strategy, ensuring effective policy implementation and better outcomes for members. To build this foundation, efficient internal processes and clear alignment of goals are key.

This section outlines the two primary internal structures that support the Scheme’s members: the Trustee and People’s Investments Limited.

## The Trustee's key objective and investment beliefs

The Trustee’s key objective is to enable members to provide adequately for their retirement through appropriate investment of their accumulated pension contributions. The Trustee’s investment beliefs form the foundation for all investment decisions at People’s Partnership, including the Scheme’s RI approach. These beliefs support alignment between investment philosophy and improved member outcomes.

In 2024, the Trustee worked closely with People’s Partnership’s Investment Team to update these beliefs, reflecting the evolution of its investment thinking. While all beliefs support the RI approach, the most relevant are:

| Investment belief   | Examples of how these beliefs were brought to life  |
|---|---|
| At the portfolio level  |   |
| Many environmental, social, and governance ('ESG') issues within investee companies can impact upon member outcomes, both financial and non-financial.  | <ul style="list-style-type: none"><li>Strengthened asset manager expectations in the updated RI Policy</li><li>Launched climate-aware funds</li></ul>   |
| As a universal owner with a long-term horizon and diversified portfolio, the Scheme’s returns depend on the overall health of the economy and the ESG performance of a wide range of companies. | <ul style="list-style-type: none"><li>Industry and policy engagement embedded as a core stewardship principle in the RI Policy and incorporated into the selection, appointment, and monitoring of new equity and fixed income mandates</li><li>Led investor coalition to develop the Asset Owner Statement on Climate Stewardship as part of a systemic stewardship approach</li></ul> |
| At the company level  |   |
| Well-governed companies that manage ESG risks and opportunities across their operations and supply chains are expected to deliver long-term value for shareholders, including Scheme members.   | <ul style="list-style-type: none"><li>Company engagement (and voting) expectations embedded in the selection and appointment of new equity and fixed income mandates</li></ul>  |
| Supporting investment beliefs   |   |
| Most Scheme members have a long-term investment horizon, which supports a higher allocation to growth-oriented assets and tolerance for short-term volatility.                                  | <ul style="list-style-type: none"><li>Climate-aware funds launched to reflect long-term value creation despite short-term market noise</li></ul>  |

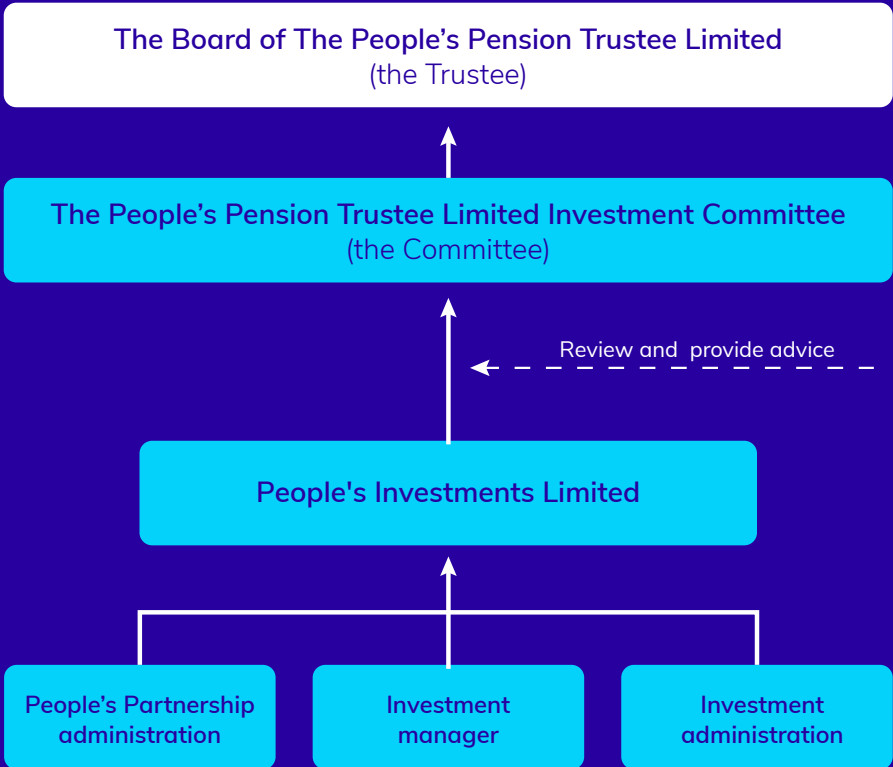
## People's Investments Limited

The Trustee receives written advice from People’s Investments Ltd. ('PIL'), its primary investment adviser, which is authorised and regulated by the Financial Conduct Authority ('FCA'). PIL is a subsidiary of People’s Partnership comprised of the People’s Partnership Investment Team. PIL operates under its own experienced board, with deep expertise in RI, and provides investment advice to the Scheme, ensuring strong alignment with the Trustee’s objectives.

Throughout 2024, prior to PIL’s appointment as primary investment adviser, Barnett Waddingham reviewed all investment proposals in an advisory capacity to ensure their suitability for the Scheme. In early 2025, this advisory role transitioned to PIL, which now provides this advice directly.

Key RI elements of this governance structure are as follows:

- Quarterly RI updates are provided to both the Committee and the Board
- Strategically important RI-related items (eg, RI policies, climate-aware strategy, RI input into manager selection and mandate design) are provided to the Committee, and where relevant, the Trustee
- Training programs on RI matters (see below for further detail)
- RI expertise and equality, diversity, and inclusion ('ED&I') considerations are factored into the selection of qualified candidates for both the Committee and the Board



## Resourcing

PIL is overseen by its own Board, which monitors the work of the Investment Team. A key figure in this structure is **Dan Mikulskis, Chief Investment Officer (CIO)** of People's Partnership and a PIL Board member. Dan plays a central role in championing the Scheme's RI efforts, leveraging his deep expertise to support the Trustee and enhance the Scheme's market position and industry influence.

The RI team is fully integrated within the broader investment function. **Leanne Clements, Head of Responsible Investment**, is part of the senior management team, ensuring RI is embedded across all asset classes. This structure promotes collaboration and encourages the Investment Team to critically assess the role of RI throughout the investment process.

As of the end of the reporting year, the Investment Team had grown to 19 members, demonstrating People's Partnership's commitment to supporting the Scheme's investment strategy and delivering better member outcomes.

The RI team brings a combined 40 years of experience across diverse areas of expertise, and a key focus during the year was a continued expansion of the team. Notable developments include the creation of a **Stewardship Manager** role and, more broadly, the appointment of a **Deputy CIO**, who works closely with the **Head of Responsible Investment**.

Although outside the reporting period, in May 2025, two [Co-Heads of Real Assets were appointed](#) to support the ambition of allocating 10% of the growth pool to private markets by 2030, with a significant share in UK assets. Looking ahead, People's Partnership has committed to further resourcing the RI function in line with the Trustee's priorities. Planned roles include a **Communications Manager** and a **Stewardship Lead for Human Rights**.

People's Partnership also values internal mobility as a driver of retention, satisfaction, and broader perspectives. This is exemplified by CEO **Patrick Heath-Lay**, who began his 40-year career in the Scheme's mailroom, and **Danny Coombes**, ESG Integration Manager, who has similarly progressed through various roles within the organisation, to name just a few.

### RI team spotlight: Championing internal mobility

Danny Coombes joined People's Partnership (at the time, B&CE) in February of 2017 beginning in the call centre, where he delivered technical support and assisted members with any queries they had about their pension products. From there, Danny has had various roles within the Investment Team, where he is now ESG Integration Manager. In this role, he has helped develop the Scheme's RI and climate change policies, has overseen the publication of the Scheme's first and subsequent TCFD reports, contributed to the research process that saw the Scheme move over £15bn into climate-aware strategies in 2024, led on the development of the recently updated Ethical Fund, and contributed to the asset manager due diligence process that resulted in the selection of two new asset managers



## Training

The Trustee is committed to continuing education on RI and undergoes training on this topic at least twice a year. Examples of this include training on Just Transition, which was led by Nick Robins of the Just Transition Finance Lab, and training on considering social factors in pension scheme investments, which was led by Paul Lee of Redington. For further details on the Just Transition session, please refer to the Scheme's 2024/2025 Climate Progress Report.

### Case study: Considering social factors in pension scheme investments

Human rights are a key stewardship priority for the Scheme. Recognising the complexity and emerging nature of this area, the Investment Team organised a dedicated training session with the Trustee to support the development of its evolving approach.

#### Key learning outcomes:

- **Strategic alignment:** Reinforced the importance of prioritising social factors—particularly human rights—in line with the Department for Work and Pensions ('DWP') guidance and fiduciary responsibilities.
- **Role of stewardship:** Highlighted that, while social factors are still in the early stages of integration into portfolio construction, stewardship remains a critical tool for addressing these issues, as outlined in the RI Policy.
- **Practical guidance:** Explored thematic areas for prioritisation, offering the Trustee early insight into the Investment Team's evolving human rights strategy and providing an opportunity for timely feedback.

Training and development at People's Partnership is key to supporting the Trustee in the delivery of its investment objectives. People's Partnership offers a robust training programme that supports continuous learning and upskilling, including:

- **The Development Space:** A digital platform offering a wide range of content, from Bloomberg financial courses to leadership development.
- **External training and accreditation:** Budget is allocated within the Investment Team for professional qualifications such as the Chartered Financial Analyst ('CFA') and Investment Management Certificate ('IMC'), as well as RI-specific training from leading bodies like the Principles for Responsible Investment ('PRI'), CFA Institute, and Cambridge Institute for Sustainability Leadership ('CISL').

### Case study – Diversity Project Pathway Programme 2025

People's Partnership's talented Investment Team colleagues – Lara Rodriguez, Chelsea Parandian, and Charlotte Vincent – were selected as part of the Diversity Project Pathway Programme by the Diversity Project, which is focused on developing women investment professionals. The Scheme is excited to support its participants' professional growth while also reinforcing its commitment to developing talent and building a more inclusive industry. They are supported by their C-suite sponsors, whose guidance and support are instrumental in making this opportunity possible: Deborah Finlayson, Angela Staral, and Dan Mikulskis. More details on this initiative can be found [here](#).



## Investing with purpose

The Scheme’s success in helping members prepare for retirement is supported by the work of **People’s Partnership**, which serves as both the Scheme’s administrator and primary investment adviser through its subsidiary, PIL.

People’s Partnership is driven by a clear purpose: **to help people live financially stronger lives. Its vision, mission and strategic priorities** reflect this goal and align closely with the Scheme’s RI approach.

The foundational pillars of People’s Partnership are brought to life by its people. They are essential to delivering the products and services that help Scheme members build financial foundations for life.

People’s Partnership is committed to creating a supportive and empowering work environment—one that enables colleagues to thrive. This is reflected in its approach to recruitment, development and leadership, which prioritises engaging management and meaningful incentives.

| People's Partnership foundational pillars | Description  | Alignment with the Scheme's RI approach  |
|---|--|--|
| Purpose                                   | To help people build financial foundations for life.   | The Scheme's key RI objectives – refer to Section 3 for further detail.  |
| Vision                                    | A UK where millions of people lead financially stronger lives because of their trust in the Scheme.  |  |
| Mission                                   | The Scheme uses profits to provide straightforward, accessible, trusted products and support that help people become financially stronger. | Improving its member-friendly RI reporting – refer to Section 9 for further detail.  |
| Strategic Priorities                      | Growing the business.  | An evolving leading RI approach as outlined in this report helps to build People's Partnership's brand and reputation, where it becomes one of the key factors in retaining and growing its pension business over the longer term.<br>To facilitate this objective, the Investment Team continues to grow the RI team as detailed in this section. |
|   | Building the Scheme's brand and reputation.  |  |
|   | Investing in new products and services.  | The Scheme has improved its self-select range with the launch of a new Ethical Fund. For further details, refer to Section 4 of this report.   |
| Culture and values                        | - Understanding people<br>- Creating simplicity<br>- Keeping our promises  | Conducting a YouGov survey to better understand our members' views .<br>Improving its member-friendly RI report as outlined above.   |
|   |  | Putting money where its beliefs are – investing in climate-aware funds and moving assets to better RI-aligned asset managers.  |

As a **Living Wage Employer**, People’s Partnership is expected to set pay levels in line with the Real Living Wage Foundation’s recommendations, aligning with the Scheme’s RI objective of promoting fair pay. This expectation includes not only its own direct employees, but also its third party suppliers like cleaning, catering and security.

**Equality, diversity & inclusion ('ED&I')** is central to the Scheme’s culture and aligns with the Trustee’s ED&I policy. The Trustee’s commitment to ED&I underpins its core objectives and beliefs. Recognising that both pension schemes and society evolve, the Trustee has developed an ED&I policy that embraces societal progress and promotes inclusive governance, encouraging diversity in all forms, including cognitive diversity. More details on People’s Partnership’s ED&I outcomes during the reporting year can be found in the annual report.

## Aligned incentives

At People’s Partnership, **all employees are in the Scheme**, including the entire Investment Team. This shared membership reinforces the Trustee’s commitment to delivering strong outcomes for all members.

All Investment Team members are eligible for the company-wide annual bonus plan, which is based on:

- **Company performance** against strategic objectives, all designed to improve member outcomes
- **Individual performance**, measured through personal objectives

For the RI team, these personal objectives include specific RI-related goals, ensuring accountability for advancing the Scheme’s RI strategy.

## Conflicts of interest

The Trustee’s [Conflict of Interest Policy](#) requires the Trustee Directors to identify, disclose, and record any conflicts of interest. No conflicts of interest were identified during the year under review. The Trustee also carries out a due diligence process where external advisers/ service providers will be required to complete a declaration annually to confirm any conflicts of interest. No conflicts of interest were identified during the year under review.

People’s Partnership also manages a ‘Stop List’ that includes companies that have an ongoing relationship with the Scheme and are not to be traded. This list is managed in conjunction with the policy on market conduct and personal account dealing. The Compliance department oversees individual trade approvals and adherence attestations on a quarterly basis to ensure adherence to these policies.

# Part 2

## Key outcomes

### Section 3: The Scheme's approach to responsible investment

The Scheme [launched](#) its updated RI Policy in April 2024. 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 more sustainably for the benefit of society and the world into which members retire. Ultimately, this aim is likely to lead to better and more sustainable retirement outcomes for members. The RI Policy's broad strategic framework for implementing its RI approach is presented in the diagram below. Key elements to highlight are:

- The importance of the Scheme's asset managers in delivering its RI objectives and the subsequent setting of robust expectations for them. More details on how this worked in practice over the course of the year can be found in Section 6 of this report.
- The investment beliefs that underpin the Scheme's RI objectives include both portfolio- and company-level investment beliefs; these are discussed in Section 2.
- The Scheme's influence on companies also needs to be supported through its asset managers by holding key industry players and policymakers accountable (through collaboration) for achieving the Scheme's RI objectives. More details can be found in Section 7 of this report.



## Our Responsible Investment Policy in a snapshot

### Protecting the assets of The People's Pension's members

#### Asset management

Our investment strategy is implemented through external asset managers (investment specialists that we appoint to invest our members' pension savings).

## 2 Responsible Investment Objectives

#### Objective 1:

Our primary objective is to add financial value and resilience to members' savings through our portfolio construction and stewardship approach.

#### Objective 2:

Encourage companies to behave in a more sustainable way for the benefit of society and the world members retire into.

## Supported by 3 Pillars

#### Portfolio construction:

Investing, where we can, in companies that are conscientious about reducing harmful impacts on the environment and people – and avoiding those with the most severe sustainability impacts.

#### Stewardship:

Using our influence to encourage the companies we invest in to behave more sustainably, to benefit the long-term interests of our members. This includes setting clear expectations and minimum requirements in priority areas such as climate, nature and human rights.

#### Reporting:

We are transparent about our responsible investment activities and commit to reporting annually on how we are progressing against our objectives.

### Measuring stewardship effectiveness

Evaluating and measuring the outcomes linked to voting and engagement remains a work in progress. It is an industry-wide issue that even the FCA has [recently acknowledged](#) is deeply complicated. Given the large shareholder base of most companies, it's difficult to attribute a single shareholder's actions to positive change at companies. This is further complicated by the multi-year timeline often required for meaningful engagement at companies. Finally, it also may be difficult for a company to attribute the positive change to its earnings potential, which would then seriously hinder the ability to translate that into an increase in share price and thus better financial outcomes for members. However, the Trustee remains cognisant of this complexity and is committed to supporting continued evolution in this area. A particular focus will be improved stewardship reporting from asset managers to their clients on areas such as milestone tracking, company follow-ups for successful engagements to assess real-world impact, and evidence of voting escalation for failed engagements.

## Section 4: Embedding ESG issues into portfolio construction

### RI Policy Framework

There are two main ways that ESG issues are considered in the Scheme's portfolio construction: **integration and exclusions**.

#### Integration

With regard to integration, if there is a manageable risk that the Scheme believes may negatively impact the performance of the portfolio or an accessible opportunity that the Scheme believes 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.

The Scheme considers **climate change** to be a systemic ESG risk with a significant potential impact on its members' outcomes. To this end, the Scheme first announced its ambition to align its portfolio with the 1.5° pathway in 2019 through its [Climate Change Policy](#), which was most recently updated in April 2023.

With this ambition in mind, the Scheme has set the following emissions reduction targets for its portfolio:

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

In establishing the Scheme's net zero commitment, based on the view that the market is currently mispricing climate risk and that there is a risk to asset values of a market repricing event,

the Scheme has looked to the Bank of England, financial regulators, academic research, and views from investor groups and consultants.

For further details on how the Scheme has integrated ESG into its fixed income mandate, please refer to the 'Working with the Scheme's external partners' section.

#### Exclusions

In general, the Trustee does not believe that large-scale exclusions 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. The exclusions policy has been developed to reflect the minimum standards to be applied where feasible to the investment strategy.

# Key outcomes

## 1. Climate-aware funds

In 2024, the Scheme began integrating climate change into its portfolio construction decision-making process. As a result, in February 2024, the Scheme transitioned its developed market equity tracking investments to a methodology that is intended to align with the 1.5° scenario set out by the Intergovernmental Panel on Climate Change ('IPCC'). This has allowed the Scheme to achieve several important priorities, which are further detailed in its annual [Climate Progress Report](#):

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

## 2. Exclusions Policy

During the year under review, the Trustee approved the introduction of an Exclusions Policy that details minimum standards to be applied where feasible to the investment strategy. The ability to introduce exclusions to an investment strategy will be assessed on a case-by-case basis. The list of exclusions detailed in the policy was introduced into the active fixed income mandate that was designed and approved within the Scheme year. The Policy is available as an appendix to the [RI policy](#) published in August 2025, with the following activities deemed eligible for exclusion for the assets in scope of the policy:

- Companies involved in the controversial weapons business.
- Companies that are deemed to be in breach of expectations of responsible business eg, UN Global Compact ('UNGC') Principles.
- 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.

# Looking ahead

In terms of embedding ESG issues beyond climate into its portfolio construction approach within the developed equities portion of the portfolio, this will be kept under review as the financial materiality of the ESG issue is better understood, underpinned by an improvement in data availability and robustness.

With regard to mandate design, as the Scheme evolves its investment strategy from core strategies where ESG integration and the ability to implement the Scheme's Exclusion Policy is better understood to more niche/satellite strategies where challenges may exist (eg, ability to influence, disclosure issues), the Investment Team is committed to pushing the boundaries of best practice and working with other investment actors to raise industry standards.





## Section 5: The Scheme's stewardship priorities

### RI Policy Framework

Stewardship has the potential to create long-term value for clients and beneficiaries. To maximise effectiveness, stewardship priorities underpinned by a robust prioritisation process are key.

The Trustee has identified climate change, nature and human rights as its macro-level stewardship priorities, which provides the Scheme flexibility to prioritise difference sub-themes within each category as the ESG space evolves. In selecting these themes, the Trustee has primarily sought to prioritise ESG issues that are considered to be systemic risks and to 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.

For each stewardship priority, the Scheme's RI Policy outlines:

- 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.

This information is primarily used to determine how aligned the Scheme's asset managers are to its RI Policy, which is outlined further in this report. Additional details on these three priority areas are outlined as follows.

### Climate

The Scheme considers climate change to be a systemic risk with the greatest potential to impact upon member outcomes and wide-ranging implications for financial markets. For further details regarding the Scheme's investment case for including climate change as a strategic priority, please refer to its [Climate Change Policy](#). The Scheme's approach links portfolio construction (Section 4) with stewardship, aiming to both manage climate-related risks and opportunities and drive real-world outcomes through improved corporate behaviour.

### Nature

Nature encompasses ecosystems across land, water, and the atmosphere. Companies are increasingly exposed to risks and opportunities arising from their dependence on, or impact on, these ecosystems. Nature-related risks could represent a source of financial risk where they can adversely affect a company's financial position if its production processes or supply chain disruptions result in reduced turnover or even inability to produce. At the same time, efforts to prevent nature loss could raise financial risks for firms that are forced to write down assets that are no longer economically viable.

The Trustee recognises the interconnectedness of climate and nature-related risks and the need for integrated approaches in investment decision-making. As a major driver of emissions, it has prioritised deforestation as a nature sub-theme.

While data and frameworks are still evolving, initiatives like the Taskforce on Nature-related Financial Disclosures (TNFD) and Nature Action 100 (NA100) are helping to close the gap. In October 2024, NA100 released its first benchmark assessment of corporate progress, offering actionable insights for investors.

### Human rights

The United Nations defines human rights as rights that are inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. This includes the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, and the right to work and education, amongst others. It is also an issue that is critical for businesses to manage appropriately, ensuring robust human rights and human capital management processes within their businesses and supply chains. Human rights is a panacea topic whose underlying themes and their financial materiality are less understood by investors compared to other ESG topics such as climate change. However, in alignment with the Scheme's secondary RI objective, the Trustee believes irrespective of the level of financial materiality, these issues should be prioritised in its stewardship activities, so long as in doing so it does not cause financial detriment.

As with nature-related issues, data and frameworks are still evolving; however PRI's Advance will also help to offer actionable insights for investors. Human rights is an area of development for the Scheme; however, in the short term, it has prioritised improving human rights disclosure at an industry level (eg, ESG research providers, proxy voting agencies). Further details are provided in Section 7.

### Key outcomes

Key outcomes associated with the Scheme's stewardship priorities are outlined further in Appendix III of this report.

### Looking ahead

Stewardship priorities are reviewed on at least an annual basis, considering relevance, materiality, and emerging risks. Two thematic areas identified for future consideration are:

- Workforce expectations (under human rights)
- Water use (under nature)

## Section 6: Working with the Scheme's external partners

### Asset managers

#### RI Policy Framework

The Trustee relies upon its external partners to achieve its RI objectives. It has robust expectations of its asset managers (including minimum requirements), index providers, and investment consultants, which are outlined in its RI Policy. Given that the Scheme is 100% externally managed, the most important external partners are its asset managers. Because of the large role asset managers play, part of the Scheme's fiduciary duty to its members is to implement robust selection, appointment, and monitoring processes for any asset manager used.

#### Minimum requirements

The Scheme asks that its asset managers adhere to the following minimum requirements:

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

#### Expectations

Beyond the minimum requirements, the Scheme has additional RI expectations it uses to monitor its asset managers (refer to the Scheme's [RI Policy](#) for further detail). In summary, the Scheme has expectations for:

- Alignment with the Scheme's RI objectives and beliefs as outlined in the RI Policy
- Robustness of implementation of the Scheme's exclusions and index tracking
- ESG integration and ability to provide transition assessments aligned with the Net Zero Investment Framework,
- Alignment to the Scheme's Stewardship priorities and related expectations as it pertains to:
  - Collaborative, industry, and policy engagement efforts
  - Company engagement and proxy voting activities

The Trustee acknowledges that some managers may be on a journey to achieve these expectations, and if significant gaps are identified, asset managers are put on notice to improve within agreed timelines. If those timelines are not met and collaboration with the asset manager is deemed unsuccessful, their appointment will be reviewed, which may result in a redirection of new investments or a termination of their contract. During the year under review, this escalation was enacted as part of a broader investment review, which is further described below.

### Key outcomes

#### Appointment of Amundi and Invesco

Throughout the reporting year, the Scheme's primary asset manager was State Street Investment Management ('SSIM'), which managed almost all its assets. The Scheme has committed to an annual review of all its managers to ensure its assets are managed and deployed to deliver the best financial value for its members while simultaneously adhering to its RI standards. To that end, starting in early 2024, the Scheme undertook a thorough due diligence process that resulted in the appointment of two new managers responsible for managing [over £28bn of Scheme assets](#): Amundi Investment Solutions and Invesco Asset Management.

#### Manager review and selection process

The Scheme's review process is grounded in its commitment to long-term, sustainable returns for members. The Scheme initiated its annual manager review by first looking at its current manager against the Scheme's stated minimum RI requirements and expectations alongside financial and performance considerations. To benchmark against the broader market, the Scheme compiled a longlist of potential asset managers using data from eVestment, considering factors such as short, medium, and long-term performance, total AUM, and regional exposure.

The Scheme also retained Redington and Mercer to provide guidance on long-listed asset managers for developed markets and fixed income assets, respectively. Additionally, the Scheme conducted rigorous analysis of the longlist through 'Request for Information' documents and individual manager meetings.

For the shortlist, a detailed scorecard was used, incorporating both quantitative and qualitative criteria. These included firm structure, team resourcing, research and portfolio construction capabilities, risk management, RI Policy alignment, and partnership potential.

As a part of determining how each manager was graded on the scorecard, the Investment Team met with each shortlisted manager for detailed in-person due diligence. These meetings included a variety of stakeholders, including the relevant equity or fixed income strategists and the RI analysts.

For the RI component of the balanced scorecard, shortlisted asset managers were assessed against the RI expectations outlined in the Scheme's RI Policy.

Following the review, the Scheme selected Amundi and Invesco as the managers best positioned to deliver strong value for members while achieving greater alignment to its RI Policy.



### Manager appointment process

Beyond selection, developing bespoke Investment management agreements ('IMA') was a critical next step. These agreements define roles, set expectations, and provide legal safeguards for both parties. This work was undertaken in partnership with the co-heads of equity and fixed income, as well as the Operations and Legal teams, amongst others, to assure the best possible outcomes for the Scheme's members.

RI expectations were embedded into the IMAs under several broad categories, which were applicable to both mandates, with additional

IMA considerations for each mandate as illustrated in the two case studies provided. The Scheme leveraged the [International Corporate Governance Network \('ICGN'\)](#) Model Mandate in the development of the RI contractual language for each mandate. Each IMA had a specific schedule dedicated to the Scheme's RI expectations, and embedding net zero targets and assessments into the stewardship process was a particular focus. While robust IMAs are essential in setting the groundwork, the Scheme recognises its ongoing responsibility to monitor and challenge reported outcomes.

#### Putting it in the mandate: IMA considerations

**Alignment to RI Policy:** This includes areas such as compliance with the Scheme's minimum requirements and reporting on progress in addressing any gaps identified in the selection process.

**Exclusions policy implementation:** Ability to robustly implement the exclusions applicable to the mandate.

**ESG integration (where applicable to mandate):** Requires managers to integrate financially material ESG issues into their investment process.

**Systemic risk responsibility:** Requires managers to have processes in place to address systemic risks such as climate change.

**Policy engagement:** Requires managers to conduct policy engagement (where legally permissible) in alignment with the Scheme's stewardship priorities.

**Collaborative engagement** Requires managers to exploit opportunities for collaboration.

**Net zero objective:** The Scheme outlined its expectations on the inclusion of Scope 3 emissions on a best-efforts basis and that managers take reasonable steps to track Scope 1, 2, and 3 emissions on an ongoing basis and compute financed emissions for the Scheme. This includes aligning company engagement activities and targets to the Institutional Investors Group on Climate Change's ('IIGCC') Net Zero Investment Framework (so long as it doesn't compromise investment objectives), as well as a company engagement plan in alignment with the Scheme's RI Policy.

**Company engagement:** Requires managers to explain why companies were selected and prioritised for engagement, what the objectives for engagement were, progress against those objectives, what improvements in performance were achieved, and whether voting escalation was required.

**Reporting:** This includes but is not limited to robust voting (for equities) and engagement reporting, disclosure of any escalation routes taken, and whether any ESG improvements have been observed at investee companies.

#### Equities case study: Embedding proxy voting requirements in the IMA

Because the Scheme's equity assets are in climate-tilted indices, the equity IMA focussed on stewardship requirements that included alignment with the Scheme's RI policy, exclusions during portfolio construction, the implementation of stewardship and monitoring thereof, and reporting systems.

Proxy voting is a key element for equity investments, and the IMA reflected this importance through the requirement of detailed monthly vote reporting and significant vote examples that reflected the Scheme's thematic priorities, not just votes that the manager thought put them in a positive light. The Scheme recognises that the current industry standard is quarterly vote reporting but feels that monthly vote reporting allows for more timely discussions on voting and engagement, which is a cornerstone of effective manager monitoring.

#### Fixed income case study: Embedding bespoke requirements into the IMA

One of the key RI value-adds from the Scheme's new fixed income manager is Invesco's commitment to create a customised engagement programme that aligns with the Scheme's stewardship priorities. This includes, but is not limited to, an issuer engagement plan concentrated on companies contributing the most financed emissions to the portfolio and opportunities for joint thought leadership.

### Looking ahead

The Trustee anticipates more aligned voting and engagement from Amundi and Invesco compared to previous years reporting outcomes. For example, the Scheme expects to see targeted engagement of the high emitters within its portfolio and more focused engagement on its thematic priorities of deforestation and human rights.

As the Trustee looks to evolve its investment strategy, its approach to manager selection, appointment and monitoring will also mature as it considers additional asset classes and sub-asset classes for more niche investment strategies, similar to that noted in Section 4. The RI team remains committed to its pursuit of a best-in-class approach, recognising that how this looks in practice may differ from other asset classes where RI is more developed.



## Other external partners

### RI Policy Framework

The Scheme's RI Policy sets out expectations of index providers and investment consultants that it may partner with. MSCI is the Scheme's index provider for the climate-aware funds (refer to 'Section 4' for further detail). Other external partners are held to account against those expectations in the same manner as highlighted for the asset managers. Given the rapid evolution of the RI landscape, the RI team continuously monitors the market to ensure alignment with the Scheme's objectives.

Throughout the year, the Scheme also used several research providers for macroeconomic insights, industry guidance, and support services such as indices and custodial services. These providers offer specialised expertise and proprietary methodologies that complement internal knowledge. For example, the Scheme partnered with e-Vestment, Redington, and Mercer to support their asset manager selection process as detailed earlier in this report.

The Scheme's external research providers include:

- eVestment
- MSCI
- Redington
- Mercer
- Northern Trust
- Minerva Analytics
- Absolute Strategy

### Key outcomes

#### Working with Minerva Analytics to evaluate asset managers' voting behaviour

During the Scheme's asset manager due diligence process for developed markets, it was important to understand how shortlisted asset managers' alignment with the Scheme's RI Policy worked in practice by looking at their stewardship

programmes. This information allowed the Scheme to benchmark managers against both each other and the Scheme's own stated expectations. Minerva provided a robust analysis for the Scheme, ranging from high-level analysis of publicly available voting policies against the Scheme's themes to more detailed peer and best practice comparisons.

#### Working with Northern Trust to develop segregated mandates

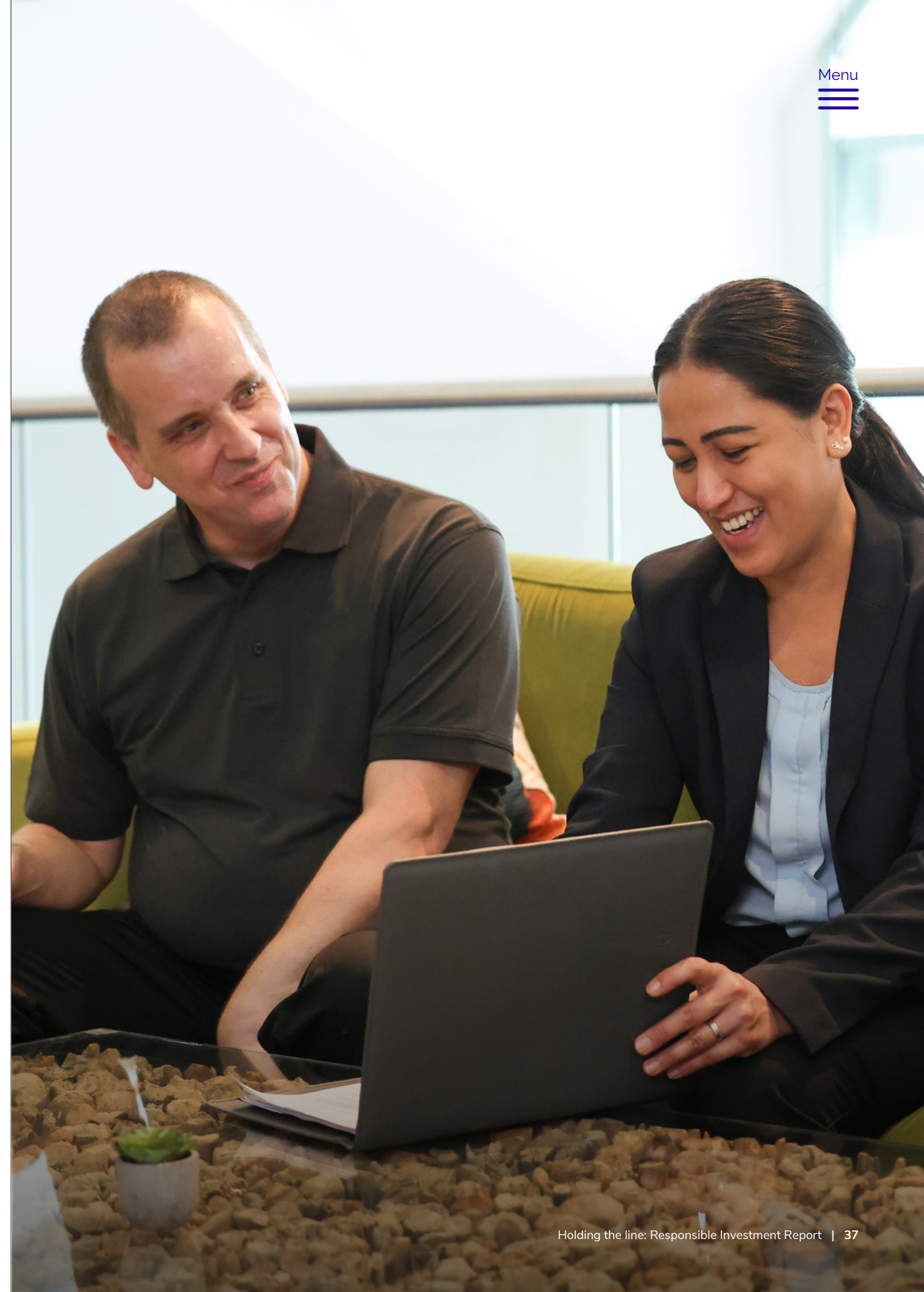
For most of 2024, the Scheme invested in pooled funds managed by SSIM. As part of the Scheme's industry review, it decided a move to segregated mandates would allow for more effective management of its assets and execution of its stewardship programme. As such, the Scheme moved from pooled funds to segregated mandates from December 2024 through March 2025.

#### Case study: Move to segregated mandates

The Scheme leveraged Northern Trust's ('NT') expertise to move to segregated mandates. By creating detailed run books to onboard the changes in conjunction with the many interested parties and seeding funds, NT delivered the new structures on time and as planned, enabling the Scheme to establish governance and oversight on subjects such as stock lending and more direct control over voting strategies. This control allows the Scheme to be better stewards of its assets and supports the execution of its RI strategy and associated voting policies, as Scheme assets are now under its direct control instead of through pooled vehicles.

### Looking ahead

The RI team plans to conduct a review of its ESG data strategy (including its external partner(s)) in the coming year to determine whether the current arrangements remain fit for purpose for the Scheme and if there are new external partners with relevant expertise.





## Section 7: Creating a better world to retire into

### RI Policy Framework

The Scheme's investments have universal owner characteristics, with a long-term investment horizon and a very diversified portfolio. This means that members' investment returns are dependent on the wellbeing of the global economy as a whole. Therefore, as a complement to the primary objective of adding financial value and resilience to members' savings, the Trustee also wishes to encourage companies to behave more sustainably for the benefit of society and the world into which members retire. This is why it is part of the Scheme's RI beliefs and reflects how the Scheme prioritises its own stewardship activities, as well as how it evaluates its asset managers. Taking a 'whole market approach' and identifying market-wide solutions forms part of what the industry refers to as 'systemic stewardship'.

There are two main ways the Scheme implements this approach in practice: policy engagement and participating in industry-wide initiatives/working groups, with collaboration being the necessary foundation of both. Being successful at a 'systems level' (eg, creating an enabling policy environment for issues such as climate change and nature) can change the rules of the game, thus producing a 'sea change' and the greatest positive impact. Therefore, it is important that an appropriate amount of resources be allocated to these types of initiatives. In alignment with its RI Policy, resource prioritisation within these areas was vital to ensure that the RI team is focussed on where the Scheme can achieve maximum impact

#### Reflections

Systems change – places where 'a small shift in one thing can produce big changes in everything'.

['Leverage Points: Places to Intervene in a System'](#) The Donella Meadows Project

### Policy engagement

As outlined in its RI Policy, the Trustee expects governments to have a robust policy environment for its stewardship priorities. Policy engagement underpins the Scheme's role as a universal owner and is a key stewardship lever to achieving the Scheme's RI objectives.

The Trustee recognises the challenges associated with creating an effective policy/regulatory engagement programme. While progress has been made in this space over the years at an industry level, there is more work to be done to improve its effectiveness. The Scheme commits to being part of developing industry solutions to address this issue, while continuing to take advantage of the key stewardship levers available to it in the interim, namely:

- Holding its asset managers to account for their policy engagement activities.
- Being a part of membership bodies such as Institutional Investors Group on Climate Change ('IIGCC'), Principles for Responsible Investment ('PRI') and UK Sustainable Investment and Finance Association ('UKSIF'), which conduct policy engagement activities on its behalf. For further details regarding the policy engagement activities of these organisations, please refer to their respective websites.
- Signing various investor coalition letters addressed to policy makers and/or regulatory bodies on key ESG issues.
- Providing formal responses to key government consultations.

The key outcomes section highlights key policy engagement activities associated with the remaining two bullet items above.

#### Reflections

"It is true that policy engagement has delivered a lot of positive change over the past 20 years, but the perception of its effectiveness is under scrutiny at the moment. As 2030 looms, I think it is time for us to conduct a massive industry review on the effectiveness of our climate policy engagement activities thus far: what has worked, what hasn't, and where we should go next."

Leanne Clements, Head of Responsible Investment, People's Partnership – quoted in a Responsible Investor [article](#)

## Participation in industry-wide initiatives

The Trustee believes that driving change through both participating in or, at a minimum, endorsing industry-wide initiatives as well as holding its asset managers accountable to participate in leading industry coalitions offers the best chance of achieving the Scheme’s RI objectives and has the most comparative advantage in its stewardship efforts (significant AUM with its asset managers).

The below table highlights the various industry initiatives that the Scheme currently supports. In the interests of transparency and accountability, the table highlights the role that the Scheme has played in these initiatives (ie, intense/active participant versus light touch/endorser), with bold items indicating key outputs (ie, guidance documents) where the Scheme played a key role in their development. These roles are not static in nature and may evolve with increased (or decreased) resource availability.

### Reflections

**On being co-lead on IIGCC’s index investing working group:** “A significant and growing proportion of global investments are invested using an indexing approach, and we felt we could add value to a [discussion paper](#) on a topic as important as index investing for the net zero transition. The Scheme invests a large portion of its assets in climate-aware index funds, and so working with other like-minded investors in this working group gave us the opportunity to share our experiences and learn from our peers in this space.”

**Danny Coombes, ESG Integration Manager, People’s Partnership**

| Organisation   | Role                     | Working group(s)   | Alignment to Scheme's stewardship priorities |
|--|--------------------------|--|--|
| Asset Owner Council ('AOC')  | Participant              | Member of AOC Secretariat  | Cross-cutting                                |
| <a href="#">IIGCC</a>  | Participant              | Proxy Advisor Working Group<br>Scope 3 Working Group<br>Index Investing Working Group <sup>1</sup><br>External Manager Working Group | Climate                                      |
| <a href="#">FCA</a>  | Participant              | Vote Reporting Working Group   |  |
| <a href="#">PRI</a>  | Participant              | PRI Systems Stewardship Advisory Committee<br>PRI Asset Owner Technical Advisory Committee   | Cross-cutting                                |
| <a href="#">Investor Initiative on Human Rights Data</a>           | Participant              | ESG Data Providers Working Group<br>Proxy Advisor Working Group  | Human rights                                 |
| <a href="#">UKSIF</a>  | Endorser                 | NA   | Cross-cutting                                |
| Farm Animal Investment Risk and Return (' <a href="#">FAIRR</a> ') | Endorser                 | NA   | Nature                                       |
| <a href="#">Investor Policy Dialogue on Deforestation</a>          | Endorser                 | NA   | Nature                                       |
| <a href="#">Global Investor Commission on Mining 2030</a>          | Endorser                 | NA   | Cross-cutting                                |
| <a href="#">Investor Coalition for Equal Votes</a>                 | Endorser                 | NA   | Corporate governance                         |
| Pension and Lifetime Saving Association ('PLSA') (now Pensions UK) | Participant <sup>2</sup> | Policy Board   | Cross-cutting                                |

1. [Index investing for the net zero transition](#)  
2. Tim Gosling Head of Policy, People's Partnership: [PLSA Policy Board appoints 10 new members | Pensions and Lifetime Savings Association](#)



## Key outcomes

### Policy and regulatory engagement outcomes

#### FRC stewardship code consultation response

In November of 2024, the Financial Reporting Council ('FRC') announced its intention to consult with stakeholders on significant updates to the UK Stewardship Code. Since its launch in 2010, the UK Stewardship Code has been industry-leading and provided many other markets with blueprints for the development of their own stewardship codes. Given the significant proposed changes to the Code, including the change in definition of stewardship itself, the Scheme provided robust feedback to the FRC. While some proposed changes were noncontentious, the Scheme felt several updates were a step back for stewardship, including the change in definition of stewardship. The Scheme's letter detailed both its concerns and potential solutions and can be found [here](#).

#### Four point plan for savers

In June 2024, prior to the UK election, People's Partnership issued [a four-point plan](#) that it believes will help improve the retirement prospects of defined contribution savers.

In summary, People's Partnership called for political leaders to commit to:

- **A target retirement income.** Too many people are not on track for an adequate pension in retirement. The government should set out target pension incomes, to be achieved through a combination of the state pension and workplace pensions saving.
- **Competition should work in the interests of the saver.** Regulatory policy should encourage healthy competition on the things that drive good outcomes for consumers. Too often competition is opaque and unhealthy, focused on brand and marketing.
- **Pension market reform.** Building large-

scale pension schemes should be a priority. Large, well-governed schemes will offer economies of scale. They should offer better value to savers and be able to invest in a wider range of asset classes. Larger schemes, held to a new quality standard, should be enabled to sweep up the small pots that have proliferated because of automatic enrolment. These schemes should be the core of a more consumer-oriented market.

- **Economic role of pension funds.** Politicians of all parties are right to focus on the role of pension funds as investors in the UK economy. This focus should not come at the expense of savers, who need the best possible return from their invested pension savings. Any policy to increase UK pension funds' domestic investment should place the interests of savers at its heart.

#### FCA consultation

Research completed by the Scheme highlights the significant impact pension transfers can have on long-term retirement outcomes. To underscore this, when People's Partnership responded to the Financial Conduct Authority's ('FCA') consultation on changes to the regulatory framework for pensions, it highlighted five key reforms to create a more transparent and consumer-focused pension landscape as outlined below. The full response is available [here](#).

- **Clear, comparable pension information:** A requirement for pension providers to display simple, comparable, and easy-to-find information on investment performance, charges, and customer service.
- **A ban:** Pension transfer incentives to be banned.
- **A consumer-focused Value-for-Money**

**framework:** Pension providers and regulators to work together to create a consumer-facing Value-for-Money framework to help savers make more informed decisions.

- **Delaying commercial pension dashboards:** Commercial pension dashboards to be delayed until Value-for-Money metrics are displayed across all pensions.
- **Mandatory scheme comparisons during transfers:** An obligation on the receiving pension scheme to flag important differences between pension schemes, which may impact the final retirement pot, when processing a transfer.

#### Leveraging the Scheme's AUM to increase influence

The Scheme signed the following investor statements in support of creating an enabling policy and regulatory environment:

- [Global Investor Statement on Climate Change](#)
- [Letter to governments on biodiversity crisis](#)
- [Letter to the SEC: Global investors call on SEC to enforce existing accounting disclosure requirements - Sarasin & Partners Global](#)
- [ICGN Statement on High Standards of Corporate Governance and Investor Protections as Pre-requisites for UK Capital Market Competitiveness and Growth | ICGN](#)
- [FCA Listing Rules](#)

### Industry engagement outcomes

#### AO Statement on Climate Stewardship

- The Scheme, along with Brunel Pension Partnership and Scottish Widows, co-led a coalition of leading asset owners to author and endorse the [Asset Owner Statement on Climate Stewardship](#). This statement was designed to set out clear and consistent

expectations for asset managers on climate stewardship. This work aligns with the Scheme's thematic priority of climate change and highlights an area the Scheme felt needed further attention given both the important role asset managers play in the broader investment ecosystem and the increasing impact climate change will have on capital markets and society.

#### IIGCC Index Investing Working Group

In late 2023, the Institutional Investors Group on Climate Change convened a working group to understand the challenges investors face in aligning their indexed portfolios with net zero. The working group was co-led by a representative on behalf of People's Pension. The group met on a regular basis and discussed barriers to alignment, the current market environment, the level of influence available to indexed investors, and expectations of different industry actors. The initial output of this work is the discussion paper: [Index investing for the net zero transition](#) published in May 2025.

#### Investor Initiative on Human Rights Data

Launched in March 2024, the Investor Initiative on Human Rights Data ('II-HRD') aims to improve the quality of corporate human rights data available to investors. The Scheme is a participant in II-HRD.

## Looking ahead

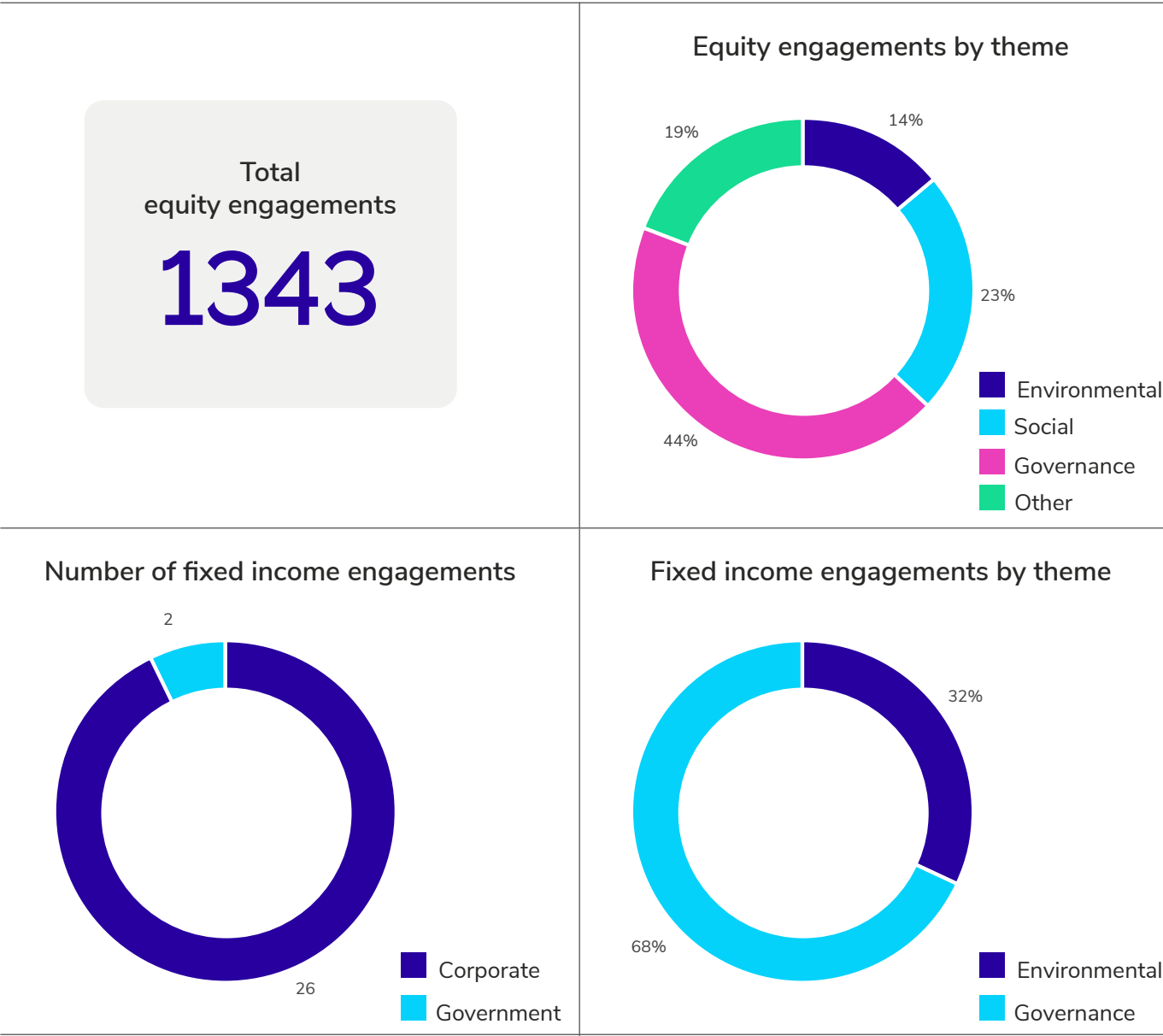
In recognition of the importance of addressing complicated RI challenges at a 'systems level', the RI team is committed to working with other like-minded leading asset owners over the coming years to find better ways to work more effectively together to drive better outcomes for members.

# Section 8: Company engagement and voting

## Engagement

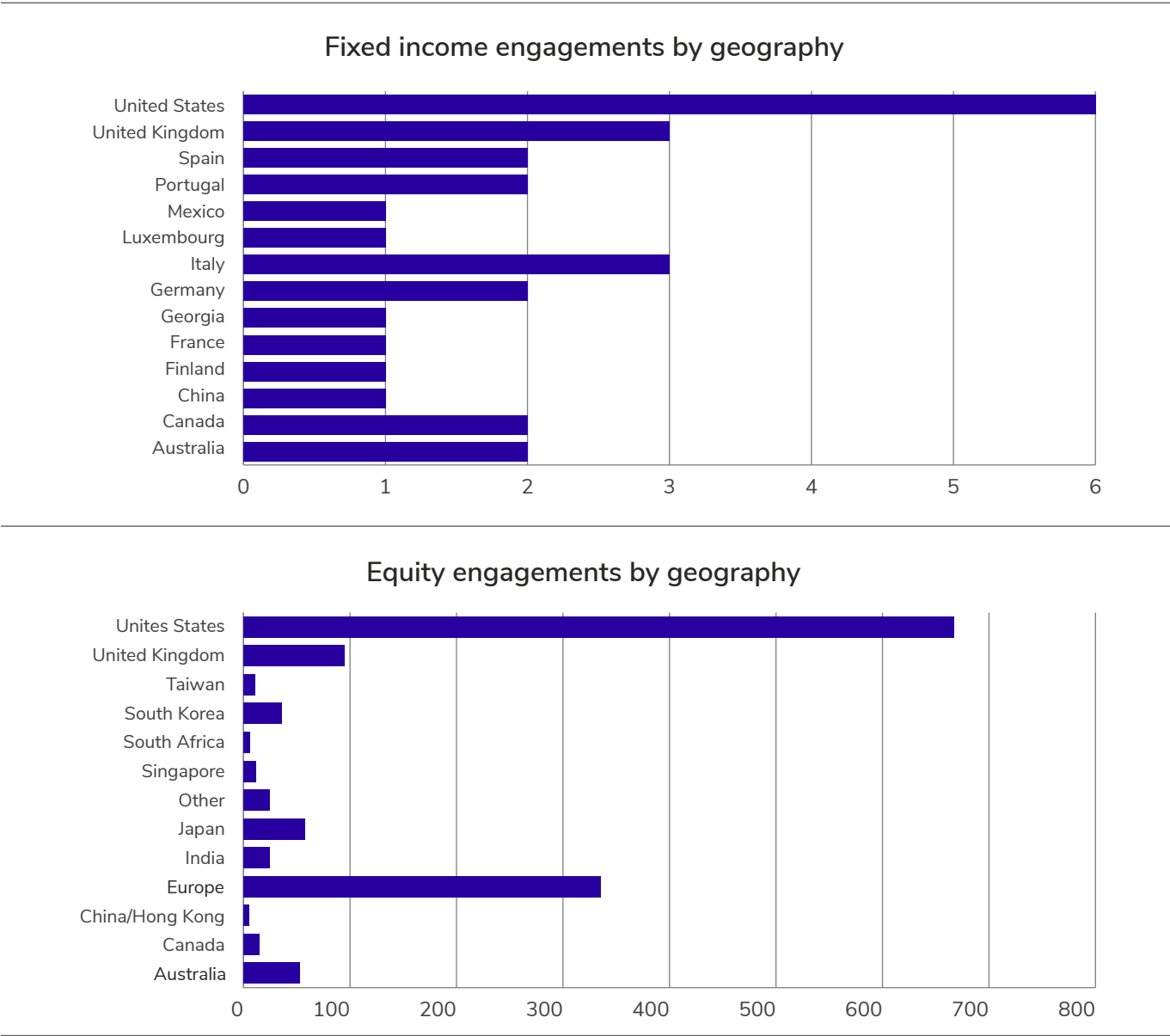
Company engagement is an important communication tool available to investors that can build strong relationships with investee companies and is an important lever available under the umbrella of stewardship. It can be used to gather deeper information or even impact company practices depending on the situation. There is ongoing discussion around the effectiveness of company engagement and its ability to deliver real-world outcomes, and while there is no one-size-fits-all for effective stewardship,

### SSIM engagement in numbers



the Scheme nonetheless believe that a targeted approach to company engagement driven by a robust theory of change will deliver the most impact at a market level. This targeted approach is outlined further in the Scheme's RI Policy and is used as a framework to hold its asset managers to account.

It is important to note that engagement, while powerful, is not enough on its own. Engagement and proxy voting should inform and reinforce each other; where engagement has failed, voting escalation (with appropriate communication to companies) becomes key to driving potential change with companies. Case studies of how SSIM has used engagement to support the Scheme's stewardship priorities are provided in Appendix III.





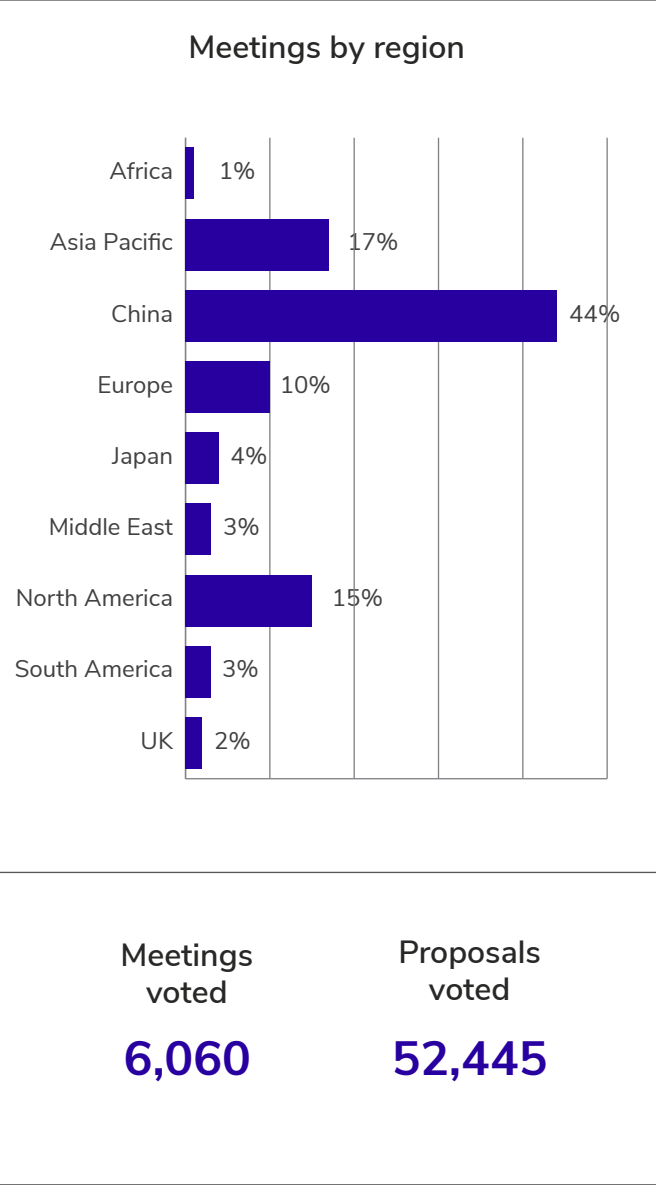
## Voting

The Scheme believes that exercising its proxy voting rights at annual meetings ('AGM') is a cornerstone of good stewardship and, when done correctly, supports its engagement efforts. Directors don't like to be voted against, executives don't like their remuneration to be voted down, and companies generally stop and listen when a significant percentage of investors speak up. This means voting is an important stewardship lever that should be utilised consistently yet thoughtfully.

The Scheme has spoken at length throughout this report about the due diligence done to assess its external managers given their role in its stewardship process. Proxy voting is no exception and was an area of focus for the Scheme's evaluation of its managers. Individual global markets have different sustainability and regulatory expectations,, and voting policy needs to reflect that. What investors can vote on is impacted by regulatory requirements; for example, voting on executive remuneration is common in the UK, Europe, and the USA but is generally unavailable in large parts of Asia-Pacific ('APAC'). Having a nuanced, thoughtful approach to proxy voting is key to adding long-term value and resilience to members' savings. Examples of significant votes and a case study on voting escalation done on the Scheme's behalf by SSIM are provided in Appendix III.

## RI Policy Framework

Because the Scheme's assets are managed externally, it delegates voting and engagement to external managers; for the year under review, this was SSIM and HSBC. As such, the Trustee relied on SSIM's in-house Global Proxy Voting and Engagement Policy and HSBC's Voting Guidelines respectively, which may include escalation where company progress has not achieved desired outcomes. Escalation may include elements like formal letters to detail requests, further engagement, shareholder proposal support, and



vote escalation at company meetings. Execution of the voting policy was done by Institutional Shareholder Services ('ISS'), although SSIM retained the ability to override votes generated by its vote policy where needed.

However, delegation does not mean relinquishment of responsibility. The Scheme primarily exerts its influence on investee companies by holding its asset manager(s) accountable for how aligned they are to its RI Policy (notably its net zero guidelines) on at least an annual basis. The Scheme's targeted stewardship activity outlined in its RI Policy serves as a basis for asset manager engagement.

Specifics on the net zero voting guidelines can be viewed in the RI Policy, but broadly speaking, it focuses on board accountability and shareholder proposal guidance with respect to climate change and, given its link to GHG emissions, deforestation. Because the Scheme's AUM are a small portion in any given company, the Trustee believes working with its asset managers, which have comparatively larger investments in individual companies, allows for the most effective lever for change at a company level (versus undertaking company engagement directly).

While the Scheme did not participate in company engagements during the year under review for reasons outlined previously in this report, as identified in its RI Policy, it lends its AUM as an endorser to collaborative initiatives such as CA100+, Nature Action 100, FAIRR, as well as PRI's Advance and Spring, as a means to exert greater influence on its investee companies. As a well-diversified investor, the Trustee feels, on balance, this is the best use of its resources to effect change (versus individual company engagements).

## Voting disclosure

Because the Scheme's assets were in pooled funds, vote disclosure was done on the Scheme's behalf by its asset manager, SSIM, through their [website](#), which is hosted by ISS.

## Key outcomes

The Scheme's company expectations and net zero voting guidelines described above were incorporated into the asset manager selection process outlined in Section 6. With regard to SSIM, the vote audit findings showed substantial misalignment between desired and actual voting outcomes on the Scheme's stewardship priorities. For example, limited alignment was found on director accountability at lagging CA100+ companies outside of TCFD reporting expectations and limited alignment on criteria for shareholder resolution support. Furthermore, limited to no alignment was found on the Scheme's thematic priority of deforestation for both director accountability and shareholder proposals.

Later on in the year, a similar trend was identified in preparation for the Scheme's Implementation Statement, in which company engagement and voting data were collected from SSIM and HSBC to determine their degree of alignment to the Scheme's net zero voting guidelines. Further details of the findings of this alignment assessment can be found in the [Implementation Statement](#).

## Looking ahead

The move from pooled funds to segregated mandates during the year under review ultimately gives the Scheme more control over its stewardship process. This has the following impacts moving forward:

- The Scheme's voting approach is reviewed every year, and, if needed, the Scheme retains the ability to develop a more customised approach with its asset managers. As part of this, the Scheme plans to adopt its own internal voting escalation framework that will complement its asset managers' efforts. This will be detailed in future reports.
- Improve its own vote disclosure options that can complement its asset manager disclosures.



## Section 9: Improving member communications

The Scheme believes member-friendly communications are critical, as it is easy for investment documents to be overly technical and confusing. To that end, in its RI Policy, the Trustee has identified improving member communications as a priority.

### How the Scheme has made this report accessible to members

The Trustee realises the length of this report and the terminology contained within can be overwhelming. The Scheme has made efforts to keep the report as short as possible and has included a glossary of terms in Appendix I. A short summary of this report will also be made available on the Scheme's website.

### Key outcomes

The Scheme produced its first member-friendly TCFD report in 2024 and member-friendly RI Policy in 2025. The Scheme also strives to make the main RI and Climate Change Policies accessible to members through straightforward language where possible and the use of appendices to provide definitions for technical language.

### Looking ahead

The Trustee is constantly looking at ways to improve member communications and looks forward to advancing this further through the previously mentioned Communications Manager hire in Section 2 of the report.





# Appendix I: Glossary

**Active ownership** – An approach that involves investors actively influencing a company through methods like engagement and voting to enhance long-term value.

**Annual general meeting (AGM)** – A meeting held by a company and its shareholders, where shareholders can cast votes in support of or against various topics proposed by the company, including the election of the board of directors and executive pay.

**Asset owner** – This can include pension funds, charities, endowments, and insurance companies, among others, which are responsible for overseeing capital on behalf of beneficiaries.

**Assets under management (AUM)** – Refers to the total market value of financial assets that an asset owner, asset manager, or other financial firm manages on behalf of clients.

**Climate change** – The long-term change in the earth's climate due to a variety of factors, including greenhouse gas emissions (GHG) and loss of biodiversity.

**Decarbonisation** – A company's specific approach to reducing its greenhouse gas emissions.

**Defined benefit (DB)** – Also known as a final salary pension, where an employer pays retirement income based on an employee's salary and number of years worked.

**Defined contribution (DC)** – A pension scheme with a finite pot of money at retirement dependent on how much a saver and their employer paid in and for how long, the performance of the funds invested in, and the choices made at retirement.

**Divestment** – When an investor sells part or all of its stake in a company.

**Endorser** – In practice, the use of the term 'endorser' means lending AUM to an industry initiative to increase its influence but not actively participating in that initiative.

**Engagement** – Communication with a company or organisation in order to raise an issue or ask for change.

**ESG** – Short for 'environmental' (E), 'social' (S), and 'governance' (G). Some examples include climate change, biodiversity, and GHG emissions ('E'), human rights, community relations, and employee rights ('S'), and board independence, executive remuneration and shareholder rights ('G').

**Ethical investment** – An investment approach that selects or excludes investments based on personal or societal values, often placing less emphasis on the potential negative financial performance.

**Equity (share)** – Owning a share or shares in a company gives the owner a stake in that company. The shareholder often has voting rights and is eligible for future company profits that can be distributed, often through dividends. A share can be publicly available on a stock exchange or privately available (not listed on an exchange).

**Exclusion** – The practice of excluding the purchase of a specific company's debt or equity in an investment portfolio.

**Fiduciary duty** – The legal obligation of one party (the fiduciary) to act in the best interests of a beneficiary.

**Financial materiality** – Investment factors that directly impact a company's financial performance.

**Fixed income (or debt or credit)** – Investment instruments, often called bonds, debt, or credit, that provide a fixed income through regular interest payments and full payment of the initial investment at point of maturity.

**Greenhouse gases (GHGs)** – There are four primary GHGs linked to global warming: carbon dioxide (CO<sub>2</sub>), methane, nitrous oxide, and fluorinated gases. The increased production of these gases contributes significantly to climate change. Also see 'Climate change' and 'Net zero'.

**Index/benchmark** – A group of companies that are used to measure the broader market, for example, the S&P 500 or the FTSE 100.

**Investment Management Agreement (IMA)** – A legally binding agreement between an investment manager and an investor that outlines roles and expectations for both parties.

**Investment manager** – An organisation that oversees investment of assets on behalf of clients.

**Just transition** – A just transition takes into account the transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities while managing climate change impacts.

**Net zero** – A target of producing no more greenhouse gas emissions (GHG) than are removed, reabsorbed, or offset. Also refer to 'Climate change' or 'Greenhouse gases (GHGs)'.

**Paris Agreement** – The Paris Agreement was reached at COP21 in 2015. Its aim is to keep global warming in the 21st century well below 2°C relative to the average level recorded for the period 1850–1900, and to support efforts to limit global warming to 1.5°C. The Agreement also considers a 'just transition' (see 'Just transition').

**Passive investing** – A type of investing that closely tracks a benchmark or index, for example, the S&P 500.

**Pooled fund** – A type of investment vehicle that includes multiple investors under a single investment strategy

**Proxy voting** – Owning shares in a company usually allows those shareholders to vote on company matters every year at annual meetings. See also 'Annual general meeting'.

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

**Segregated mandate** – A type of investment vehicle that allows an investment strategy to be customised to one investor

**Shariah investment** – An investment that aligns with the goals and values under Shariah and complies with Islamic law.

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

**System stewardship** – A holistic approach to RI that emphasises the role governments and industry bodies serve in enacting fundamental changes to underlying market structures.

**Systemic risk** – The potential of a serious event at a company or within an industry prompting severe instability or collapse of an entire economy, economies, or financial system.

**Universal owner** – An institutional asset owner like a pension fund that invests across a broad, diverse set of companies that makes it difficult to diversify away from system-wide risk.

# Appendix II: Code alignment

## Alignment with the UK Stewardship Code

The Scheme has mapped its report to both the UK Stewardship Code 2020 and 2026. The UK Stewardship Code is a framework established by the Financial Reporting Council (FRC) to promote effective stewardship among institutional investors.

### UK Stewardship Code 2020

| Purpose and governance                         | Report location  |
|--|------------------|
| 1. Purpose, strategy and culture               | Pages 22, 38     |
| 2. Governance, resources and incentives        | Pages 18 - 23    |
| 3. Conflicts of interest                       | Page 23          |
| 4. Promoting well-functioning markets          | Pages 38 - 43    |
| 5. Review and assurance                        | Not applicable   |
| Purpose and governance                         | Report location  |
| 6. Client and beneficiary needs                | Pages 16, 17, 48 |
| 7. Stewardship, investment and ESG integration | Pages 25 - 31    |
| 8. Monitoring managers and service providers   | Pages 32 - 36    |
| Engagement                                     | Report location  |
| 9. Engagement                                  | Pages 44, 45     |
| 10. Collaboration                              | Pages 40, 41     |
| 11. Escalation                                 | Pages 46, 47     |
| Engagement                                     | Report location  |
| 12. Exercising rights and responsibilities     | Pages 46, 47     |

### UK Stewardship Code 2026

| Disclosures for asset owners and asset managers              | Report location                  |
|--|----------------------------------|
| A. Organisation, investment beliefs and stewardship approach | Pages 18, 19, 22, 25, 26, 30, 31 |
| B. Governance and resources                                  | Pages 18 - 23                    |
| C. Conflicts of interest                                     | Page 23                          |
| E. Dialogue with clients and/or beneficiaries                | Page 16, 17, 48                  |
| Principles for asset owners and asset managers               | Report location                  |
| 1. Integrating stewardship and investment                    | Pages 25 - 31                    |
| 2. Promoting well-functioning markets                        | Pages 38 - 43                    |
| 3. Engagement  | Pages 44, 45                     |
| 4. Exercising rights and responsibilities                    | Pages 46, 47                     |
| 5. Selection and oversight of managers                       | Pages 32 - 35                    |
| 6. Monitoring service providers                              | Page 36                          |

## Alignment to PRI

The Scheme has been a signatory to the Principles for Responsible Investment (PRI) since December 2018. The PRI is an organisation set up with the United Nation's support that focuses on advancing RI globally.

| PRI Principle   | Report location                         |
|---|---|
| Principle 1: The Scheme will incorporate ESG issues into investment analysis and decision-making processes          | Pages 25 - 29, 32 - 36                  |
| Principle 2: The Scheme will be active owners and incorporate ESG issues into our ownership policies and practices  | Pages 25 - 29, 30, 31, 38 - 43, 44 - 47 |
| Principle 3: The Scheme will seek appropriate disclosure on ESG issues by the entities in which the Scheme invest   | Pages 38 - 47                           |
| Principle 4: The Scheme will promote acceptance and implementation of the Principles within the investment industry | Pages 32 - 43                           |
| Principle 5: The Scheme will work together to enhance our effectiveness in implementing the Principles              | Pages 38 - 43                           |
| Principle 6: The Scheme will each report on our activities and progress towards implementing the Principles         | Pages 25 - 29, 32 - 36, 44 - 47         |



# Appendix III: SSIM examples

Appendix III contains case studies and significant vote examples that have been provided by the Scheme’s asset managers and that the Trustee believes show either alignment or misalignment with the Scheme’s RI priorities, which was taken into consideration during the annual asset manager due diligence process as outlined earlier in the report.

## Escalation case study by SSIM

|                   |   |
|-------------------|---|
| Company           | Tokio Marine Holdings   |
| Geography         | Japan   |
| Industry          | Global Industry Classification Standard (GICS) sector: Insurance  |
| Engagement topics | Board oversight, risk management, cross-shareholdings   |
| Asset class       | Equity  |
| Key resolutions   | Director elections  |
| Background        | We have held several engagements with Tokio Marine Holdings ('Tokio Marine') over the past few years focusing on board oversight of long-term strategy, capital efficiency, and cross-shareholdings. Notably in 2022, we engaged with the company in our campaign on cross-shareholdings and sought to learn more about its approach to effectively deploying and allocating capital and strategic decision-making related to cross-shareholdings.  |
| Activity          | During our 2022 engagement, we also discussed how the board oversees risk management and governance around cross-shareholdings and manages potential conflicts of interest. While the company had recently announced a ¥300bn reduction in cross-shareholdings over three years, we believed there was inadequate clarity on targets, timelines, and what the company considered an optimal structure. In 2023, the company enhanced its disclosure, announced plans to accelerate the pace of reduction, and provided a specific time-bound target. As the amount of exposure was still significant, we continued to engage the company in 2024. During this period, we aimed to better understand how the board is overseeing risks that have materialised on allegations of collusion, exemplified by cross-shareholding exposures. In the wake of a price-fixing scandal, the Financial Services Agency ('FSA') issued business improvement orders to several non-life insurers. This includes addressing cross-shareholdings with a view to improving governance, business practices, and competition within the sector. |
| Outcome           | We voted against two director election management resolutions in 2024 on the basis of board oversight concerns. Nevertheless, we are encouraged by the responsiveness of the company in providing enhanced disclosures and continuing to evaluate their business-related equities exposures, as well as the recent announcements of a business improvement plan and further planned reductions.   |

## Significant votes from SSIM

|  | Vote 1  | Vote 2  | Vote 3   |
|--|---|---|--|
| Company name                                     | Bunge Global SA   | Restaurant Brands International Inc.  | The Goldman Sachs Group Inc.   |
| Date of vote                                     | May 15, 2024  | April 24, 2024  | April 24, 2024   |
| Summary of resolution                            | Management Proposal: Elect Mark Zenuk   | Shareholder proposal: Report on supply chain water risk exposure  | Shareholder Proposal: Report on pay equity   |
| How manager voted                                | For (with management recommendation)  | For (against management recommendation)   | For (against management recommendation)  |
| Outcome of vote                                  | The resolution passed; received 1.8% dissent  | The resolution did not pass; received 28.7% support   | The resolution did not pass; received 29.8% support  |
| Criteria on why a vote is considered significant | This is a CA100+ company applicable under the Scheme's net zero voting guidelines. As such, this vote is linked to climate change, which the Trustee has identified as an RI priority, and where the Scheme would have expected to see a vote against the Chair of the Board given the inaction on climate change at the company.<br><b>Verdict: Misaligned</b> | This vote is applicable to the Scheme's deforestation voting policy as it relates to shareholder proposals. The topic of this vote is also linked to nature, which the Trustee has identified as an RI priority.<br><b>Verdict: Aligned</b> | While the Scheme does not have a specific voting policy for human rights, this vote supports the Trustee's expectation of disclosure to assess fair pay practices and aligns with its human rights thematic priority.<br><b>Verdict: Aligned</b> |

# Appendix III: SSIM examples

## Case studies on thematic priorities by SSIM

|                   |   |
|-------------------|---|
| Company           | Amazon.com, Inc.  |
| Geography         | United States   |
| Industry          | GICS Sector: Broadline retail   |
| Engagement topics | Human rights, emerging technologies   |
| Asset class       | Equity  |
| Key resolutions   | Social shareholder proposals  |
| Background        | Since 2021, we have had discussions with Amazon.com, Inc. (Amazon) about its approach to identifying and managing risks related to emerging technologies, including the board's oversight of these risks.   |
| Activity          | Over the past three years, we supported shareholder proposals asking the company to identify human rights risks related to customers' use of its products, as we believed that shareholders would benefit from additional transparency on this topic. We engaged with the company in advance of the 2024 AGM to discuss a number of shareholder proposals on the proxy, including three proposals related to the human rights impacts of Amazon's technologies.   |
| Outcome           | The company enhanced its disclosures to include more details on its risk management approach related to the use of its products. The company now discloses that the board's Nominating and Corporate Governance Committee reviews two of its key products for potential risks and misuse that could arise from these technologies, as well as the company's actions to mitigate potential risks. During our pre-AGM engagement, the company also described the acceptable use policy for its cloud server business and its efforts to investigate potential violations of the policy. We also learned about Amazon's collaboration with industry partners and policymakers to advance the responsible and secure use of AI. Amazon has also published a Responsible AI Policy for its cloud business. At the company's 2024 annual meeting, we voted against the two shareholder proposals that asked Amazon to assess its due diligence in identifying human rights risks related to customers' use of its products and services (Items 6 and 14) and another shareholder proposal requesting that the company establish a board committee on artificial intelligence (Item 16). We believe that Amazon discloses adequate information on these topics at this time. |
| Scheme verdict    | <b>Misaligned.</b> While the Scheme appreciated the engagement that took place, it would like to see further progress from Amazon on human rights risks and AI oversight. The shareholder proposals appeared reasonable and encouraged greater oversight and transparency regarding these topics.   |

|                   |   |
|-------------------|---|
| Company           | Meta Platforms, Inc.  |
| Geography         | United States   |
| Industry          | GICS Sector: Interactive media and services   |
| Engagement topics | Human rights, emerging technologies   |
| Asset class       | Equity  |
| Key resolutions   | Social shareholder proposals  |
| Background        | Since 2022, we have engaged Meta Platforms, Inc. (Meta) on human rights-related topics, including misinformation, hate speech, content management, and targeted advertising. Through these conversations, we have learned how the company's human rights due diligence efforts and engagements with various stakeholders have influenced its content management policies and practices globally.  |
| Activity          | We engaged with the company ahead of the 2024 AGM to discuss the human rights-related shareholder proposals on the proxy statement. During our conversation, the company acknowledged risks related to misinformation and disinformation due to generative AI and outlined the steps it is taking to establish safeguards to combat these risks. The company also described its global network of fact checkers and the tools it developed to identify content that might violate its community guidelines and content policies. The 'Transparency Centre' on the company's website includes several reports on its policies and practices to manage risks related to misinformation and disinformation. We also heard about the industry collaboration on these risks, including efforts to standardize technical identifiers for AI-generated content. The company outlined the board's active involvement in the oversight of risks related to misinformation and disinformation.  |
| Outcome           | In its human rights report, published in September 2023, Meta enhanced its disclosures on its processes to manage risks related to content management and detailed the company's engagement with different community stakeholders and experts to solicit feedback. The report included findings from human rights due diligence efforts in select markets outside the US. The company has also enhanced disclosures on its risk management strategy related to targeted advertising. Meta provided details on the steps it is taking to mitigate this risk, such as the development of privacy-enhancing technologies to help minimise data collection and use. Because of the progress made by the company in its relevant disclosures and practices, we voted against the shareholder proposals (Items 6, 8, and 10) asking the company to report on potential risks related to misinformation and disinformation generated by artificial intelligence, human rights risks in non-US markets, and human rights risks related to targeted advertising. |
| Scheme verdict    | <b>Misaligned.</b> While the Scheme appreciated the engagement that took place, it would like to see further progress by Meta on human rights and AI risks and oversight. The shareholder proposals appeared reasonable and encouraged greater oversight and transparency in areas of operational and reputational risk for the company.  |



To find out more, or to register:  
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The information in this document is correct as of June 2025 and may be subject to change.