

BIG THINKING FOR SMALL SCHEMES

Implementation Statement

Scholastic Limited Pension and Assurance Scheme

31 March 2025



1. Introduction

Under regulatory requirements, trustees are required to prepare and review an implementation statement outlining their approach and stewardship dealing with certain specific matters with regards to their Environmental, Social and Governance (ESG) principles outlined in their latest Statement of Investment Principles (SIP).

This Statement sets out the principles governing decisions about the ESG aspect of investment of the assets of Scholastic Limited Pension and Assurance Scheme (the Scheme). In preparing it, the Trustees obtained written reporting on these matters from Barker Tatham Investment Consultants Limited as the Scheme's investment consultants.

2. ESG Principles

Environmental, Social and Corporate Governance Policies

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. It acknowledges that it cannot directly influence the environmental, social and governance ("ESG") policies and practices of the companies in which the pooled funds invest. The Trustee also acknowledges that where index-tracking pooled vehicles are employed ESG considerations cannot be taken into account due to the nature of the investment.

In principle, the Trustees believe that ESG factors can have material impacts on both the investment risk and return of its investments and good stewardship of the Scheme's investments is an important factor in helping to create and preserve capital. In particular, long-term sustainability issues, particularly climate change, present both risks and opportunities and these will require ongoing consideration.

The Trustees have delegated the day to day investment of Scheme assets to their three fund managers, Insight. The Trustees have an expectation that these managers will evaluate ESG factors, where possible, including climate change considerations and exercising voting rights and stewardship obligations in line with the prevailing best practice.

The Trustees do not, at present, take into account the views of members.

Appropriate weight will be given to ESG factors in the appointment of fund managers.

The Trustees' views that the stewardship responsibilities attached to the ownership of shares are important but recognise that investment in pooled funds limits their ability to be fully involved. The Trustees expect their investment managers to report in detail on how they have exercised voting rights attached to shares (including across passive equity mandates). Managers are expected to be signatories to the FRC UK Stewardship Code.

Further information on the Trustees' policies can be found in the latest SIP dated June 2024.

In the Trustees' opinion, their policies, as recorded in the SIP, have been followed over the 12-month period to 31 March 2025.

The following pages illustrate how the Trustees, through their fund managers, have followed their stewardship and engagement policies.

3. Investments Attitudes to ESG

Fund Manager/Fund	ESG Description
Insight Enhanced Selection LDI Longer Nominal Fund Enhanced Selection LDI Longer Real Fund UK Corporate Long Maturities Bond Fund LDI GBP Liquidity Plus Holding Fund	Fund Manager Overview For Insight, responsible investment is about value. They believe all risks, including environmental, social and governance (ESG) risks, can affect the value of an investment. Insight believe that investing responsibly means managing risk. This includes risks to the wider market, as well as the specific underlying risks that determine whether an investment is fair value. They aim to systematically consider ESG issues within their research processes – and if they identify material ESG risks, they engage to better understand the issues. They also seek to understand and act on wider issues to support our clients’ best interests. Insight was a founding signatory to the UN-supported Principles for Responsible Investment (PRI) in 2006, the world’s leading proponent of responsible investment. Signatories to the PRI include investment managers and asset owners with trillions of dollars of assets under management. In 2020, they were awarded A+ ratings across the relevant categories in the PRI survey, including corporate and sovereign debt. ESG Integration Insight’s proprietary models continually evolve to help address the gaps in third-party ESG data. They guide their engagement with companies and governments to better understand the ESG risks they face and how those risks are managed. They aim to take a proactive role in ensuring the long-term sustainability and resilience of markets. They have helped to drive change on significant regulatory and market issues to protect their clients’ long-term interests, as well as those of wider society. Insight generate prime corporate ESG ratings based on separate environmental, social and governance ratings, which in turn rest on 33 separate scores for a wide range of key ESG issues. The ratings are generated using inputs from numerous ESG data providers, adjusted for quality and relevance by Insight’s credit and data experts, who also weigh them according to their significance for different sectors. Prime corporate ESG ratings were created to generate ESG ratings that we believe more accurately and reliably reflect the risks that corporates face. They aim to help Insight’s analysts and portfolio managers consider material ESG risks, informing their decision-making and engagement, and to enable portfolios for clients requesting specific sustainability criteria. In

2024, Insight conducted 942 engagements, of which 134 of these included dedicated ESG engagement.

More information can be found in Insight's Responsible Stewardship Annual Report 2025.

- **Active Ownership – (1 year to 31 March 2025)**

To help clients stay abreast of relevant developments, Insight publishes regular market insights, views from industry experts and reports detailing their efforts and the difference they make. Insight report annually on their responsible stewardship and provide quarterly policy level engagements spreadsheets on their LDI Engagement for the year to the end of March 2025. Insight carry out engagements with some themes outlined below:

- Pension trustee skills, capability and culture
- Options for DB schemes consultation
- LDI consultation
- Work and Pensions Committee consultation on DB pension schemes

UK Corporate Long Maturities Bond Fund

Insight engage with entities (e.g. company, government, industry body, regulator) through purposeful and targeted communication with that entity with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate).

Enhanced Selection LDI Longer Nominal and Real Funds

Insight aims to embed ESG where appropriate. Insight considers how ESG is incorporated in their choice of counterparties, which they use by reviewing quantitative and qualitative factors as well as overall governance.

A case study by Insight looks at their engagements with the HM Treasury over clearing exemption for UK Pension Funds. HM Treasury consulted multiple parties on the long-term solution of UK pension fund exemption, which Insight had been advocating for over 10 years. Insight saw this as an opportunity to ask for a permanent exemption from the UK policymakers. Although the final outcome is still to be determined, Insight have been successful in influencing the PLSA and IA response. HMT have been treating Insight as a key go-to firm on this issue.

Insight also engaged with the HM Treasury over the governance issue of Pensions Review. The UK Government launched a consultation on the future of DC and LGPS pension schemes, which was focused on the foundations for good investment outcomes. Insight fully engaged with the HM Treasury over this and expressed their views.

Another case study by Insight looks at their engagement with the DWP, HMT and TPR regarding the options for DB pensions schemes

	and surplus extraction. Following the constant engagement by Insight, the UK government has since announced its intention to work on a DB reform, including surplus extraction, which Insight believe is an important step in the right direction. Insight still continue to engage to try to influence the details of how this should be done. A further case study by Insight looks at the engagement with the Investment Association (IA) on their ongoing discussion on the advocacy with the UK government. Throughout this engagement, Insight requested IA to gather a member meeting on sovereign engagement relating to ESG issues. Following the request, IA decided to set up a discussion with sovereigns on these ESG issues. Insight also engaged with Trade Associations (IA, EFAMA, ICMA, Irish Funds) regarding the EU Securitisation Regulations. Following the recent consultation papers published by the European Commission on securitisation regulations, Insight successfully influenced the responses of the trade associations in their feedback. • References More information can be found in the following links/documents: ○ Insight's Responsible Stewardship Report 2025 ○ Quarterly Policy Level Engagements Sheets
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Abrdn	
Long Lease Property Fund (invested until 30 April 2024)	Fund Manager Overview Abrdn (formerly known as Aberdeen Standard Investments) believe environmental, social and governance (ESG) considerations have been an integral part of their decision-making process for almost 30 years. At Abrdn they state their vision is to make a difference for their clients, society and the wider world. It is about aiming to achieve their clients' goals whilst doing the right thing. They centre their approach to responsible investing on the following principles. 1. Their investment process: they integrate and appraise environmental, social and governance factors in their investment process, with the aim of generating the best long-term outcomes for clients. 2. Their investment activity: they actively take steps as active owners to deliver long-term, sustainable value consistent with their clients' objectives. 3. Their client journey: they clearly define how they act in clients' interests in delivering stewardship and ESG (environmental, social and governance) principles). They transparently report on actions to meet those interests. 4. Their corporate influence: they actively advance policy, regulation and industry standards as they seek to deliver a better future for clients, the environment and society. Client feedback helps to shape their views and approach. ESG Integration ESG considerations are central to the way Abrdn invest. They believe ESG factors are financially material and can meaningfully affect an asset's performance. An asset's ability to sustainably generate returns for investors depends on the management of its impact on the environment, its consideration of the interests of society and stakeholders, and on the way in which it is governed. They believe that a thorough understanding of ESG factors allows them to make better investment decisions, leading to better outcomes for their clients. This begins with rigorous research. They undertake thorough due diligence before investing, considering material ESG risks and opportunities alongside other financial metrics. They seek to understand whether such risks are being adequately managed, and whether the market has understood and priced them accordingly. ESG is integrated through: • Implementation – Taking into account investor preferences and excluding companies with controversial exposures. • Asset Allocation – Asset allocation decisions and ESG are closely linked, as changes associated with ESG issues shape the way they allocate capital.

- Risk Management- Scenario analysis also allows us to work with clients on risk-mitigation strategies.
- Stewardship – Being committed to always acting in the best interests of clients. They believe in active, constructive engagement. For both active and passive strategies, they vote all shares globally wherever they have voting authority.

Abrdn has an approach to climate-change which is built around six areas of focus:

- Research and Data – Provide high-quality climate change insights and thematic research across asset classes and regions.
- Investment Integration - Understand the potential financial impacts of climate-change risks and opportunities across regions and sectors, integrate these into investment decisions and understand the implications to their portfolios.
- Client Solutions - Understand client needs in relation to climate change and low-carbon product demand.
- Investee Engagement & Voting - Better understand investee exposure and management of climate change risks and opportunities. Influence investee companies on management of climate risks and opportunities via engagement and voting.
- Collaboration & Influence - Collaborate with climate-change-related industry associations and participate in relevant initiatives.
- Disclosure - Disclose climate-change-related data using the TCFD reporting framework across the four pillars: governance, strategy, risk management, metrics & targets.

Long Lease Property Fund

Abrdn uses material ESG indicators in their approach in the Long Lease Property Fund. These indicators fall into the following categories: environment and climate change, demographics, governance and engagement and technology and infrastructure. Abrdn consider ESG as a component of all decision making. They:

- set objectives with a high focus on carbon and energy reduction, occupier engagement and occupier quality.
- have an ESG section in the Investment Committee paper which has to be filled and aligned with the Fund ESG strategy.
- have Long Lease Asset Management Plans. ESG actions at the asset level which require capital expenditures are included in the asset management plans.
- have an ESG database Envizi implemented across UK and Europe which is a database for all ESG actions to be held and tracked going forward.

Further information on the objectives and ESG metrics can be found in the Abrdn Long Lease Property Managed Pension Fund Presentation.

	References ○ Abridged Stewardship Report 2024 ○ https://www.aberdeeninvestments.com/en-gb/institutional/sustainable-investing
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