

Implementation Statement, covering the Scheme Year from 1 April 2025 to 31 March 2026

Member background

Collectively, UK pension schemes represent billions of pounds of investment. These assets are often held by schemes for a very long time, meaning that collectively, trustees of pension schemes have the theoretical ability to drive long-term thinking by companies by engaging with them. This long term view should help to drive better long term decision-making by companies, which would help the economy, society, and create sustainable value for members.

This document is the Scheme's Implementation Statement. An Implementation Statement has to be produced every year which sets out how the Trustee is doing compared to the investment principles it set out. The Scheme's current Statement of Investment Principles is available at <https://www.barnardostaffpensionscheme.co.uk/media/vtmkkgax/statement-of-investment-principles-may-2026-for-website.pdf>.

The Trustee has, in its opinion, followed the policies in the Scheme's SIP during the Scheme Year. The following sections provide detail and commentary to evidence how the Trustee has done this and the extent to which it has done so.

- In Section 1 the Trustee notes any updates to the Statement of Investment Principles during the Scheme Year.
- Section 2 shows how, and to what extent, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year.
- Section 3 includes a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. It is a legal requirement to include this, but voting rights sit with shareholders who have 'equity' in a company. As the Scheme does not invest directly in physical equities, or any pooled funds which hold primarily listed equities, the Trustee does not expect any votes to be cast on its behalf.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

By law, the Trustee of the Barnardo Staff Pension Scheme (the "Scheme"), along with similar pension schemes, is required to publish both a Statement of Investment Principles and an Implementation Statement, which sets out the Trustee's approach to investing. These documents follow a set format and must be available for members to view.

1. Updates to the Statement of Investment Principles

The Trustee did not make any changes to the SIP over the Scheme Year to 31 March 2026. In May 2026, after the period covered by this statement, the Scheme's SIP was updated to reflect changes to the Scheme's investment strategy.

No changes were made to the voting and engagement policies in the SIP during the Scheme Year (or in the SIP dated May 2026). These policies were formally reviewed in December 2022.

2. Voting and engagement

With the exception of the LDI allocation, the Scheme's assets are entirely invested in pooled funds. As a result, the Trustee does not have the ability to exclude particular holdings or sectors, nor can the Trustee choose how the managers of pooled funds vote. Hence the Trustee delegates the exercise of rights attaching to investments, including voting rights and engagement, to the Scheme's investment managers.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In 2022, in response to the guidance on investment stewardship issued by the Department for Work and Pensions (DWP), the Trustee made the decision to establish specific stewardship priorities for the Scheme. These priorities, which were carefully selected by the Trustee, encompassed two key areas: Climate Change and Protecting Children from Harm. The Trustee continues to monitor the Scheme's investment managers against these stewardship priorities.

The Trustee has proactively communicated its stewardship priorities to the investment managers. This was achieved by implementing an Expression of Wish Letter, which clearly articulated the stewardship priorities and expressed a preference for the managers to become signatories of the Principles for Responsible Investment, UK Stewardship Code, and Net Zero Asset Manager Initiative. Within the Expression of Wish Letter, the Trustee also detailed the Scheme's expectations of the managers.

These expectations included incorporating the Trustee's priorities into its investment decisions, refraining from investing in entities that harm children or have a negative impact on climate change, and providing the Trustee and its investment advisors with information regarding its stewardship policies for monitoring purposes.

The Trustee conducted its annual review of the Scheme's investments over the year to confirm if there were any material exposures to companies that derive revenues from major arms producers, tobacco, pornography or the exploitation of children in the manufacture, production or delivery of their products. Following this review and subsequent discussions with the investment managers, the Trustee was comfortable that the Scheme had no material exposures to any such companies.

In 2023, the initial review of exposures found that M&G's Sustainable Total Return Credit Fund (STRCI) had some small exposures to companies that may undertake activities deemed to be to the detriment of children. Specifically, two companies (Heinz and Danone) that did not comply with the World Health Organisation's International Code of Marketing Breast-Milk substitutes in the Third World. The 2026 review found that M&G's STRCI fund continued to have exposure to Danone of 0.10% of the fund's assets, whilst

the fund disinvested from Heinz in 2025. No other investments were considered to have exposures to companies that may undertake activities deemed to be to the detriment of children.

M&G's responsible investment team has confirmed that it is comfortable that Danone is taking appropriate steps to abide by the requirements of the Code and to become compliant with the code by 2030, a timeline put forward by UNICEF. The Trustee was comfortable that no further action was required, also noting that this allocation is very small in the context of the Scheme's total holdings, constituting around 0.003% of the Scheme's overall assets.

The Trustee regularly invites the Scheme's investment managers to present at Trustee meetings, seeing each manager approximately once every two years, or more frequently for larger mandates or after significant manager developments.

Over the Scheme year, the Trustee met with GreenOak and M&G to discuss the investments they manage on behalf of the Scheme. The Trustee asked several questions about the managers' voting and engagement practices to check alignment with its own stewardship priorities and responsible investment preferences. Both managers confirmed they are incorporating ESG factors into their investing.

GreenOak presented at the May 2025 Investment, Funding and Covenant ("IFC") sub-committee meeting regarding the UK Secured Lending Funds II and III. The Trustee questioned GreenOak about its approach to systemic and climate-related risks. GreenOak noted that it had engaged a sustainability expert to help develop a "best in class" approach to engagement on ESG matters.

M&G presented at the August 2025 IFC meeting and discussed the Sustainable Total Return Credit Investment Fund (STRCI) and the Illiquid Credit Opportunities Fund (ICOF).

M&G explained that the STRCI Fund excludes sectors considered to cause significant harm, such as tobacco production, thermal coal and controversial weapons. Further, it was noted that the fund has obtained a sustainable investment label under the FCA's Sustainability Disclosure Requirements regime, which provides greater clarity on the fund's sustainability characteristics.

It was noted that the M&G ICOF is not classified as a sustainable fund. However, M&G confirmed that ESG-related risks are considered as part of the due diligence process before investments are made.

3. Description of voting behaviour during the Scheme Year

The SIP notes that the Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights. In practice, the Scheme does not invest in physical equities, or any pooled funds which hold primarily listed equities, and therefore the Trustee does not expect any votes to be cast on its behalf. The Scheme's equity exposure is achieved "synthetically" through derivatives. For this synthetic equity exposure, the Scheme does not own shares in the underlying companies, nor does it have voting rights.

The Trustee contacted the Scheme's other investment managers (which do not hold listed equities) to ask if any of the assets held presented voting opportunities over the period. The investment managers confirmed that there were no voting opportunities due to the nature of the assets.

Please note this does not include the AVC investments, on materiality grounds. These assets are not considered significant in size, in relation to the overall investments of the Fund.

Further information

Please visit the Scheme website (<https://www.barnardostaffpensionscheme.co.uk>) for further information.