



National Communications Union Staff Superannuation Scheme Implementation Statement

April 2026

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address [here](#) changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.
- voting behaviour covering the reporting year up to 31 December 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

During the reporting year, BlackRock announced closure of the Liability Driven Investment (LDI) funds that the Trustees invest in. The Trustees reviewed alternative options and agreed to transition all of the Scheme's assets to Legal and General Investment Management (L&G). The transition of assets was completed in early November 2025.

The strategy implemented with L&G remained the same with holdings in LDI and a Diversified Growth Fund. Therefore, no changes were made to the Scheme's Statement of Investment Principles during the reporting year as the target asset allocation remained broadly the same.

There were no other changes made to the Scheme investments during the reporting year.

Implementation Statement

This report demonstrates that the Trustees of the National Communications Union Staff Superannuation Scheme have adhered to their investment principles and their policies for managing financially material consideration including ESG factors and climate change.

As per the reporting requirements, this statement relates to investments held as at 31 December 2025. Assets held with BlackRock over the year are not covered within this statement.

| | |
|-----------------|----------------------|
| Signed | Brian Healy |
| Position | Chair, NCUSSS |
| Date | 5 May 2026 |

Managing risks and policy actions DB

| Risk / Policy | Definition | Policy | Actions and details on changes to policy |
|------------------------------|---|--|--|
| Interest rates and inflation | The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations. | To invest in a pensioner buy-in to hedge the respective pensioner liabilities; and to hedge 100% of liabilities not included in buy-in | There have been no changes to the policy over the reporting year. The interest rate and inflation hedge target is 100% of Technical Provision liabilities (not including buy-in). |
| Liquidity | Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment. | To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager. | Cashflow requirements were met from the Diversified Growth Fund and Liquidity Fund (when the Scheme's assets were invested with BlackRock). The Scheme's Investment Implementation Document details the Trustees' collateral waterfall and framework policy to agree a process for meeting LDI collateral calls. There have been no other changes to the policy over the reporting year. |
| Market | Experiencing losses due to factors that affect the overall performance of the financial markets. | To remain appropriately diversified and hedge away any unrewarded risks, where practicable. | There have been no changes to the policy over the reporting year. |
| Credit | Default on payments due as part of a financial security contract. | To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default. | There have been no changes to the policy over the reporting year. |

| | | | |
|--------------------------------------|--|--|---|
| Environmental, Social and Governance | Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments. | <p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory <p>The Trustees monitor the managers on an ongoing basis.</p> | There have been no changes to the policy over the reporting year. |
| Currency | The potential for adverse currency movements to have an impact on the Scheme's investments. | Hedge all currency risk on all assets that deliver a return through contractual income | There have been no changes to the policy over the reporting year |

Changes to the SIP

Over the period to 31 December 2025, there have been no changes to the Scheme's SIP during the reporting year.

Current ESG policy and approach

ESG as a financially material risk

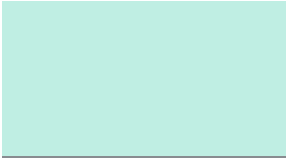
The SIP describes the Scheme's policy with regards to ESG as a financially material risk. The Scheme has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG polices. This page details the Scheme's ESG policy. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

| | |
|-----------------------------------|--|
| Risk Management | <ol style="list-style-type: none">1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees |
| Approach / Framework | <ol style="list-style-type: none">3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.4. ESG factors are relevant to investment decisions in all asset classes.5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors. |
| Reporting & Monitoring | <ol style="list-style-type: none">6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.7. ESG factors are dynamic and continually evolving; therefore the Trustees will receive training as required to develop their knowledge.8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions. |
| Voting & Engagement | <ol style="list-style-type: none">9. The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.10. Engaging is more effective in seeking to initiate change than disinvesting. |
| Collaboration | <ol style="list-style-type: none">11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights. |

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2025. As at the reporting date the Scheme assets were invested with L&G. Engagement data for the assets with BlackRock over the period have not been covered within this statement.

| Fund name | Engagement summary | Commentary |
|-------------------------------------|---|--|
| L&G - Diversified Fund | <p>Total engagements: 3,088</p> <p>Environmental: 2,674</p> <p>Social: 48</p> <p>Governance: 263</p> <p>Other:103</p> <p>(E, S and G engagements include multiple meetings during the year)</p> | <p>L&G considers ESG to be a crucial aspect of LDI and integrates it into their LDI approach both from a top-down and bottom-up perspective. They engage with regulators, governments, and other industry participants to tackle long-term structural issues, while also using proprietary ESG tools to analyse ESG-related criteria in the assessment of counterparties.</p> <p>Examples of significant engagements at firm-level include:</p> <p>Rio Tinto – L&G have been engaging with Rio Tinto to understand the company's progress on climate transition planning, with a focus on strengthening emissions-reduction targets and improving disclosure on Scope 3 emissions. Recent discussions have assessed how the company's updated climate strategy aligns with L&G's expectations for mining companies. Following clearer long-term targets and improved transparency, L&G supported Rio Tinto's latest Climate Action Plan and pre-declared voting intentions. L&G will continue to monitor the implementation of the plan and engage further to ensure ongoing progress on decarbonisation.</p> <p>Nippon Steel – L&G have engaged with Nippon Steel to assess progress on climate-related policy disclosures, following earlier concerns about limited transparency in the company's lobbying activities. Recent discussions have focused on the company's steps to enhance openness, including the publication of its first industry Association Review and updated policy positions ahead of the 2025 AGM. These actions indicate early progress in aligning the company's policy engagement with its long-term climate and decarbonisation</p> |
| L&G- Matching Core Funds | <p>L&G is unable disclose information about the number of engagements related to their Matching Core funds. However, L&G embeds ESG within their counterparty review process for LDI funds via their Active ESG tool & are constantly engaging with counterparties.</p> | |



commitments. L&G will continue to engage with Nippon Steel to encourage further improvements and support greater transparency in its climate-related advocacy.


Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's fund manager has provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2025. The Trustees have adopted the managers' definition of significant votes and have not set stewardship priorities. The manager has provided examples of votes they deem to be significant, and the Trustees have shown the votes relating to the greatest exposure within the Scheme's investment. When requesting data annually, via their investment consultant, the Trustees inform the manager what they deem most significant.

As at the reporting date the Scheme assets were invested with L&G. Voting data for the assets with BlackRock over the period have not been covered within this statement.

| Fund name | Voting summary | Examples of most significant votes | Commentary |
|------------------------|---|--|--|
| L&G – Diversified Fund | <p>Votable Proposals: 100,740</p> <p>Resolutions L&G voted on for which they were eligible: 100,619 (99.88%)</p> <p>Votes with management: 76,360 (75.89%)</p> <p>Votes against management: 23,139 (22.99%)</p> <p>Votes abstained: 1,239 (1.23%)</p> <p>Resolutions, on which L&G did vote, did L&G vote contrary to the recommendation of your proxy adviser: 14,758 (14.65%)</p> | <p>During the period, L&G Asset Management supported two shareholder-led resolutions focused on improving climate- and nature-related risk disclosure.</p> <p>Mitsubishi UFJ Financial Group - L&G voted in favour of a shareholder resolution requesting enhanced disclosure on how the Audit Committee oversees financial risks related to climate change. While the company already provides some information on climate risk management, L&G considered that further transparency on the Audit Committee's role and assessment of risk controls would improve board oversight and support more robust risk management. This vote reflected L&G's expectation that companies strengthen disclosure around governance of climate-related financial risks.</p> <p>National Australia Bank - L&G also voted in favour of a shareholder resolution seeking improved disclosure on financed deforestation exposure. L&G considered this vote significant under its thematic engagement programme on nature and deforestation, particularly given the bank's exposure to agribusiness lending. While NAB reports against elements of the TNFD framework and focuses on illegal deforestation, L&G believes broader, decision-useful</p> | <p>L&G's approach to voting and engagement is led by its dedicated Investment Stewardship team of ESG specialists. Voting and engagement decisions are informed by in-house research, sector-specific expertise, and proprietary ESG analysis, with policies reviewed annually and shaped by direct client feedback. L&G actively seeks views from clients and other stakeholders through regular meetings and its annual stewardship roundtable, ensuring evolving expectations and material ESG risks are reflected in its stewardship priorities and voting approach. Engagement and voting are fully integrated, with the same stewardship professionals responsible for both activities to ensure consistent, company-specific messaging. While L&G uses proxy research providers to support its analysis, all voting decisions are made internally and may be overridden where engagement provides</p> |



disclosure covering both legal and illegal deforestation risks and aligned with credible frameworks such as the Accountability Framework Initiative, would better inform shareholders of material environmental and credit risks.

In both cases, L&G will continue to engage with the companies, publicly advocate its expectations, and monitor progress at company and market level.

additional insight. This approach is supported by robust governance, monitoring, and transparency, including custom global voting policies, strict oversight controls, and public disclosure of voting activity and rationales for significant or contentious votes.
