

Isio's Stewardship Report

Isio Group Limited | October 2026

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Document classification: Public

This is Isio's **sixth report** under the UK Stewardship Code principles. In this report, we set out Isio's approach to the disclosures and principles applicable to service providers.

Isio has been a signatory to the UK Stewardship Code (2020 Code) since 2021, with this representing our sixth report, but our first under the newly implemented 2026 Code. We continue to pride ourselves on putting sustainability and stewardship considerations at the centre of our advice to our clients, to manage risk, realise returns, and unlock opportunities.

In this report, we highlight our focus areas over the year to 31 October 2026, as well as actions taken since our submission from last year. Some highlights include:

- **Further progress within the standalone Sustainable Investment (SI) team:** The team now consists of eleven sustainable investment consultants, in addition to three graduates, and the five sustainable investment champions embedded within our asset class research teams. There are also a number of directors and partners helping to raise the profile of sustainability, internally, within our research, and with our clients. We continue to grow the team in line with our ambitions, changing market and regulatory environments, and client demand.
- **Regulatory support and market developments:** Given ongoing developments in the sustainable regulatory landscape and evolution of what good practice looks like, we have focused on engaging with regulators and policy makers in this space. During the year, we contributed to the Investment Consultants Sustainability Working Group (ICSWG) response to the UK Government's transition planning consultation, continued to participate in the ICSWG Influence Workstream and Steering Committee, and contributed to wider policy discussions on fiduciary duty, climate-related disclosures and ESG regulation. We also contributed to the consultation on the Asset Owner Toolkit under the Products and Tools workstream of the Emerging Markets and Developing Economies (EMDE) Investor Taskforce, which seeks to support UK asset owners in mobilizing capital towards EMDE investment opportunities and developing actionable resources and frameworks to help asset owners overcome hurdles in scaling investments in public and private emerging markets.

  Sustainability services: We continue to look for areas where our clients might next need support from us. We contracted with a best-in-class ESG data provider and have continued to develop and roll out our in-house analytics model to deliver sustainability reporting to our clients. This year, we rolled out a suite of updated client training for clients on topics ranging from considering ESG in endgame to implementing NZIF 2.0 within their investment and target-setting strategies. We continue to monitor and evolve our approach to climate target setting and climate modelling.
- **Innovation:** We have worked with investment managers to develop or refine market leading investment products, including sustainability solutions, where we have not been able to find these in the market. Recent examples include expanding our research coverage of social real assets, including affordable housing, social housing and social infrastructure, and assessing innovative investment solutions across real estate, infrastructure, private equity and private credit. We have also supported clients in identifying investment solutions aligned with bespoke sustainability objectives, including evaluating next-generation passive equity strategies that use innovative forward-looking sustainability indicators. In addition, we have undertaken research into sustainable ABS strategies, including net-zero and SDG-aligned approaches, while assessing the sustainability credentials of leading managers in the space.

  We have further established and grown our innovative proprietary platform for selling illiquid assets on the secondary market, Isio Fund Liquidity Options (i-FLO), with a number of clients and funds now using the platform, including clients who do not have Isio as their investment advisor, reflecting wider market demand for efficient secondary solutions.



Emily McGuire, FIA

Partner, Head of Investment Advisory

- **Sustainability research:** In the last year, we have continued to publish industry recognised thought pieces covering topics our clients and the wider industry care about. We published our Endgame Sustainability Guide, exploring how ESG considerations can be integrated across different endgame options and highlighting ESG factors pension schemes need to consider when shaping their endgame strategy, whether targeting run-on, insurance solutions, or consolidators. Alongside, we published our inaugural survey of sustainability integration in the UK pensions insurance market, providing an independent assessment of insurer's ESG and climate credentials to help pension schemes incorporate sustainability considerations into insurer selection exercises. We are pleased that the Endgame Sustainability Guide piece has been shortlisted for the Best System & Governance Change category for this year's (2026) Investors for Purpose Content Awards. While, our second annual Sustainable Investment survey, published last year, highlighting the sustainability credentials of funds in our research universe, was selected in the long list for the Best Impact Integration category.

- **Manager research:** In relation to our manager sustainability integration assessments (including our proprietary scorecard-based assessment), we continue to monitor the wider sustainability landscape and review our process annually to ensure we capture updated best practice criteria. This year, we incorporated latest thinking in relation to reporting frameworks and climate target setting, including the Net Zero Investment Framework (NZIF 2.0). We continue to regularly engage with managers on our clients' behalf to drive sustainability improvements over time. We also continually consider new and innovative sustainable products for our clients to invest in, for example, recently we have supported a number of clients in allocating to place-based investment opportunities, and in assessing how capital can be deployed to generate positive local economic, environmental, and social outcomes alongside competitive financial returns.

- **Collaboration:** Over the past year, we've continued to expand our collaborative efforts. Cadi Thomas, our Head of Sustainable Investment, is the co-chair of the Investment Consultants Sustainability Working Group (ICSWG) and we continue to play an active role in a number of ICSWG work streams, including recently participating in the transition planning consultation group response. We also continue to seek opportunities to get involved in other collaborative bodies, for example, Cadi joined the Sustainability Group of the Association of Consulting Actuaries (ACA), and have participated in a number of events, including a Scotland LGPS collaboration event, the Net Zero Investors Nature Positive Summit roundtable discussion, as well as led a discussion on the distinction between portfolio and real-world decarbonization at our Isio Conference. We are also an active member of NZICI and this year contributed to the working group paper on 'Why Net Zero Matters'

Towards the end of 2024, we saw completion of Isio's sale to Aquiline Capital Partners LP ("Aquiline"), a private investment specialist in financial services and technology. The new investment from Aquiline, which has deep experience in the global retirement and wealth management services sectors, continues to support Isio in its ambitious growth trajectory with a focus on delivering value for clients through innovation. An example of which includes the recent acquisition of Collidr, a UK-based fintech and AI-driven technology and investment management company, supercharging our Investment Management solutions in the wealth space.

The sustainability landscape continues to evolve. We will continue to develop our sustainability research and advice, with a particular focus on responding to the multifaceted systemic sustainability risks we all face, as investors.



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Policy & Context Disclosures

The organisation and its services

Signatories' organisation and the services provided, including its purpose, strategy and culture, enabling the promotion of effective stewardship.

Who we are and what we do

Isio is a leading independent UK provider of advisory and administration services to pension schemes and their sponsors, including private Defined Benefit (DB), Defined Contribution (DC) schemes and Local Government Pension Schemes (LGPS), as well as private capital clients, inclusive of charitable foundations, endowments and private wealth.



We are a young business but our team and the value we add is long established.

We are a young business, having spun out of KPMG on 2 March 2020, but our team and the value we add is long established. At the time, all but one of our clients moved across from KPMG with us. As at 30 September 2026, we have ~ 1,745 clients. In October 2022, we acquired Premier Group, which grew our business exposure to pension schemes, admin and rewards and benefits advice. We then acquired Deloitte Total Rewards & Benefits (DTRB), which completed in May 2023, while the business fully integrated into Isio group in October 2023 (following the financial year end), further expanding our full-service advisory capabilities. We have also subsequently made additional acquisitions of K3 Advisory Limited (in early 2025), an insurance and risk settlement specialist, and Collidr (in mid-2026), a UK-based fintech and AI-driven technology and investment management company, expanding our capabilities in pensions insurance and wealth respectively, and most recently, on 28th August 2026, we acquired Trafalgar House Pensions Administration (THPA), shifting Isio from a credible mid-market pensions administration participant to a full-spectrum scale administration provider. We now employ ~1,530 members of staff.

Our investment advisory business is a key strategic growth area for Isio. The investment team is now ~145 strong, bringing deep expertise across the full range of investment advisory services including asset allocation, portfolio structuring, risk management, manager selection, investment research and monitoring. Our team is drawn from a wide range of backgrounds including asset management, insurance, banking, actuarial and consultancy. We are a truly joined-up pensions advisory business. We have different consulting services across **Pensions, Benefits, Investment, and Wealth**. The service lines are listed below:

- **Actuarial and Consulting**
- **Pensions Administration**
- **Investment Advisory**
- **Employee Benefits**
- **Wealth, which includes Wealth Planning and Private Office**

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Our culture

Isio fosters a culture of debate and challenge: We do not impose house views on the details of what should go into a client's portfolio, aiming instead to build consensus by thoroughly debating all new ideas and recommendations across the whole team. Rather than imposing house views on clients, we approach advice with a tailored and bespoke mindset.

Strategy-driven research – We bring clarity to focus on areas that make sense from a strategic perspective for our client portfolios. Our view is that 80% of value comes from asset allocation – so our research is idea-driven, not product-driven.

Bespoke, innovative solutions – We are known in the marketplace for product innovation working with investment managers to address gaps in the market. Our clients benefit from bespoke solutions that address their strategic needs when the right solution doesn't already exist.

Sustainability is at the heart of our research philosophy and fully integrated into our approach. We produce standalone sustainability ratings for all the funds we assess, which form an integral part of our overall research views. We are able to use these assessments to provide bespoke sustainability advice in line with client beliefs. Best in class implementation means not compromising on risk-adjusted returns.

Finally, and perhaps most importantly, Isio are independent: We provide impartial perspective across the full spectrum of investment services and products to clients, giving consideration to the whole of market. We are not commercially incentivised to recommend a specific strategy or fund to any of our clients. This ensures our advice and research is whole of market and our focus is purely on delivering the best result for our clients. In relation to Isio Investment Solutions for retail clients, wealth managers and financial advisors, including our Isio Wealth business and Model Portfolio Services, we remain independent in our decision-making as we do not run our own direct funds, so are well placed to construct portfolios free from conflict of interest. See further detail in relation to the organisational structure and management of conflicts of interest in relation to Isio Investment Solutions later in the report.



Our Purpose is to create better outcomes for clients, their members and society, by empowering and developing our people.

Our purpose

At Isio, we've always believed that good business is about more than simply what we do – how we do it matters just as much. So, once we had established ourselves as a new organisation, we set out to determine what was most important to our clients, colleagues and the communities around us and to understand the best ways for Isio to add value to each of them. We listened to the diverse perspectives of stakeholders both inside and outside our organisation. This listening and co-creation process involved:

- **30 interviews with Isio's senior leaders,**
- **53 colleagues participating in Focus Groups,**
- **266 colleagues responding through a survey, and**
- **8 client interviews.**

Together, we co-created a strong purpose for Isio to create better outcomes for clients, members and society, backed by a clear set of core beliefs.

Our beliefs

Four central themes emerged through our co-creation. These are the foundations that underpin our purpose. We believe in:

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- **Power in partnership:** Working together allows us to better understand our clients and deliver the best results for them in ways that benefit our business trusted relationships that endure.
- **Strength in difference:** Isio is a place that welcomes people of all backgrounds, and we recognise that working with differences makes us stronger and is integral to our continued success. Our team is at its best when we harness the power of diverse perspectives to find better solutions.
- **Future focus:** We are determined to play an active role in our industry, ensuring that the voices of the communities we represent are heard, pushing for positive change and solving problems in innovative ways for the mutual gain of our clients and society.
- **People first:** Everything about our business is developed by people, for people. People are the source of our knowledge and expertise, and it is people who trust us to give pensions and other advice that materially affects their lives. We're committed to nurturing their collective prosperity.

We apply these approaches to our sustainability principles with four areas of focus: **Climate and the Environment, Natural Capital, Inclusion and Belonging, and Corporate Social Responsibility**, and four key areas of influence: **our clients, our suppliers, our industry, and society.**



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Sustainable Investment Policy



Read the policy

We believe investors should be good stewards of their assets and so we have a duty to support our clients in achieving this.

We set out our approach to sustainability and stewardship in our Sustainable Investment Policy, which we last updated in April 2024 and is reviewed periodically to ensure it remains fit for purpose. It is being reviewed currently, and we plan to publish an updated version in Q1 2027.

The sustainability landscape continues to change and so does our approach to ESG and stewardship concerns. Sustainability lies at the core of our advice and actions, while aiming to achieve the best possible outcomes for our clients, their members and society in general.

The Policy sets out our core sustainability beliefs as a company, to inform the ways in which we work with clients, as follows:

- We believe that through the identification of sustainable opportunities and the management of ESG risks, **enhanced risk-adjusted returns can be achieved over the longer term**.
- SI-related considerations should be **fully integrated** and at the heart of investment decision making.
- We believe **climate change** poses a significant investment risk that will become incrementally more severe over time, whilst the transition to a lower carbon economy presents substantial opportunities to investors. We believe sustainability issues are inextricably linked, and we cannot address the climate crisis without consideration of biodiversity issues and rising global inequalities.
- We believe that **proactive and targeted engagement** with companies and the wider industry is more effective to drive change than an exclusionary approach. However, effective engagement requires **accompanying escalation processes**, which may result in selective disinvestment from companies unresponsive to engagement.
- **Global collective action** is needed to drive change across SI-related issues; institutional investors have a key role to play.
- The world of SI-related regulations is rapidly expanding, and this results in **legal and reputational risk** for our clients but is an important driver to embrace Sustainable Investment.

Stewardship is clearly an integral component within our Sustainable Investment Policy. We believe strong stewardship is a central facet for managing the ESG risks arising within the companies in which our clients invest. Our clients and the wider investment industry have significant influence in driving change on issues that we all care about across portfolio companies.

The world is changing. **Voting and engagement activity** are two of the most widely used tools that investors use to exert influence. Exercising voting rights, where applicable, to formally express views on ESG topics, and to be effective should also be combined with an effective and consistent engagement program. We believe that consistent engagement with portfolio companies on ESG issues is more effective than an exclusionary approach (with some exceptions via red-line exclusions). A **clear escalation process** is key in driving effective engagement activity, which may ultimately lead to the disinvestment of select companies. We are also supportive of **collective engagement** activity (through investor initiatives) in order to further increase influence. Whilst equities are most typically associated with voting & engagement activities, engagement activities can and should be an essential tool across all asset types.

At Isio, we work with our clients to understand investment manager approaches to stewardship and whether this aligns with their beliefs, priorities and policies on stewardship. We encourage regular reporting and interaction with investment managers to bring about change in the issues our clients care about, such as climate change, biodiversity/nature degradation or diversity and inclusion.

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Our sustainable investment policy drives our approach to sustainability. To set out advice on ESG, stewardship and systemic issues, such as climate change, we have developed Isio's Sustainable Client Journey (see chart on the left).



Later in the report, we set out the full list of collaborative initiative activities, sustainable investment services, and future areas of focus.

Our strategy and culture as enablers of effective stewardship

Our vision as a company (including our Purpose and Beliefs) informs the basis for our approach to stewardship, and how we engage with our clients and the wider market. Three key approaches will guide our activities, moving forward.

1. **We adopt a future focus:** We are determined to play an active role in our industry, ensuring that the voices of the communities we represent are heard, pushing for positive change and solving problems in innovative ways for the mutual gain of our clients and society. This focus on the future guides our approach in every aspect to ensure that our clients are making measured decisions that will provide benefits for years to come. This future focus also feeds into our stewardship activities, and that of our clients, as we consider a forward-looking, long-term approach as vital to achieving a sustainable return.

Example activities: We can ensure a future focus by maintaining a strong research function, to make sure we understand macroeconomic developments and that our advice remains cutting edge; and, placing a strong emphasis on sustainability within research priorities, including on systemic issues such as climate change, nature and social factors, as well as bringing new innovative ideas to our clients to address new issues and demands.

We look to partner with our clients to deliver cutting-edge and bespoke research on the sustainability issues most important to them. For example, as noted in previous reports, we were engaged by a Local Government Pension Scheme (LGPS) to explore the relative effectiveness of engagement versus divestment in bringing about decarbonisation and subsequently published a research paper and hosted an industry roundtable on the legal, financial, and theoretical perspectives of engaging and divesting from fossil fuel assets. Last year we were engaged by another Scottish LGPS Fund on the merits of engagement and divestment for fossil fuel as well as arms and controversial weapons exposures, with more scrutiny on the latter given rising global conflicts, and recently concluded a multi-paper project, considering viable options for them and implementing a preferred strategy to mitigate risks and increase alignment with client beliefs.

2. **We do the right thing:** We respect each other and the impact our work has on the wider world. We are honest, positive and act with integrity. From doing the basics to the highest standard to giving the best advice, we use our judgement to stand up for what's right. This behaviour is key in driving our approach to stewardship, and we strive to always act with integrity, ensuring that the decisions our clients make are the right ones for a broad range of stakeholders. We also encourage those who manage assets on behalf of our clients to uphold these behaviours and the beliefs of our clients.

Example activities: We ensure accountability across all staff by using clearly defined management lines and colleague networks. We have two key bodies, responsible for strategy, accountancy and implementation of our I&B strategy. Firstly, the I&B Advisory Group, which represents the voice of colleagues, provides the opportunity to raise issues or areas of concern. It plays a vital advisory role in the shaping of initiatives for our other key body, the I&B Steering Committee (SteerCo), to sign off on. SteerCo provides sponsorship, oversight and direction to the overarching strategy and a link to our governing body, ExCo. Our current employee Networks include African & Caribbean, LGBTQ+, Mental Health, Social Inclusion, Women's,

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Working Families, Disability, Christian, Sikh, Muslim, Hindu and Neuroinclusion. These networks exist to steer, support, lead, champion and celebrate our diversity and values.

We seek to integrate how our staff operate with colleagues and teams within their annual reviews, to ensure it is not just the work we are doing that is recognised, but how we work, interact and engage with others. We believe that the way we run our business can and should make a positive difference for our people, our community and the wider environment, and continually strive to achieve that.

We support community initiatives and charitable work and map our volunteering activities to a chosen national charity. From 1 October 2025, our employees selected Mind as our new charity partner in England and Wales, with affiliated charities – Inspire in Ireland (including Northern Ireland) and the Scottish Association for Mental Health (SAMH) in Scotland, who do great work fighting for better mental health for everyone. The grand total raised for the year to end September 2026 was £58,892 which includes £28,892 fundraising, exceeding our £25,000 per annum fundraising target, and a £30,000 Isio donation. Isio has committed a £30,000 per-year donation to the charity for two years as part of our partnership. We look forward to continuing working with our chosen charities and helping in tackling this significant UK-wide issue over the next year.

To promote an ethos of volunteering, we offer our staff volunteer days (without any salary sacrifice) to volunteer with our chosen charity partner or their own charity of choice. Meanwhile, the Isio DC Pension Scheme Default invests in a sustainable multi-asset fund and the self-select options include a range of sustainable options to choose from. As part of employee benefits, the firm has established a green car scheme.

Other examples of how we have sought to do the right thing include developing a network of sustainability champions, across our offices, who are empowered to further green initiatives in the business at the local office level including recycling training and Corporate Social Responsibility days encouraging colleagues to reduce and eliminate plastic use, wherever feasible. We have partnered with Couch to Carbon Zero to provide training to our employees on how to reduce their personal environmental footprints both at work and at home. Following a successful Net Zero sprint with Couch to Carbon Zero in 2024, and receiving positive employee engagement and feedback, we re-engaged with them in 2025 for a series of four lunch and learn webinars over nine to twelve months, covering relevant topics including a digital declutter and AI scoop, a sustainable festive season, travelling light, and being second-hand savvy, which completed in July 2026.

3. **We will grow by challenging the status quo:** One of our strategic growth priorities, which is also fundamental in achieving effective stewardship, is challenging the status quo. Put simply, if we think something isn't right or could be improved, we won't be afraid to challenge this. This feeds into our adoption of technology and embracing the digital world in order to better serve our clients, but also into our stewardship activities. If we believe an investment manager could improve their ESG integration, we will encourage this through ongoing monitoring and engagement and state our views, and set ratings to reflect this.

Example activities: We challenge the status quo by ensuring regular interaction with our clients and their investment managers, to monitor investment performance from all angles, including a perspective of sustainability and stewardship capabilities. We also take part in collaborative initiatives, undertake research, and scan the competitive landscape, to make sure our advice remains best-in-class.

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We lead and participate in industry events that we are able to contribute to meaningfully and are commercially interesting for us and our clients. In 2024, evidencing our market leading role in sustainability within Private Capital, our SI team presented on climate change and natural capital at an event with the BBC Natural History Unit with a private screening of Planet Earth. In 2025, we co-hosted the Pensions for Purpose (now Investors for Purpose) event "Climate innovation: investing in the net-zero economy" during London Climate Action Week. The session included insights across: latest climate innovation development, top-down and bottom-up views on sustainable investments and thoughts from an asset owner who discussed the importance they place on the Paris Aligned Asset Owners initiative, even in the face of geopolitical headwinds. We have also recently actively participated in industry panels and events, including a Scotland LGPS collaboration event, the Net Zero Investors Nature Positive Summit roundtable discussion, as well as led a discussion on the distinction between portfolio and real-world decarbonization at our Isio Conference in September 2026.

As we will describe elsewhere in this report, we continually look to evolve and update our sustainability integration assessments of our investment managers, to reflect landscape developments. The focus in 2025 was on internal efficiencies and process improvements, however this year we reflected new developments in the sustainability landscape including climate transitioning planning and reporting frameworks (e.g. NZIF 2.0). We will continue to monitor the landscape and review our process annually to ensure we reflect new regulations and best practice criteria. Other recent examples of evolving this process include increased emphasis on nature-related criteria; considerations of sustainability ratchets in private credit; the Sustainability Disclosure Requirements (SDR) marketing and labelling regulations; and consideration of establishing connections with leading academic institutions.

We also worked with managers to develop new products to meet client needs, including supporting managers to develop best-in-class sustainable investment solutions (see "Investment Approach" in the table below).

Our effectiveness in serving the best interests of our clients

We endeavour to create open communication channels to ensure we are serving our clients' best interests. All our work with clients will seek to help bring about better investment outcomes.

	Strategies to serve our clients' best interests
Training	We provide training to investors of all sizes on sustainability considerations. The training we provide will capture the broader sustainability landscape or will delve into a particular sustainability theme of interest. We have provided sustainability training to a large number of our clients, from small to large. For example, over the past year, for our larger pension scheme clients, the focus has continued to be on bespoke training to support them in their individual sustainability journeys – from providing training on the setting of science-based decarbonisation pathways and latest on climate science to cover TCFD responsibilities, through to the process of developing stewardship priorities which best reflect their sustainability views. We have also recently developed a range of off-the-shelf training sessions that we deliver to clients dependent on their bespoke beliefs and position on their individual journey, recent examples include: systemic risks and the interlinkages of climate, nature and social issues; the effectiveness of divestment vs engagement; and the role of ESG in end game planning.

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Investment Approach	We aim to find the best sustainability solutions for our clients. Where we can't find a best-in-class sustainable investment solution in the market, we may work with investment managers to develop these. For example, we have found that a number of our clients captured by TCFD requirements have sought to further the climate ambition of their portfolio. We have engaged with our TCFD clients' existing managers to help develop and implement best-in-class sustainability considerations within their mandates (for example within buy & maintain mandates including allocations to green bonds, and science-based decarbonisation pathways).
Monitoring	We provide a variety of clients with an annual summary of the sustainability credentials of their investment approach and where this stands relative to the market and its peers. For example, we conduct annual sustainability integration assessments of many of our clients' portfolios to understand the sustainability positioning of the investments they make, as compared with market best practice and benchmark their funds relative to others in the same asset class universe. We identify key areas for potential improvement based on our assessment, and provide formal written feedback to managers on these development points, with follow-up engagements to discuss progress made c.6 months later.
Reporting	We provide stewardship and ESG metrics reporting for our clients. This includes those large DB Pension Schemes and Authorised DC Master Trusts navigating TCFD reporting requirements, with regards to climate-related metrics and targets. For example, we supported a large DB pension scheme in evolving its climate target from backward-looking carbon footprint towards forward-looking asset alignment. We engaged with investment managers to encourage reporting in line with the Net Zero Investment Framework (NZIF), providing greater insight into whether assets are aligning with a Net Zero pathway rather than relying solely on historical emissions.

We consistently seek feedback from our clients to help us understand what we are doing well and what we can do better. This could be through our direct interaction with our clients or through the work of independent consultants. In the following case study, we set out our approach to providing effective client training:

Case Study

Our approach to effective training

We recognise that many of our clients are eager to explore new concepts, ideas and opportunities but may lack familiarity with the intricacies of the market, including the associated upsides and downsides. To address this knowledge gap, we provide tailored sustainability training designed to equip clients with the insights they need to make informed decisions, based on their individual needs and where they are in their individual journeys.

A notable recent example included supporting a Scottish LGPS Fund in assessing its approach and exposure to fossil fuels and arms. As part of this, we provided training on definitions and industry standards across these two sectors as well as an overview of engagement and divestment approaches across the peer group. Building on this landscape review and training, we then supported the client in refining their own Responsible Investment approach for these two sectors. This includes analysing the Fund's current exposures and modelling how different investment strategy options — such as divestments based on revenue thresholds or sector-based engagements — would affect the portfolio. The overarching goal was to ensure that the Fund's position remains financially resilient, legally robust, and aligned with both fiduciary duties and stakeholder expectations, while weighing the respective merits and challenges of engagement, divestment, and selective disinvestment.

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Moving forward: Improving client outcomes

Moving forward, we will continue to aim to improve client outcomes by:

- Monitoring and researching the latest market trends. Best practice is rapidly evolving, including from a sustainability perspective, so we continue to challenge our clients' sustainable investment approaches. As an example, many pension scheme funding positions dramatically improved in recent years, and insurers or bulk annuity providers play an increasingly important role in ensuring that pension investments are both resilient to the climate, nature and social risks, and in investing in a more sustainable way for pension members to retire into. We have evolved our bulk annuity provider assessment approach, working with the Sustainability Charter for the Bulk Annuity Process and contributing to the Bulk Annuity Sustainability Survey. In a similar way to our approach with funds, this provides an overall ESG rating, scores across five key categories as well as a separate climate score, for each insurer in the market. Over the next year, we expect more pension schemes to move towards buy-in or buy-out and will continue to monitor and assess insurers' ESG credentials and support clients as part of an insurer pre-selection. We have recently published a DB pensions focused paper on ESG in end game, and due to publish our second survey paper on the status of ESG integration across the bulk annuity insurance market.
- Recruiting and retaining the best talent in the industry. While looking to retain top talent, we will also continue to expand the Sustainable Investment (SI) team in line with our ambitions and client demand.
- Engaging with investment managers to do the right thing and drive sustainability and stewardship improvements, over time. We will continue to annually update our manager sustainability integration assessments to push them to track industry developments. With a continuing emphasis over the next year on improving responses to social- and nature-related risks and opportunities (while this is not new, we are continuing to trial social and nature scoring for investment products as these areas develop and will look to report on these areas when sufficiently established) as well as refining our assessment process for asset classes where sustainability integration is more challenging or nuanced, to ensure a more robust assessment.
- Our Digital Team continue to drive innovation and efficiencies in the way we deliver our advice to our clients, including as part of our sustainability services. A continued area of focus will be further developing and rolling out our in-house ESG data model to select clients, and thereafter in scaling the model across our wider client base, for enhanced client sustainability analytics, as well as evolving our climate scenario analysis modelling, and continue to develop other digital tools across our business.

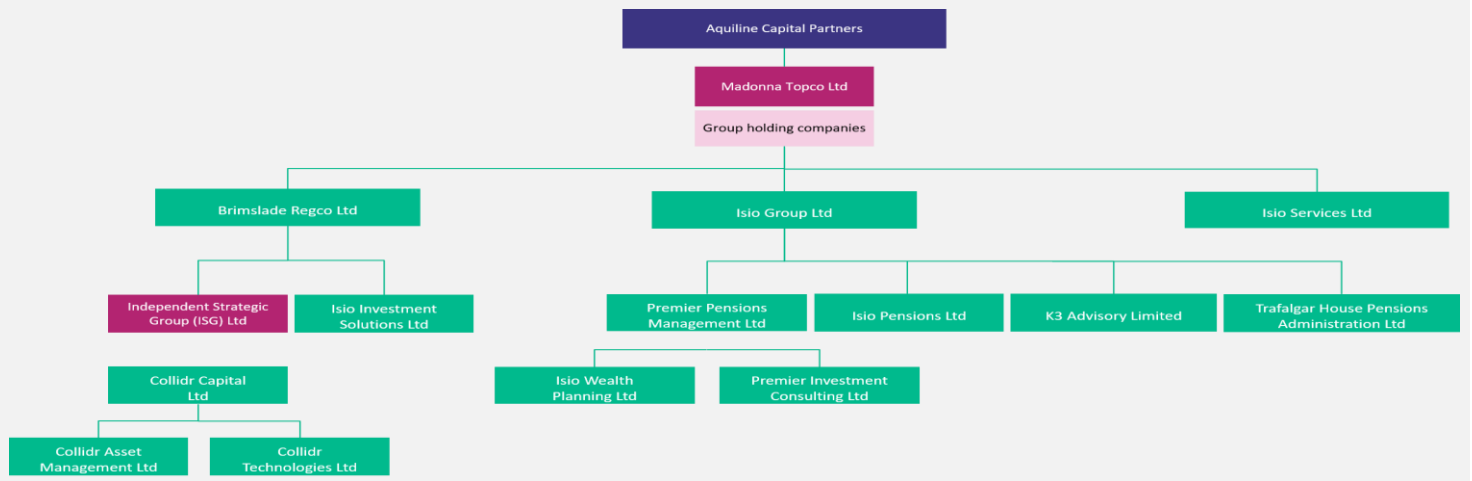
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Governance and resources

Signatories' governance and resources enable the delivery of services and promote effective stewardship.

Legal & Governance structure

The organisational charts below highlights our governance structure. Isio's principal trading entity is Isio Group Ltd (registered in England and Wales). Isio's ultimate holding company is Madonna Topco Ltd (registered in Jersey). In October 2024, our previous investor, Exponent, exited their investment and completed a sale to Aquiline Capital Partners (ACP) LP, a private investment specialist in financial services and related technologies with a deep experience in the global retirement and wealth management services sectors. Our partnership with Aquiline facilitates our continued growth and this is reflected in our organisational chart below. Aquiline are the ultimate controlling party, and management own a minority stake in the business. In 2025, we acquired K3 Advisory Limited, which now comes under the Isio Group Ltd umbrella. K3 are an insurance and risk settlement specialist, and their breadth of knowledge has expanded our business capabilities. Over the year, we have acquired a further business, Collidr, a UK-based fintech and AI-driven technology and investment management company, which aligns with our future growth strategy and investment in digital infrastructure and technology. On 28th August 2026, we also acquired Trafalgar House Pensions Administration (THPA), creating a full-spectrum scale administration provider.



Isio has provided advice to professional investor family offices on an advisory basis for some time. However, in May 2023, Isio established a dedicated Private Capital investment advisory team. Through the acquisition of Premier Wealth Planning, in October 2022 (later rebranded Isio Wealth Planning), and establishment of Isio Private Capital, recently rebranded as Private Office, Isio has established an investment advisory proposition across the full breadth of the wealth spectrum. Both Isio Wealth Planning and Private Office sit within Isio Wealth.

Isio Wealth Planning is an Isio Group entity and are responsible for their own on-going obligations to Consumer Duty. Isio Investment Solutions will engage with Isio Group and Isio Services for the provision of non-core functional support, while wholly managing Private Capital client portfolios and servicing Isio Wealth Planning as one of its clients. Isio Wealth Planning in turn have completed their own due diligence on Isio Investment Solutions and independently service their underlying

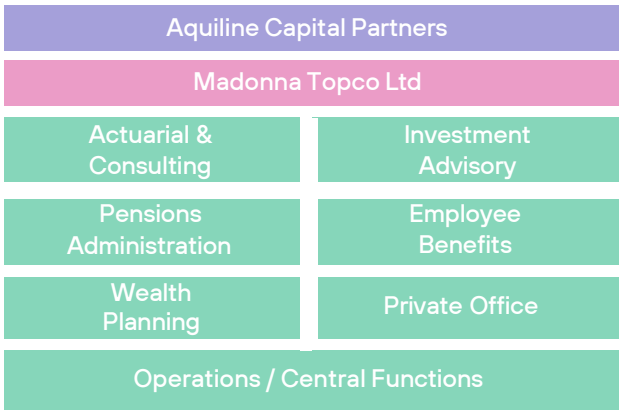
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retail clients. There is sufficient financial and operational independence between Isio Investment Solutions and the wider Isio Group to mitigate significant influence risks. Isio Investment Solutions report directly up into the TopCo. The Investment Committee is comprised of two separate committees, including the Segregated Managed Accounts (SMA) investment committee and the Model Portfolio Services (MPS) investment committee. Isio Investment Solutions does not manage client funds directly, instead using selected pooled funds to construct model portfolios suitable for retail investors, built by the portfolio management team with input from Isio's wider research team including the consideration of ESG factors. Isio Investment Solutions also have a distinct suite of policies and frameworks from the rest of the Group to manage conduct risk (see more detail in section on conflict of interests).

See governance structure chart below for Isio Investment Solutions.



Business unit structure – we are structured across seven business units, shown in green in the chart to the left.



As of 1 September, Dan Thomas succeeded Andrew Coles as our new CEO. Gareth Roberts is our new CFO, following Ian Pain's retirement and departure of Will Lambe who filled the role on interim basis. The board consists of Dan Thomas, Ian Warman (COO), Michael Whitfield, Charles Janeway and Chris Woodhouse. Board meetings are also attended by two ACP members.

Below, we set out the **governance of our national investment team**, alongside key leadership and research responsibilities. Our investment partners and directors are responsible for the governance of the investment business, with a focus on investment advisory, research, risk and people management:

- Emily McGuire has ultimate responsibility for and oversight of our investment advisory business
- Tim Barlow is the partner with ultimate oversight of, and responsible for, Isio research services, ideas and propositions.
- Paula Champion is the partner responsible for existing client oversight.
- Gursharan Taggar is responsible for people management. She is supported by a group of team leaders. She seeks to ensure we hire and retain the best talent in the industry.
- Barry Jones (Chief Investment Officer) leads the investment strategy team.

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- Andy Tunningley is partner and head of our Isio Wealth business, which has grown significantly with the acquisitions of Premier Group and more recently Collidr, expanding our services in the retail client space.
- Rob Agnew is Head of Private Office, and the partner responsible for our private office client advice, including charitable foundations, endowments and private wealth clients.
- Ajith Nair, partner and CIO of Isio Wealth and heads the asset class and manager research teams, including LDI, credit, equity, real assets, multi asset, Sustainable Investment, with responsibility for research platforms, fiduciary research and DC research. He is responsible for developing and implementing Isio's research strategy across all asset classes, working closely with Isio's research and client teams to bring new ideas and views to clients. He also chairs the Investment Committee for Isio Investment Solutions and leads the portfolio management team, integrating our best research ideas into our Model Portfolio Service.



At Isio, we have also put in place a **governance structure for sustainability research and stewardship oversight** to ensure that sustainability, stewardship and climate change considerations are embedded in everything that we do. The chart to the left sets out the structure of our research function, as well as the number of staff within the different research teams (including graduates who support on rotations).

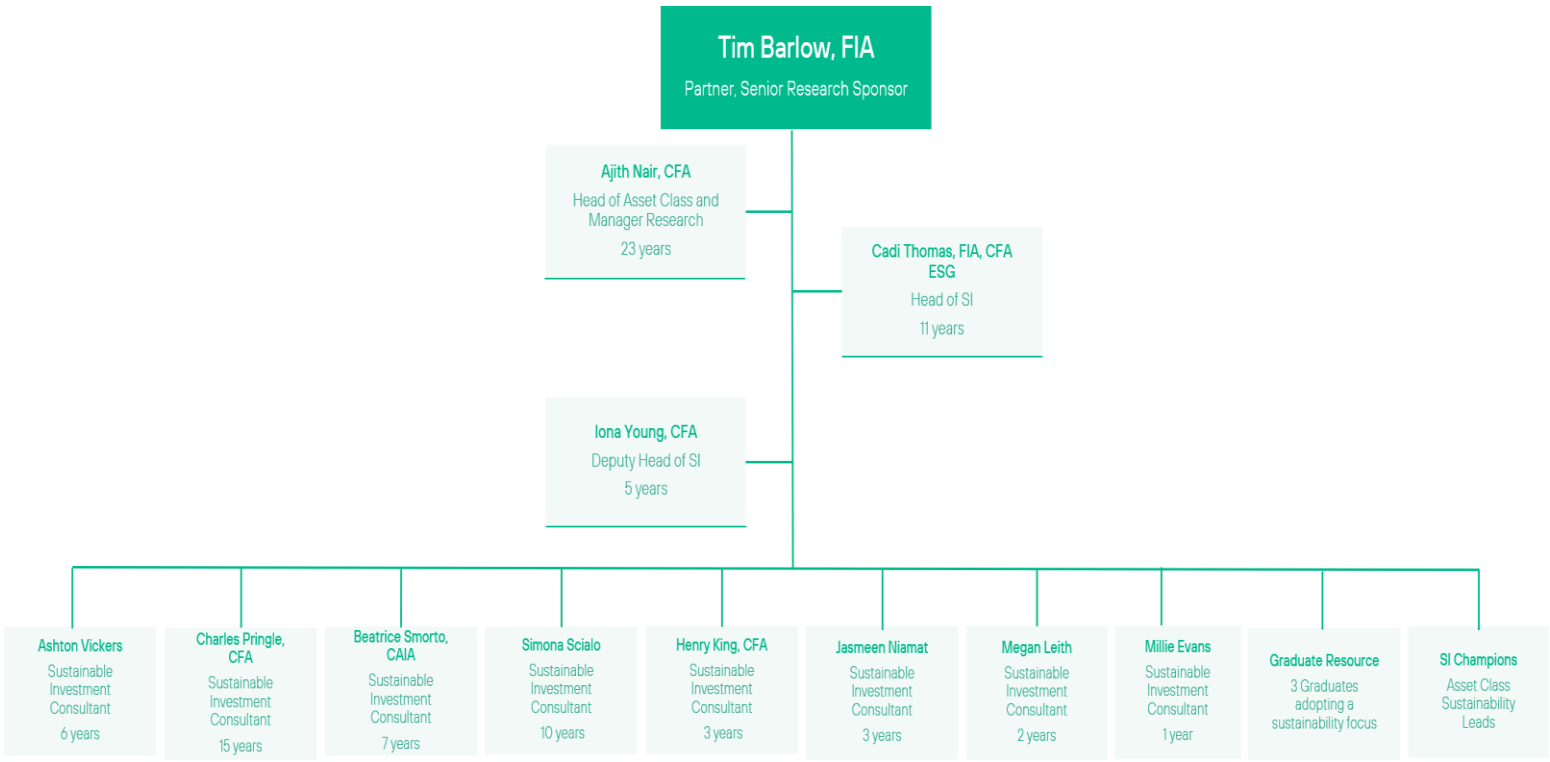
- Tim Barlow is the partner and research sponsor with ultimate oversight of research capabilities at Isio, and this includes a remit for ensuring that sustainability and stewardship are integrated throughout the services we provide. Ajith Nair is the Head of Asset Class and Manager Research, responsible for ensuring all research outputs are of a high standard, with an explicit focus on ensuring high quality sustainability research.
- Tim and Ajith are supported by a network of resource, in particular an investment committee (or "Research Engine"), which is composed of Partners, asset class leads and senior consultants, and has a remit for ensuring sustainability considerations are embedded across all asset classes, as well as an established Client Councils (for DB, DC and Private Office), composed of senior client consultants and subject matter experts, to align research priorities with client needs and direct our research efforts.
- The Sustainable Investment (SI) Team sits within the research team (see below).
- There are Sustainable Investment champions integrated within the equity, credit, real assets and multi-asset research teams. We consider this a vital aspect in enabling oversight and accountability for understanding what best practice sustainability integration and effective stewardship could look like across the wide variety of asset classes and sub asset classes that our clients invest in.
- The Actuarial ESG Oversight Committee is responsible for feeding into the work of the SI Team and across our actuarial and consulting practice to ensure that sustainability research is integrated within all advice including liability and funding considerations.

Cadi Thomas, our **Head of Sustainable Investment**, oversees the SI Team, leading on our sustainable investment advice and strategic research, with dedicated expertise on climate change, nature and stewardship, amongst other topics. She is supported by the Deputy Head of Sustainable Investment, Iona Young. The team continues to evolve in line with demand, largely through providing internal opportunities within the team and expanding roles.

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The SI Team operates within the broader research function, contributing ideas and shaping thinking across all areas. Each asset class research team has a dedicated SI Champion who leads on sustainability considerations specific to that asset class and acts as a key liaison with the SI Team. This structure ensures that all investment solutions are consistently evaluated through a sustainability lens. To support this, there is strong senior-level engagement, with partners actively promoting a firm-wide commitment to sustainability. Their leadership helps set the strategic direction for the business and the services we offer, embedding sustainability into both our investment approach and our long-term objectives.

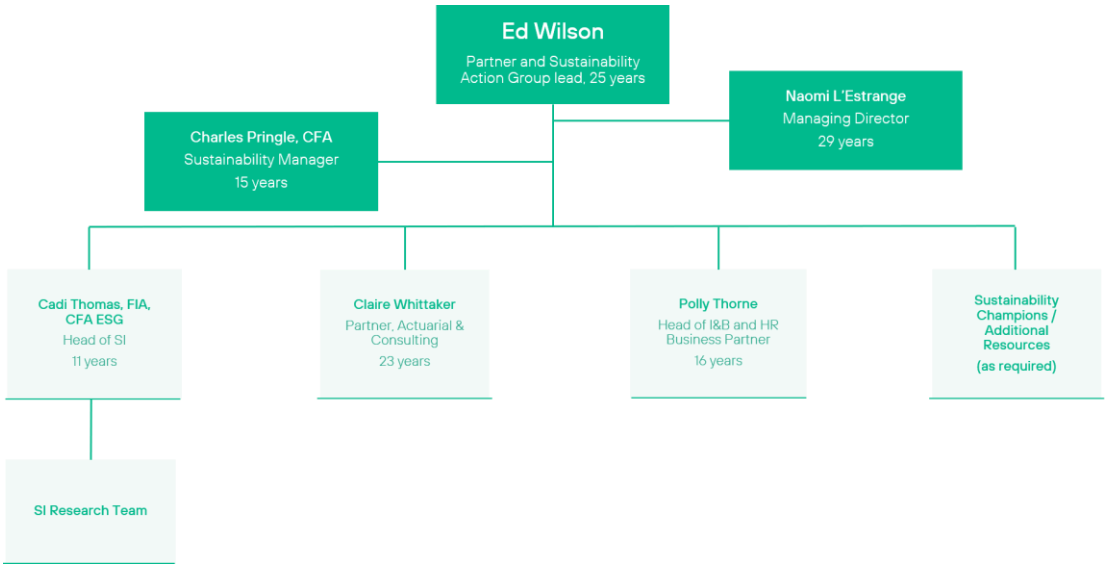
The chart below outlines our SI Team, as well as their role, experience, and qualifications.



Ed Wilson, Partner, leads the **Sustainability Action Group**, which seeks to promote internal sustainability as a business priority. Supporting Ed is Charles Pringle, our Sustainability Manager, with a remit to drive our internal sustainability agenda and objectives across the business. The wider group is comprised of senior colleagues across Isio's different business areas, including Naomi L'Estrange (Managing Director), as well as the Head of the SI Team, the Facilities Manager, the Head of Inclusion and Belonging, and the Head of Financial Planning and Analysis.

The below chart outlines the Sustainability Action Group, which also draws from additional resources and functions within the business and will look to grow moving forwards. This includes drawing on resources from the SI Team.

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We will continue to evolve and improve our governance structures and process to ensure that we can continue to assist our clients in conducting effective stewardship.

Our sustainable ethos is reinforced by a dedicated network of internal sustainability champions across our regional offices, who spearhead initiatives to embed sustainable practices into daily operations within our regional offices.

These efforts are supported by the wider governance framework, which ensures that sustainability is deeply integrated into every facet of the business – from shaping internal strategy to delivering client solutions. This commitment is further reinforced through employee training on sustainability, performance objectives linked to ESG outcomes, and wider employee incentives.

Processes

At Isio, quality is the cornerstone of our client services. We maintain a robust framework to ensure constant cross-challenging of work – a process that means we continually identify new ways to improve our approach and methodologies (for example, we are Cyber Essentials certified).

Compliance procedures: Our compliance procedures involve ongoing consideration of:

- Compliance with Isio's policies and procedures
- The effectiveness of training and other professional development activities
- Compliance with applicable laws and regulations as well as our standards, policies and procedures.

Peer review: All our client facing work is either 4-eye or 6-eye peer reviewed (one 'do-er'; and one or two 'checkers'), to ensure that all work is delivered to a high standard and ensures the quality and accuracy of our services delivered to clients.

Efficiency monitoring: We have a High Frequency Tasks Team that reviews various work streams that we regularly undertake and assesses whether we could make efficiencies as a team. This involves reviewing common processes and identifying where we could adjust our approach, including in relation to stewardship.

Continuous development: We run regular Continuous Professional Development (CPD) days for the investment team consisting of both internal technical training sessions and investment managers being invited to provide the team with (non-product specific) training. For our junior colleagues, we have built a training programme to ensure they have sufficient understanding of key issues to make informed decisions as they progress through their career, including on sustainability matters. This is all overseen by our Head of Learning.

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Client feedback: We regularly seek feedback from our clients on the quality of our work, to ensure the services and products delivered to clients are adequately tailored to their individual needs. This guarantees that we focus not only on internal consistency but external relevance. For example, when delivering ESG and stewardship advice, we can tailor this to the specific beliefs and policies of the client.

Quality assurance: We have several procedures and reviews in place to ensure the quality and accuracy of the services we provide to clients, including a reviewer and additional peer review for all client advice as well as technical and research specialists for support. By ensuring the quality and accuracy of services, and seeking continuous improvement, we can meaningfully engage with our clients.



Case Study

Quality assurance – Evolution of our manager and fund assessments

We conduct annual ESG reviews of all investment funds in which our clients invest.

As part of this, we have developed proprietary asset class specific scorecards. These scorecards cover between 50 and 80 criteria, the specific criteria reflects asset class characteristics and corresponding best practice. Our assessment focus on five key areas; investment approach, risk management, stewardship, reporting and collaboration. Our scorecard process results in an overall ESG score as well as a separate climate, nature and social scores. Our nature and social scores seek to drive improvements and action in these areas given we continue to see primary focus on climate action.

We ensure that our scorecards and process remain in line with industry best practice by annually reviewing our criteria, both from a wider sustainability developments perspective as well as progress across individual asset classes. Last year the focus was on improving internal efficiencies, we also looked at other aspects such as incorporating criteria relating to the relatively new SDR regulations and more recently, reflected climate transition planning and reporting and target-setting frameworks. We ensure our reporting to clients is of a high quality and continually assess and evolve this process and approach to ensure it continues to be appropriate and meets our clients' needs and expectations. For example, we review our report templates, with input from Client Council, to ensure we are providing value, while being concise and providing actionable advice where necessary.

We will continue to evolve our approach year-on-year and expect investment managers to do the same to maintain best practice standards.

Training

Everything about our business is developed by people for people. People are the source of our knowledge and expertise, and as such we are determined to continually invest in our people to enhance and develop knowledge and expertise.

We encourage team members to study for relevant qualifications, providing accommodative study packages to assist with this, including funding both exam entry and study material and time off work. Our investment team members generally study to become qualified actuaries (FIA) or Chartered Financial Analyst (CFA) charter holders. Within our SI Team, the head of the team is a qualified actuary and also holds the CFA Institute certificate in Sustainable Investing. Iona Young (Deputy Head of Sustainable Investment Consulting) is a CFA charter holder. Two other members of the SI Team are CFA charter holders, another is an Associate of the Institute of Actuaries, a further two are CAIA and CISI qualified respectively. The rest of the team are studying towards a number of relevant qualifications.

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We implement a continuous development approach within our training programmes, including a focus on sustainability and stewardship. Isio regularly delivers training on sustainability issues for all employees, covering a range of topics which evolve alongside global trends, including climate risk, biodiversity loss, and regulatory developments, as well as through sessions with Couch to Carbon Zero on a range of topics relating to how to reduce personal environmental footprints both at work and at home. Alongside this, our SI Team have developed bespoke client-facing training resources, with topics ranging from climate science training to investor voting power. These decks prompt our clients to consider their investment strategies through a dual lens of financial returns and sustainability risks.

Broader training initiatives over the years include topics such as the role of carbon credits in the portfolio and limitations in investor climate modelling. We hold regular training on new ESG regulatory developments and evolving norms. As well as this, we train our staff on any evolutions in our internal approach to sustainability monitoring, to ensure the investment team is kept informed. For example, ensuring that our engagements with managers reflect our clients' own stewardship priorities. The research team also regularly attends relevant training and events (e.g. seminars, webinars, and roundtables) provided by external industry bodies and investment managers.

Research and Analysis

Isio clients have access to a wide range of Isio research information and online tools to assist them. This includes market leading surveys, which cover a wide range of asset classes and industry developments, specialist research notes, which summarise our asset class ideas, as well as our Fusion software providing clients with real time analysis of their funding position and risk/return profiles.

We prioritise the continuous development of our internal tools and research capabilities that enable our clients to remain well informed and therefore best placed to make investment decisions that align with Scheme priorities. We continue to refine 'Nova', Isio's market-leading investment modelling tool, as well as partnering with Moody's to develop a climate change modelling proposition for our clients.

We maintain a proactive approach in identifying market opportunities that would enhance our client offerings. In partnership with S&P Capital IQ Pro, we continue to evolve and roll out our in-house ESG data model, which facilitates an extensive range of new sustainability metric reporting for our clients. This also better enables us to assess and verify the sustainability claims of investment managers, as we can analyse the sustainability outcomes that are being delivered by their investment solutions.

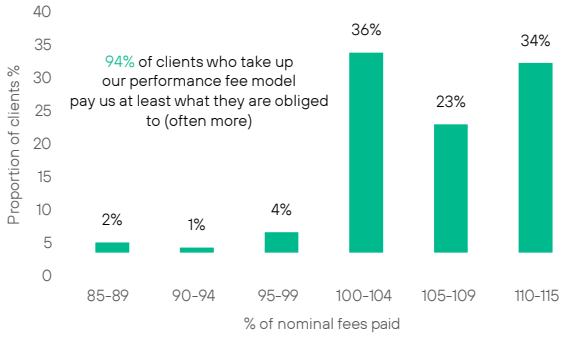
Incentives

At Isio, consultant remuneration is not directly linked to fee generation. Our team has a fixed salary structure supplemented by variable bonuses tied to overall business growth and demonstration of company values. This framework aligns employee rewards with long-term client outcomes, ensuring that quality of service is not compromised by short-term financial pressures.

Our performance culture is reinforced by internal feedback mechanisms. Colleagues receive 360-feedback from senior leaders, peers, and junior colleagues, assessing both technical outputs and broader cultural contributions. Our peer recognition system allows colleagues to award redeemable e-voucher points for notable demonstrations of the company's core values.

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Fees



To make sure our fees are appropriate for the services we provide, we offer a discretionary performance related fee structure to several clients. To ensure outcomes are in line with client expectations, we actively request feedback from our clients on a regular basis. For example, we have found that 94% of the clients who take up our performance related fee model will pay us more than they are obliged to against the agreed fixed fee. This proportion remains broadly stable year on year. This helps us to believe that we are achieving effective outcomes for our clients, including in relation to sustainability concerns and stewardship.

Strength in difference – supporting an inclusive and diverse workforce

From the day we were born, Inclusion & Belonging (I&B) have been strategic priorities at the heart of Isio. We are proud of our work with clients and apply that same mindset to our I&B approach.

Our Vision is to foster a diverse, inclusive and equitable environment, which recognises individuals for their unique contribution, celebrates their differences without judgement and is committed to driving measurable change.

Isio has a number of formal programmes and initiatives in place to improve our social impact, both internally and within the wider community which are overseen through clear governance and leadership sponsorship within Inclusion & Belonging and Corporate Social Responsibility.

We actively promote and champion Inclusion & Belonging across the firm through a structured approach that includes thriving employee networks, an annual events calendar, dedicated I&B Champions across locations and service lines, and a formal I&B Steering Committee. Our I&B strategy is CEO-sponsored, with independent oversight from a Non-Executive Director Chair, ensuring accountability and senior leadership engagement. We also have Polly Thorne, Head of Inclusion and Belonging, to oversee the strategic direction of our I&B agenda.

Improving **social mobility** is a key focus of our people strategy. Our HR policies have been reviewed by **Social Inclusion Network** leads to help remove potential barriers to entry. For example, interview travel costs are reimbursed, candidates are explicitly advised that formal attire is not required, and interview formats are adapted to meet individual needs. Interviews are conducted by diverse panels where possible, and interviewers receive training to address risk of unconscious bias or familiarity bias. We partner with a range of external initiatives aimed at improving access to professional careers, including **10,000 Black Interns**, the **Social Mobility Foundation**, and **Girls As Investors (GAIN)**. In addition, Isio hosts work-experience placements for students from under-represented and under-privileged backgrounds and offers apprenticeship pathways to support long-term development and learning.

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Isio offers **flexible working arrangements** to all employees, including hybrid working options that allow individuals to balance office and remote working. Senior leaders actively role-model flexible and part-time working patterns, with over 10% of colleagues working part-time. Our family-friendly policies continue to evolve. In late 2024, we enhanced our Paternity Leave policy to offer up to four weeks' leave regardless of length of service or working pattern, as part of a broader refresh of our Parental Leave policies to better support parents, carers and those going through adoption. We keep these policies under regular review to reflect colleague feedback and changing needs. In 2025 we launched our **Working Families Network** to create a community to support and encourage work life balance for our working parents.

We have an established **Mental Health Network** that provides education, insight and peer support across the firm. **Mental Health First Aiders** are in place across all locations, and all colleagues are invited to undertake Mental Health First Aider training. All employees also have access to **Aviva DigiCare**, which offers confidential medical, mental health and wellbeing support, alongside practical guidance and learning modules.

In 2025, Isio announced **Mind** as its new firm-wide charity partner following an internal colleague vote. The partnership, which commenced 1 October 2025, focuses on supporting mental health awareness, information and campaigning for individuals and families affected by mental health issues. Our employees can take up to **6 volunteering days per year**, either for structured fundraising activities with Mind, or volunteering with a charity of their choice. Isio encourages community engagement through charitable partnerships, volunteering activity linked to employee networks and local offices, such as volunteer hours in community gardens or local food banks, and participation in sector-wide initiatives aimed at improving inclusion, access and wellbeing across the profession.

Transparency and measurable progress are central to our approach. Our most recent **Gender Pay Gap Report** (published July 2025) showed a sustained narrowing of the bonus pay gap on a mean basis and a broadly stable hourly pay gap. We have also set a clear **leadership aspiration** to increase the proportion of women in leadership roles to 35% over five years, with progress already increasing from April 2024 to April 2026. To support this aspiration, we have launched a career development programme for female Managers and Senior Managers, designed to address engagement and progression gaps highlighted through colleague feedback.

Quality

How does the quality and accuracy of our services promote effective stewardship?

We seek to ensure the highest quality of our client services by drawing on available resources, including drawing on new thematic or asset class research shared by the investment managers and investor initiatives we engage with. Quality is a rapidly evolving concept in the sustainability space and keeping track of industry and manager developments helps us to aim towards cutting edge sustainable investment advice. We believe industry best practice is largely progressed and refined through membership with market leading sustainability initiatives (e.g. ICSWG and NZICI).

We have elevated our collaboration efforts with members of our SI team holding leadership roles in industry initiatives including on the ICSWG steering committee (Cadi Thomas, Head of SI, appointed Co-Chair), ICSWG Influence workstream, NZICI steering committee, and the Emerging Markets and Developing Economies (EMDE) taskforce. We will in turn engage with the managers we work with to encourage them to improve (and measure progress against set sustainability priority areas). This helps to ensure quality for our clients by improving the management of sustainability risks and integration of ESG opportunities within their investments. We will also seek to use our Isio sustainability research to contribute to industry thinking via collaborative initiatives.

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Hiring specialist staff and continuing to ensure our existing staff develop their knowledge through professional qualifications and other means, can help to ensure the quality of our advice. We set out earlier, the qualifications that our Sustainable Investment and other staff continue to pursue, including investment, actuarial, ESG and climate change qualifications. We continue to look for opportunities to expand the team and demand for our specialisms continue.

Accuracy

We seek to deliver accuracy through a peer review process (previously described above), with any work developed by one colleague being reviewed by at least another two colleagues. A senior review process, where a senior staff member with relevant experience provides a high-level view on whether the reporting is in line with Isio expectations for our clients, is a further tool for ensuring accuracy.

We acknowledge that data accuracy and decision useful information are key for effective stewardship activities. For example, in the context of climate change, understanding data gaps and data quality issues for emissions information is important for informing clients' decarbonisation objectives, progress against those objectives, and climate-related manager engagement priorities. Whilst updating our understanding of the ESG and climate capabilities of managers on an annual basis (including through regular emails and dialogue) helps to promote the accuracy of the information we hold on them, we seek to understand any shifts in their approach and capabilities that may inform client engagement priorities.

Independent sources of information can help to support and evolve Isio's views and advice. For example, the external ESG data provider has enabled us to verify the accuracy of ESG and climate information being provided to us by managers. This will enable us to assess whether the ESG and climate objectives of investment managers' mandates are in fact being fulfilled, and to verify the accuracy of manager claims.



Case Study

Maintaining quality in relation to climate modelling

We recognise the importance of continuous improvement and enhancement of our services to better align to our clients' evolving needs. A key example of this is our proprietary climate model, which supports our clients' strategic planning needs and more specifically helps them consider the potential impact of different climate outcomes on their funding level and investment position. We constantly review our model and approach to ensure it reflects not only the latest scientific insights, but also valuable feedback from the wider industry on what best practice looks like.

We regularly review and update our climate model to capture the latest set of Network for Greening the Financial System (NGFS) scenarios, broadening clients' ability to assess up-to-date and diverse climate pathways. We have considered and tailored physical risk damage functions used within our modelling in order to best reflect the potential scale of physical risks and to go some way towards accounting for industry-wide limitations within quantitative climate modelling methodologies. These enhancements aim to equip clients with a rigorous, forward-looking climate model designed to strengthen strategic decision-making and future-proof investment frameworks. By integrating qualitative insights and quantitative outputs from climate scenario analysis, we enable clients to systematically assess risks, identify opportunities, and strengthen portfolio resilience against diverse climate-related risks and uncertainties.

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Moving forward: Governance, workforce, resources and incentives

At Isio, we continually monitor our activities for future improvement.
For example, ways in which we do this are:

- Sustainability integration, which starts at the top with senior management, and is embedded within our governance processes, to ensure that every team discusses sustainability as part of investment strategy development. Our understanding of what sustainability means will continue to evolve.
- We have a centralised Sustainable Investment (SI) Team, as a resource for client teams and a source of expertise on sustainability issues, ensuring adequate training of all investment staff, towards the delivery of improved ESG-related outcomes for clients.
- The Head of Asset Class and Manager Research ensures that sustainability is integral to all manager selection processes and new research ideas. Any solutions considered by our Investment Committee requires an accompanying sustainability view and rating.
- We work closely with our clients' investment managers, engaging with them to bring about improved sustainability and stewardship outcomes, over time. We recognise this is an iterative process and that best practice continues to evolve, so we will continue to engage with managers moving forward. As our understanding of sustainability, and the sustainable priorities of our clients, continues to evolve, so will our engagements with managers on the subject.

Moving forward we will continue to review governance, workforce, resources and incentive structures, to ensure these remain fit-for-purpose. As an ever-expanding business, we understand that such processes need to evolve with the business.

Diversity and Inclusion remains a focus for our business. In 2023-24 we established our Inclusion and Belonging Strategy, comprising of five I&B Pillars (below) that are reflective of the whole employee lifecycle and every layer of the business, and aims to embed I&B into our business as usual. Since we established the strategy, we have made significant progress in a number of these areas and established plans going forward.

- **Assess:** We expanded our pay gap reporting to include both Gender and Ethnicity, and increased diversity data collected on our people, to assess progress against our aspiration for 35% female senior leadership by 2029.
- **Attract:** We have successfully introduced apprenticeship and work placement schemes, and have included I&B training as part of onboarding.
- **Grow:** We have established a leadership development programme for females in the business to support our aspiration and implemented sub-aspirations for leadership diversity within each business service line.
- **Belong:** In November 2024, we successfully ran our first Isio Inclusion Week. We continue to run Isio Inclusion Week annually.
- **Influence:** Our leaders signed an I&B Charter demonstrating their commitment to embed inclusion in their day-to-day activities, we have delivered Leaders As Allies training to all Partners and Directors in the business, and have been shortlisted for the Women's In Pensions Award for the Organisation Supporting Diversity.

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Stewardship policies, processes & review

Signatories review their stewardship policies and ensure their processes.

Review and assurance of products, services and policies

As previously noted, in order to ensure that the work that we conduct at Isio is at a continually high standard, we have as a minimum a 'do' (2 eye), check and review (4eye) process in place. For higher risk and client work we also have a peer review (6eye) process in place. This is applicable across all of our work streams and client deliverables, including sustainability integration assessments of investment managers. Quality assurance is particularly important in the case of sustainability given the rapidly evolving landscape requiring the continued monitoring of the ESG best practice examples and regulations and norms as they continue to evolve. We believe this is an appropriate assurance process to ensure the quality and accuracy of advice provided to clients.

Review of Isio policies

Senior management has ultimate responsibility for ensuring the review of Isio policies. Director and partner oversight will ensure that policies continue to adhere to the direction of travel of the business. Whilst the relevant teams will be responsible for updating the policies.

We will proactively review our policies on a regular basis, with the majority of our policies being reviewed on an annual basis, and relevant heads of department responsible for leading on policy reviews. We may also review our policies in response to market developments.

Review of Isio activities

To remain effective consultants to our clients, we will also need to regularly review the activities we undertake on behalf of our clients. Below, we set out some examples on the sustainability and other activities we undertake, how frequently these are reviewed, and who is responsible for these processes.

Annual review and refresh of manager assessments

Our view of manager capabilities, whether from a sustainability perspective or more widely, are subject to change (either positively or negatively). For a change in view, the asset class head must present the recommendation for debate to our investment committee (the Research Engine), which includes our head of research, partners, directors and senior individuals from across research teams. The purpose of this group is to scrutinise and challenge the research and provide a "devil's advocate" viewpoint.

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To reflect the fact that the sustainability landscape is continually evolving, each year we review and refine our manager sustainability integration assessments, with evolving request for information (RFI) surveys, and scorecards upon which they are assessed, to ensure these remain fit for purpose and account for the evolving sustainable investment market and regulation. This process is conducted by the Head of the SI Team, supported by the deputy and wider research team. This in turn allows our clients to engage with investment managers on relevant topics with a continually evolving approach, enabling effective stewardship. As mentioned, the focus last year was on internal efficiencies and process improvements of our sustainability integration assessments and scorecards. This year we incorporated latest thinking around climate transition planning, target setting and reporting. This included greater alignment to leading market frameworks such as NZIF. Other examples of previous updates included reflecting market developments, such as the new Sustainability Disclosure Requirements (SDR) regulations, as well as consideration of establishing partnerships with leading academic institutions in developing bespoke risk management frameworks.

United Nations Principles for Responsible Investment (UN PRI)

As part of our commitment to supporting clients in their stewardship activities and in integrating sustainability considerations in their approach, in our first year since our departure from KPMG (2020) we became a signatory of the UN PRI and undertook our first UN PRI reporting submission during Q1 2021. This allowed us to carefully consider how our approach supports the integration of responsible investing factors. As service providers we have since been exempt from UN PRI reporting, but regularly engage with UN PRI in relation to the progression pathways and also provided feedback into their review. In the meantime, we will continually look to evolve our ESG approach with best practice approaches.

Other sustainability reporting: Beyond our reporting to the UK Stewardship Code and UN PRI, we provide reporting to other collaborative entities to which we are party. For example, we provide annual reporting to Investors for Purpose on our adherence to the Impact Investing Principles. The focus is on how our advice to pension schemes integrates these principles. The Impact Investing Principles were recently reviewed, and we provided feedback as part of the consultation process.



Case Study

Third party data services

Third party data

Isio's review of the data provided by various data providers reduces the risk of being overly reliant on one provider. We can assure data, by ensuring it is coherent as compared with other data sources. We do not believe any one source has a monopoly on good information and therefore we cast our net far and wide. We, therefore, subscribe to several data providers for investment data, including Thomson Reuters EIKON, S&P Global, MSCI, Morningstar, ICE, Financial Express, among others, as well as receiving regular information from a number of investment managers and banks.

We regularly review our manager research platforms, assessing a number of providers based on a range of criteria, data provided on the platform, and features. The outcome of the latest reviews were to replace eVestment with Morningstar (for liquid pooled funds – both equities and credit) and to replace Pitchbook with Preqin (for Private Market funds) (the latter was completed this year, while the former was completed in 2025).

With a focus on sustainability, the SI Team will lead on due diligence for ESG-related third-party providers, with sign off by the Head of Research and Senior Research Sponsor. We will also work with the Head of Compliance and Chief Technology Officer to ensure that these adhere to our internal risk and compliance, as well as technology policies.

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We conduct climate change scenario analysis using Moody's Analytics, which is integrated into our SOFIA modelling tool. This is based in the NGFS climate change scenarios. The NGFS are aiming to create consistency in the climate change scenarios adopted by the financial sector, and so helps to create a "common view" for comparability across the industry. As such, this provides an industry stamp on assurance, in terms of the consensus on climate change scenarios we should bring to our clients.

For other ESG data, we have drawn upon external investment managers to provide ESG data for client reporting. We note that this can create some discrepancy of reporting, including around methodologies but may lead to the best level of coverage achievable. Following the contracting of an ESG data provider, S&P Global, we have developed an internal ESG data model which significantly enhances our sustainability reporting capabilities for our clients, and enable us to provide assurance on the ESG data being provided by investment managers This will not only allow us to track data quality, but ensure that managers are on track to achieve ESG objectives they have set out for the funds our clients invest in.

Internal and external assurance

As part of our internal assurance, we will review all the external data and advice that we receive, to ensure it is coherent in light of other data sources, market developments, and information we are receiving from managers. We believe this is appropriate in reviewing all external resources we use at Isio. We believe that in the hiring of experts, specialising on anything from sustainability issues to DB or DC investing, we can rely on these internal experts to provide internal verification on our advice. We follow a consistent internal review process for metrics aggregation and for checking data provided by investment managers with both a checker and reviewer.

We however recognise that we could benefit from external advice and assurance in relation to our own internal practices. We therefore set out an example below of how we have begun to seek external assurance of our sustainability approach, from a corporate sustainability consultant.

We will continue to review our approach to assurance, to ensure this is appropriate for the services we provide to clients whilst seeking to understand where internal or external assurance may be more appropriate for the service in question.

Third party assurance

Whilst Isio has employed investment experts to be able to drive sustainability guidance for our clients, and assure the external data we provide to clients, we believe that in order to assure our own internal approach to sustainability, an external assurer is required. The Sustainability Action Group has selected a third-party provider, Sustainable Advantage, to support the development of Isio's climate strategy. Sustainable Advantage will also continue to support Isio with gathering firm ESG data, in particular emissions data, to feed into strategy and objective setting, recognising the importance of data verification for our internal decision-making (see below for a case study overview of the Isio climate journey to date), and consideration of the purchasing of quality carbon offsets.

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We set out below some example outcomes, for the reporting period.



Spotlight: Assurance of Isio's Climate Journey

Climate change action needs to be internal, as well as reflected in our external advice. In 2022, we set up a Sustainability Action Group (the "Group") with the remit to drive firm level sustainability action across our operations. In 2024, we hired a full-time permanent Inclusion, Belonging & Sustainability Manager, Polly Thorne, in order to support the Group drive forward our internal sustainability agenda and objectives. Following maternity leave in 2025/2026, Polly Thorne expanded her role in Inclusion & Belonging and Charles Pringle filled the role as Sustainability Manager.

In 2023, the Group also established a network of internal sustainability champions to drive internal sustainability initiatives, for example, establishing a "plastic free" July to reduce and/or eliminate plastic use by colleagues and in establishing local sustainable suppliers, or arranging local Corporate Social Responsibility (CSR) days.

The Group also selected an external climate advisor, Sustainable Advantage, to support on setting climate targets for the business as well as providing assurance on our current emissions reporting, calculating our Scope 3 emissions and in developing a carbon reduction plan aligned with long-term climate objectives. This is helping to provide external validity on the Isio climate strategy, which is still in progress. Sustainable Advantage have supported us and will continue to help in understanding our current footprint (including Scope 3) and how we can reduce this over the longer term to meet our targets and commitments. We have always sought to 'tread lightly', evidenced through our office locations near public transport, our travel policy, the Green car and Cycle2Work schemes, and our IT infrastructure and environmentally efficient office fit-outs.

On 29 September 2023, Isio purchased high quality, independently verified offsets for more than all of our Scope 1 and Scope 2 emissions since Isio's birth in March 2020. We recently purchased additional high quality carbon offsets in order to prudently ensure that we are carbon neutral since Isio's birth. We continue to engage with Sustainable Advantage to understand the current position and will continue to purchase more carbon offsets to at least maintain carbon neutrality going forward. We acknowledge that offsetting efforts is not a replacement for ambitious decarbonisation action; **emissions reduction remains our top priority**.

On 20 February 2024, we made public our long-term commitments as we progress towards Net Zero:

- an interim target of 40% reduction in calculated Scope 1, 2 and 3 emissions intensity (per £m revenue) by 2030 (from FY 2022 baseline) – demonstrating early progress in areas we can influence;
- a Net Zero target of 2045 - this requires that we decarbonise our emissions intensity (Scope 1, 2 and 3) as far as is practical (targeting 90% from baseline of FY 2022) before offsetting the residual emissions.

We continue to develop the details of our climate/sustainability strategy and will provide updates in future reporting.

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Client Feedback

We continually seek feedback from clients to ensure what we are providing is relevant and useful for its purpose.

Process example

Isio understands the importance of not only having stewardship priorities and engaging but having clear outcomes from these engagements which we are able to report on to clients. Specifically, for Isio this can involve letters, emails, calls and collaborative efforts.

As previously noted, via our manager sustainability integration assessments, Isio will engage with investment managers twice a year. We firstly email managers to request they fill out a request for information and, if necessary, hold a call with the manager to fill any gaps in order to assess the manager effectively. As part of this assessment, we detail the areas in which we think the manager can improve across the different categories and will then follow up with the manager post-assessment to engage on the areas to understand progress. When engaging with managers on these areas, we will have calls with managers where we have significant client exposure and/or highlighted issues with limited progress, in order to thoroughly challenge their progress and to understand their approach. We remind managers of these areas for improvement and provide them with the opportunity to provide updates on whether these have progressed or improved.

Policy example

A review of our Sustainable Investment Policy is undertaken annually, to ensure this remains fit-for-purpose in responding to the evolving sustainability landscape. This activity is supported by the wider SI Team, with senior sign-off provided by the Head of Sustainable Investment Research Team (and other senior leadership in the event of proposed substantial changes). This was most recently updated in April 2024, and we are currently in the process of reviewing and updating it now. We expect to publish this in early 2027.

We undertake collaborative engagement involving working with investment managers to develop new products which are appropriate for our clients' needs. These have involved sustainable versions of existing funds that we rate highly or new products. For example, we have continued to support clients in identifying investment solutions aligned with their specific objectives and constraints. This has included assessing products against bespoke exclusion criteria, such as revenue thresholds for certain sectors, as well as positive screening requirements, including net zero commitments by 2040. In the passive equity space, we have increasingly focused on evaluating next-generation strategies that move beyond backward-looking metrics and incorporate forward-looking data, by tilting portfolios towards companies that are better aligned with client's sustainability objectives.

We have also incorporated client feedback into a range of work, tailoring for client's as required, including:

- **Implementation Statements:** Offering clients bespoke implementation statements based on the individual client context, as well as condensing the information content as desired, while still meeting regulatory requirements.
- **Sustainability Integration Assessments:** Developing more succinct sustainability manager summaries, based on direct client feedback. This now includes more concise commentary, a checklist against a standard set of criteria and clearer areas of priority focus, while retaining the underlying depth and comprehensiveness of the analysis.

The above are examples of how we have assisted clients in performing effective stewardship through targeting continuous improvement in our offerings, guided by the feedback from our clients, and in assessing and engaging with client's investment managers through our Sustainability Integration Assessments.

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Case study

Ensuring our advice reflects market developments

We work with clients who continue to engage with us on cutting-edge issues, from carbon markets to social issues as well as market-related or systematic risks, and we work in partnership with them to develop new thinking. Examples of work we have done with clients to provide high-quality advice in response to external forces, include:

- We publish our quarterly i-topical paper, showcasing our main recent research ideas and thought pieces. This is shared with our clients and included in meeting packs. Recent examples include Private Markets in DC, insights on making the best use of DB surpluses, and understanding the options in relation to journey planning.
- Earlier this year we published our "Investment Themes for 2026" covering our view on the economic landscape and what this means for our clients (an extension from the 2025 themes). We supported our clients in reassessing their investment strategies and asset allocations, in the context of our 2026 "themes" which were: Endgame re-defined, Making LDI work for you, Credit investing in a low spread environment, and Growth asset opportunities.
- We recognised that many of our clients needed to look to offload illiquid assets, either because they are overweight these assets following rising gilt yields since 2022, or because of a desire to liquidate their portfolios on their path to insurance. Our proprietary secondary sales platform i-FLO allows schemes to sell these assets at a similar or better price, for a very competitive fee and typically more quickly than would be possible under a traditional brokerage model. Through our manager research and transitions teams we have extensive relationships with the main players in private market secondaries universe. These managers form a panel of counterparties who are able to directly bid on assets, offering similar or better pricing to that achieved by a broker, without the associated high fees. Since launching, i-FLO has supported 23 clients, providing pricing for over £800m of assets, and the platform's coverage has expanded to include direct lending, infrastructure equity, infrastructure debt, private equity and real estate debt.
- We have provided many clients with advice on endgame options as pension scheme funding positions have dramatically improved in recent years. An insurance buy-out has historically been the main endgame, but new regulations and market developments mean a purposeful run-on to generate a surplus to share with members and/or sponsor is now a genuine alternative and become more attractive. We have developed the tools to help schemes assess the right target for their situation and seize the benefits of the new DB landscape. For schemes committed to insurance, we have highlighted the importance of refining investments to provide the best match to insurer pricing in the run-up to a transaction and have advised that our experience executing risk-transfers suggests the received wisdom of a very high allocation to corporate bonds may no longer be appropriate. We have also completed refreshed sustainability integration assessments of all ten insurers in the UK insurance market and highlight sustainability considerations to clients approaching an insurance transaction.
- We are aware that market conditions can shift quickly. We want to help clients be prepared for future opportunities to buy corporate bonds at more attractive prices and therefore launched a campaign that sets out our Framework for Buying Corporate Bonds. We believe planning is crucial, so whilst our current view is that Asset-Backed Securities (ABS) is more attractive over corporate bonds, we have developed this framework to help clients spot opportunities and react quickly to benefit. The framework covers three key concepts: 1) establish triggers, 2) consider relative value, 3) focus on implementation.

We will continue to review our investment strategy advice, in response to future significant market developments, on a reactive basis. For example, we monitor the impacts of President Trump's policies on an ongoing basis, particularly in relation to sustainability and climate action.

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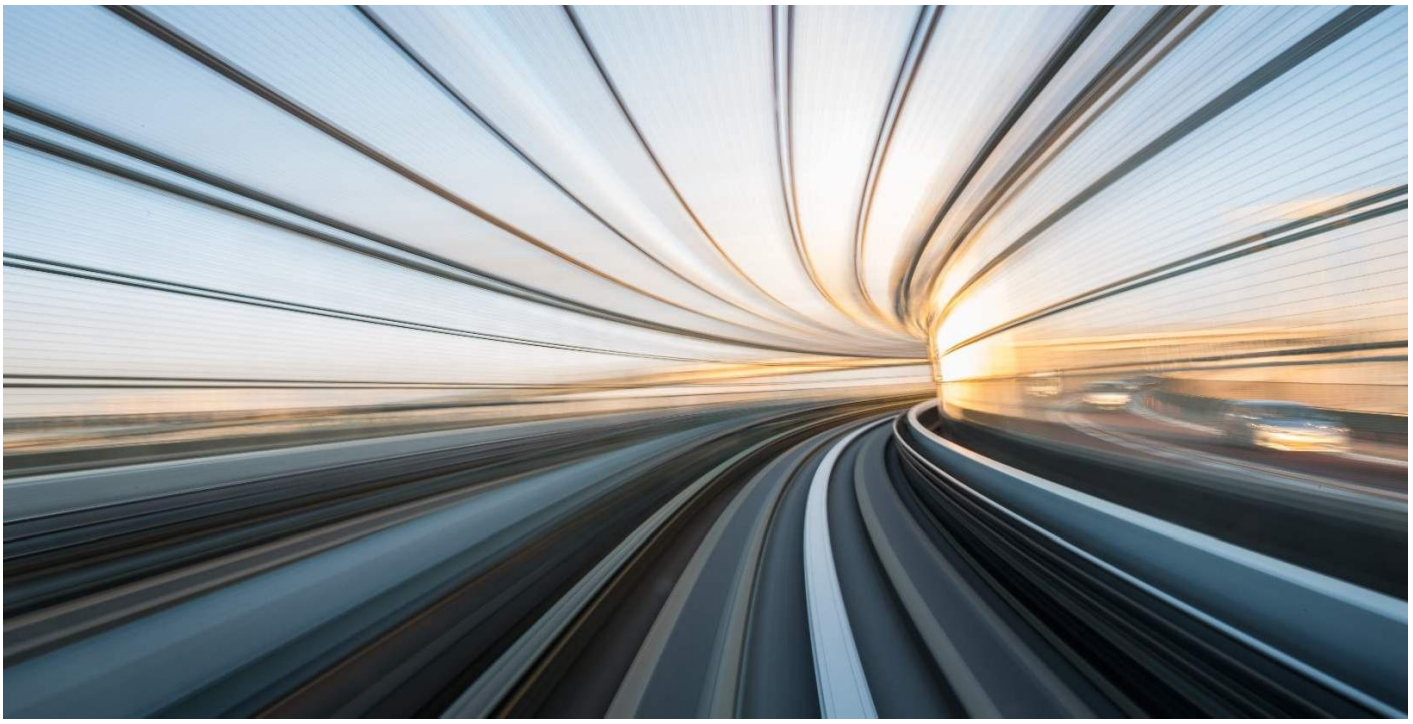
Moving forward: Assurance

Isio will continue to review assurance processes to make sure these are fit for purpose, on at least an annual basis. We understand that high-quality service delivery is critical to maintaining healthy relationships with our clients.

With a focus on sustainability and stewardship risks, this will require constant monitoring of the sustainability landscape to ensure our advice remains relevant for all our clients across the business. We understand the landscape evolves over time and therefore stewardship is an ongoing process.

Further improvements to our stewardship process may involve:

- Annual refinements and reviews of our manager sustainability integration assessments, to reflect new developments in the sustainability space, and to inform engagement activities. Whilst such assessments are internally assured; we will seek external guidance (in the form of industry best practice).
- We will also continue to engage with our modelling and data providers on best practice developments in the industry. This will help us to provide an internal stamp of assurance for our clients on their sustainable investments.
- For the sustainability research papers that we publish we will also consider seeking external assurance to ensure our messaging and findings are accurate, especially in light of how quickly the sustainability landscape evolves.
- We will continue to monitor industry standards, such as the ICSWG setting out expectations on ESG metrics to report, or evolving norms in stewardship disclosures.



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Conflicts of Interest

Signatories identify and manage conflicts of interest to put the best interests of clients first.


Isio Conflicts of Interest Policy

Read the policy here.

Managing and avoiding conflicts of interest, whether real or perceived, remain ingrained within Isio's culture, stemming from Isio's beginning as part of KPMG. The provision of impartial, independent advice is at the root of the business, and our conflicts policy consolidates firm-wide procedures and controls which seeks to identify, manage, record, and where relevant, disclose actual or potential conflicts of interest.

Isio takes the issue of conflict management very seriously and maintains a conflicts and dual appointment policy. The policies and procedures have been designed so that relevant persons conduct their activities at a level of independence appropriate to the size and activities of Isio to ensure that Isio has taken all reasonable steps to protect the interests of its clients.

If any of Isio's procedures do not provide the necessary level of independence, Isio will put in place alternative or additional measures and procedures as are necessary and appropriate.

Isio may, in certain circumstances, decide it is not able to act for a client because it is not able to prevent a material risk of damage to the interests of one or more clients.

In line with FRC expectations, we have published Isio's Conflict Management Statement to our public domain. This ensures we maintain transparency with our clients on how we deal with such conflicts and when they arise.

In terms of Isio Investment Solutions, as mentioned previously it has been established as a separate entity and will engage with Isio Group and Isio Services for the provision of non-core functional support. While undertaking its services to Isio Wealth Planning and Private Capital clients, there is sufficient financial and operational independence between Isio Investment Solutions and the wider Isio Group to mitigate significant influence risks, including conflicts of interest.

Isio Investment Solutions has a separate, distinct and comprehensive Conflicts of Interest Policy in place, alongside a suite of additional policies to manage conduct risk. The Conflicts of Interest Policy will be used to assess and document potential conflicts of interest between Isio Investment Solutions, the wider Isio group and its clients. For each identified conflict Isio Investment Solutions will put mitigants in place to ensure that the conflict is managed. Where unmanageable conflicts are identified, Isio Investment Solutions will consider whether it is appropriate to proceed with the relationship (e.g. with a potential client or another entity). Further, Isio Investment Solutions has implemented controls around potential conflicts that include conflict management measures and enhanced conflict training and awareness for senior members of staff. Lastly, we do not manage client funds directly, but use selected pooled funds to build our managed portfolios.

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Governance of conflicts

The responsibility for the management of conflicts of interest rests with Isio's Board and Senior Management (including that of Isio Investment Solutions), who ensure they are kept fully aware of the Financial Conduct Authority (FCA) requirements in respect of conflicts of interest and are able to identify and manage any actual conflicts of interest or perceived conflicts of interest. They must be able to assess objectively any conflicts or potential conflicts and be aware of the steps that need to be taken to mitigate any such conflicts in respect of both their business and personal responsibilities.

The Board and Senior Management is responsible for ensuring that Isio's systems and controls are robust. This includes taking all reasonable steps to identify and manage any conflicts of interest that may arise and carry out an informed assessment of Isio's arrangements to assess that they are operating effectively. In practice, this requires Isio's Senior Management to:

- Be involved in the identification and management of areas where conflicts of interest may arise;
- Regularly review Isio's risk of conflicts of interest arising and the mitigating arrangements in place. This will involve an inclusive review of the entire business activities of Isio and, where appropriate, will include the relevant activities of any group of Companies;
- On an annual basis all Board members and staff must formally confirm any conflicts of interest;
- Assess and review on an ongoing basis, situations that could potentially give rise to conflicts of interest. For example, whether Isio's organisational structure is likely to incentivise behaviour that may lead to conflicts (bonuses, appraisal, management/control) arrangements that reward or potentially reward behaviour that disadvantages the interests of one client in favour of Isio or another client); and
- Put in place processes so that Senior Management can identify any new conflicts of interest that may arise, for example as a result of new business or new product initiatives.

There are circumstances in which conflicts of interest may arise within the business. We have some general principles in place to reduce the risks of conflicts of interest arising, and mitigating those risks if and when they do arise, for example:

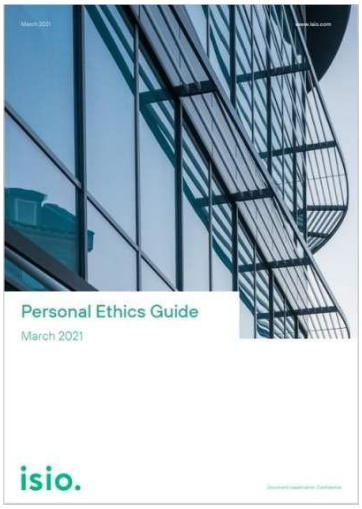
- We fully assess potential clients for any conflicts of interest and may choose not to onboard clients when their interests may present a conflict of interest with existing clients;
- We treat all clients fairly and will always notify clients of any potential conflicts of interest, as soon as possible, when they arise;
- We create informational barriers, wherever necessary, to ensure that no conflicts of interest arise across different business lines and teams within our firm (e.g. limiting dialogue between colleagues, or limiting access to files, as needed);
- We have a policy on gifts and hospitality, and employees are required to receive written approval from the risk and compliance team before accepting gifts or hospitality from investment managers or other parties that may result in a conflict of interest, and to ensure our independent advice to clients on investment managers and solutions is never comprised by those relationships;

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- We ensure peer review processes are adequate to represent multiple views within the firm, so as to minimise the possibility that there is individual bias within our client advice;
- We have rules in place when contracting external services, either directly or on behalf of our clients, to ensure that such selection processes are fair and transparent (e.g. when selecting data providers or bringing on additional consultants).

We set out our activities related to conflicts of interest below:

- **Independent in our decision-making, operations and advice to clients** – We offer truly independent advice to clients and retain independence from fund managers in relation to any manager selection advice and in our investment decision-making. Whilst our scale enables us to negotiate preferential fee rates for our clients, we pass all this saving to our clients with no financial benefit for Isio. This enables us to provide independent, whole of market advice with no conflicts. We may provide advice to investment managers in relation to possible improvements to an offering but will be independent of any client selection exercises. In addition, Isio Investment Solutions retains independence as the manufacturer of the model portfolios and does not engage in co-manufacturing activity with Isio Wealth Planning or any other third-party advisor. We maintain sufficient financial and operational independence between Isio Investment Solutions and the wider Isio Group as separate legal entities and with individual policies.



- **Regulation/code of ethics** – We are regulated by the FCA, and as such our consultants comply with their strict code of ethics. In addition, as many members of our team are FIA or CFA qualified, or are studying towards these qualifications, they comply with the code of ethics/conduct for the relevant professional bodies. Finally, all consultants must undergo compulsory ethics and independence training annually.

- **Polices and oversight** – We have detailed policies governing our business and for dealing with any potential conflicts of interest, and have an independent compliance team that are responsible for ensuring that our consultants fully comply. This makes sure that any potential issues are considered before we engage with any client and that these are proactively managed during our contract should circumstances change.

- **Profit from generating work** – We recognise there will be occasions when we bring our clients ideas that in turn generate additional work for us. The professionalism of our consultants means that this would never be a motivation for advice, and they are not rewarded for doing so. Our clients' best interests are always front and centre in our advice. We are happy to work on an all-encompassing fixed fee basis if preferable.

- **Consultant remuneration** – Remuneration is not directly linked to fees generated from clients. Our team have fixed salaries and a variable bonus that is linked to a range of objectives covering the growth of our overall business, driving the right behaviours within our business and in developing the team. For those within the SI research team these objectives are aligned to their SI responsibilities.

Should a conflict of interest arise, we contact our clients and have an open discussion in order to mitigate any concerns

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- **Risk and compliance** – Isio's risk, legal and compliance teams have systems and policies in place to ensure that employees do not derive any personal gain from the use of information collected whilst undertaking our work process. These include a system to detect possible personal conflicts and employees are required to disclose anything of importance and seek pre-clearance from the risk team as soon as a potential conflict arises.

Isio senior management and the Compliance Department are alerted to any potential conflicts - particularly those in respect of any new business activity - which will go through Isio's defined process. As part of the Compliance Monitoring Programme, the Compliance Department conducts various tests including elements of conflicts monitoring and maintain a national conflicts of interest register.

Via our learning portal, all employees receive training on Isio's procedures for identifying, managing and escalating conflicts, were made aware of Isio's Conflicts of Interest Policy and their responsibilities to ensure the fair treatment of clients.

We provide two example case studies below, on relevant conflicts of interest for the business over the past year, and how we have managed those.



Case Study - 1

Insurance and Risk-Broking Projects

Isio's Insurance & Risk Team has expanded significantly following the acquisition of K3 Advisory, a specialist in risk and settlement solutions, and is the only advisory firm to have led transactions with all ten active insurers in the market. Isio can be appointed to provide risk broking advice to the Trustees, Sponsor or both parties where a Joint Working Group (JWG) is set up. On appointment Isio would typically project manage the entire exercise and coordinate input from all other parties (including other advisors). Isio leads technical negotiations with the insurers, manages day-to-day activities, and ensures maintained alignment with client objectives across all parties.

To avoid any potential conflict of interest where Isio is appointed to provide services to both the Sponsor and Trustees, a bespoke Conflict Management Plan is put in place, which all parties sign. This sets out clearly which services are provided by the different Isio teams, and any known possible conflicts of interests between parties and how they or newly arising conflicts will be addressed. The Conflict Management Plan also serves to satisfy the various actuarial professional standards. By embedding conflict protocols into the governance framework, Isio enables clients to leverage its cross-disciplinary expertise without compromising objectivity.

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Case Study - 2

Isio's Model Portfolio Services (MPS)

Isio's relatively newly launched Model Portfolio Services (MPS) for wealth managers and financial advisors, provides cost-efficient access to pre-built risk-specified investment portfolios, managed under Isio Investment Solutions (IIS). To combat potential conflicts, IIS operates with organisation and administration separation from Isio Wealth and other Isio business units, and will only engage with Isio Group and Isio Services for the provision of non-core functional support. There is sufficient financial and operational independence between Isio Investment Solutions and the wider Isio Group to mitigate significant influence risks.

IIS does not manage client assets directly or directly provide investment products, but rather constructs portfolios using a selection of externally managed pooled funds. There is a set conflict of interest policy, which mandates clear exposure of potential conflicts to clients, monthly monitoring via the Operational and Risk Committee (OPCOM) forum (an internal governance body), separate Segregated Managed Accounts (SMAs) and MPS investment committees, and escalation to the IIS board where appropriate. This governance structure ensures that colleagues are motivated by driving client interests, not product placement and internal gain.

Moving forward: Conflicts of interest

As our list of clients continues to grow, so does the potential for conflicts of interest. On an ongoing basis:

- We will continue to review our conflicts of interest policy on an ongoing basis (at least annually) to ensure this remains fit for purpose.
- We will continue to monitor the industry landscape for developments in best practice and respond accordingly.
- Lastly, we will continue to ensure all new and existing employees receive ongoing training in respect of Isio's procedures for identifying, managing and escalating conflicts.

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Policy & Context: Summary Statement

While we have grown substantially both organically and through acquisition over the last year, and despite some senior leadership changes and expected internal turnover, including our CEO and CFO, the way we do business, our values and purpose, as well as our policies, procedures and processes have remained constant over the period.

As noted, with the exception of a small degree of natural staff turnover, our team, resources and governance structure have also remained broadly unchanged from the prior reporting period.



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Activities & Outcomes Report

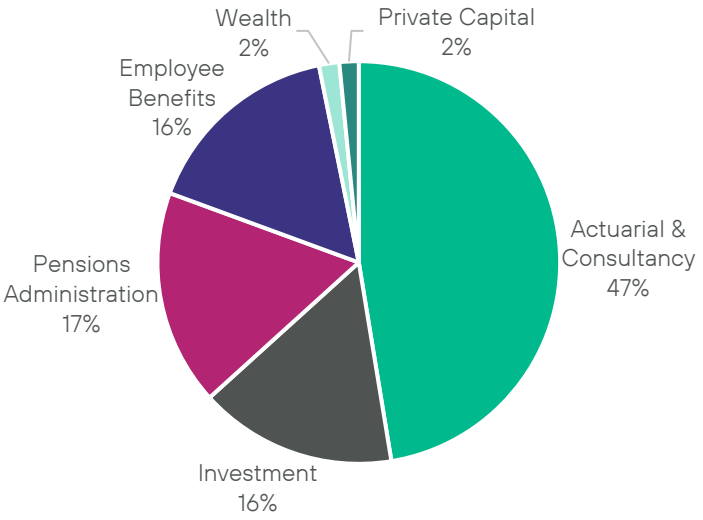
Communicating with clients

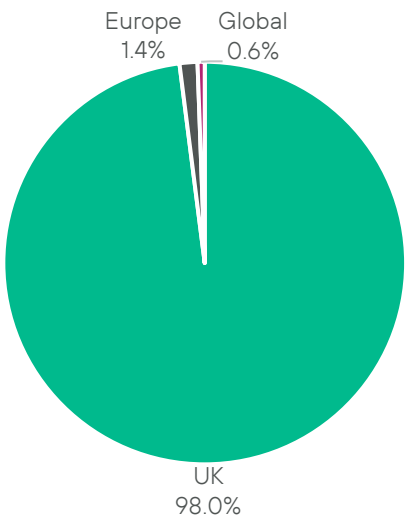
Signatories communicate with clients to understand their objectives and deliver services to support their stewardship.

Client base

Isio Group Limited services are delivered to institutional clients (including corporate, DB and DC pension schemes, family offices, local governments, and other institutions), with some exposure to retail clients.[1] We serve ~1,745 clients across our various lines of business.

The Isio client base is broadly distributed across the following business lines and geographic areas. The largest proportion of clients are domiciled in the UK. The below charts show the proportion of clients based on their absolute number, as opposed to being weighted based on value of investments under advice.





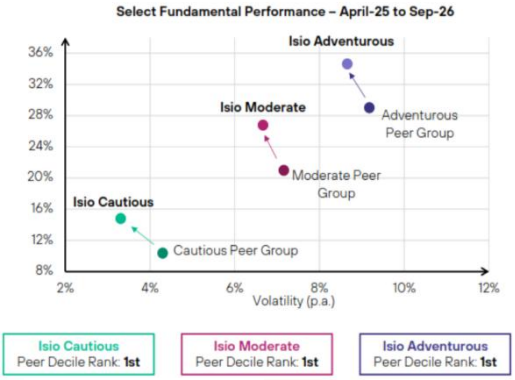
Within the Isio Group, the Investment Advisory team's counsel covers:

- Assets worth ~£300 billion in assets under advice spanning a broad range of clients, across DB and DC pension schemes and other institutional investors, as well as £3bn in wealth advisory (including personal and family wealth), with differing requirements and beliefs when it comes to sustainability and stewardship.
- From a geographic perspective, nearly all of Isio's investment advisory clients are based in the UK.

[1] These statistics include all recent acquisitions - Premier Group and Premier Wealth Planning on 1 October 2022; Deloitte Total Rewards & Benefits (DTRB) in May 2023, with full integration on 1 October 2023; and K3 Advisory in February 2025. The client data excludes the recent acquisition of Collidr.

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- Isio's Model Portfolio Solutions and broader investment offering has continued to grow strongly, with total assets under management of approximately £5.1bn as at 30 September 2026. This comprises of £209.1m assets across the MPS platform, £810m related to Project Page (a large portfolio acquisition) and £4.1bn relating to the acquisition of Collidr. Performance has also been extremely positive since inception, with first decile returns across our longer running ranges (see chart to the right).



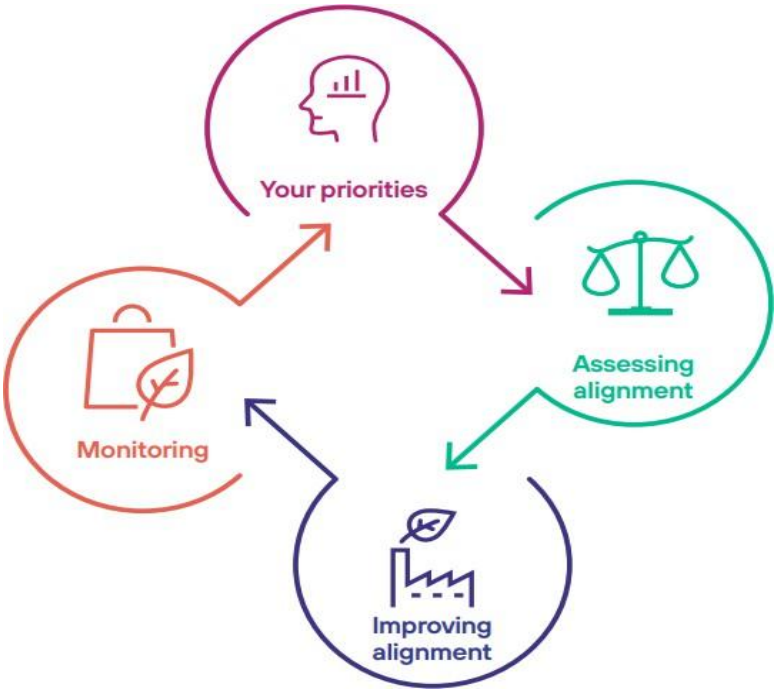
Source: FE analytics.

Activities

Client sustainability journey

We believe that alongside traditional strategic considerations, sustainability is an important factor across all asset classes to be able to target long-term sustainable and risk-adjusted returns. Furthermore, we believe investors should be good stewards of their assets to deliver real-world change, and we have a duty to support our clients in achieving this.

Our client sustainability journey consists of the following stages:



We communicate with our clients in a variety of ways, including:

- Telephone calls
- Emails
- Virtual or face-to-face meetings
- Newsletters
- Papers and blogs
- Conferences and events

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The way in which we communicate with clients depends on their needs, therefore we evaluate which method is most effective on a case-by-case basis. We are also aware as our clients move along their journey, their needs and therefore the way in which we communicate with them changes. Therefore, we reflect this in our approach and monitor our communication constantly.

We set out our specific sustainability services in further detail below:



The world of sustainability continues to evolve and so do our clients' priorities. We provide regular training to our clients on a range of SI-related topics in order to capture the latest industry and scientific thinking. Increased knowledge on these topics can help in identifying beliefs and priorities (Sponsor views can also be captured here). These priorities can be translated into specific investment objectives and targets, such as the adoption of a Net Zero commitment.

Training sessions focus on a broad range of sustainability themes, such as climate change, nature and social factors, as well as stewardship. The focus is adjusted to the context of the individual client and on their specific priorities and beliefs, for example, the regulatory requirements they are subject to, investor norms and investor initiatives they are interested in, as well as asset class specific sustainability considerations. These sessions are particularly helpful given the ever-changing sustainability landscape, and in the UK, the strong proliferation of ESG regulation over time, for pension schemes in particular.

We continue to roll out the below educational sessions (amongst others) with clients:

- Sustainability and stewardship sessions: These sessions focus on building an understanding of what is meant by sustainability and stewardship:
  - Exploring sustainability themes and the types of ESG risks and opportunities that can arise for investors, as well as the investor initiatives that can be used to respond to these issues (e.g. the UN PRI).
  - For stewardship training, we focus on investor collaborative initiatives, as well as the importance of engaging with investment managers and potentially investee companies on issues of concern. We encourage clients to draw from the UK Stewardship Code guidance to inform good stewardship practice. Pension scheme clients have continued to meet the stewardship regulatory requirements and recommendations, that increased onus on Trustees to maintain oversight of stewardship activities, as well as the setting of stewardship priorities and monitoring their investments against these.

- Climate change:
  - As part of our general climate training, we focus on the climate-related low carbon transition and physical risks and opportunities that can arise for our clients, and how these might play out over different timeframes and under different climate scenarios. We also provide an overview of investor initiatives in the climate space (e.g. TCFD, TNFD) as well as regulatory developments (with a focus on the DWP climate change guidance for pension schemes).

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- Emerging climate issues: the focus has continued to be on providing education on emerging climatic concerns and latest in climate science, such as the possibility of extreme physical damages from climate change and projected temperature pathways, and the associated social cost (i.e. consideration of the Just Transition).
- We have also recently developed a decision tree and training materials on NZIF 2.0 to support clients with setting future climate targets.

- We also hold bespoke sessions dedicated to specific social or environmental issues of concern and tailored to the specific interests of the client:
  - Some of our training sessions focus on identifying priorities based on the UN Sustainable Development Goals (SDGs) framework.
  - In the past year, we have continued to focus on engaging with our largest pension scheme clients on the setting of stewardship priorities, as a best practice approach for guiding their engagements with investment managers. The aim is to ensure the alignment of the managers' voting and engagement activities with the Trustees' views in these priority areas. As well as in the setting of climate decarbonisation targets or transition pathways with our largest and most engaged clients and considerations around the wider sponsor's Net Zero commitments.

  New areas: Given that the ESG landscape continues to evolve, and informs Isio's sustainable research priorities, we are engaging with our most ambitious clients by undertaking training sessions with them on topics. Recent topics have included nature and social factors, engagement versus divestment, and the role of sustainability in endgame planning. We have also recently started looking at the viability of Impact Asset Backed Securities (ABS) that is Net Zero and/or SDG-aligned, alongside the sustainability credentials of leading ABS managers. The first step is to understand the level of client interest in pursuing the relevant ESG considerations within their portfolio. For any new research, we often develop accompanying blogs or papers and/or videos on social media, which helps to distil the key messages in just a few minutes.

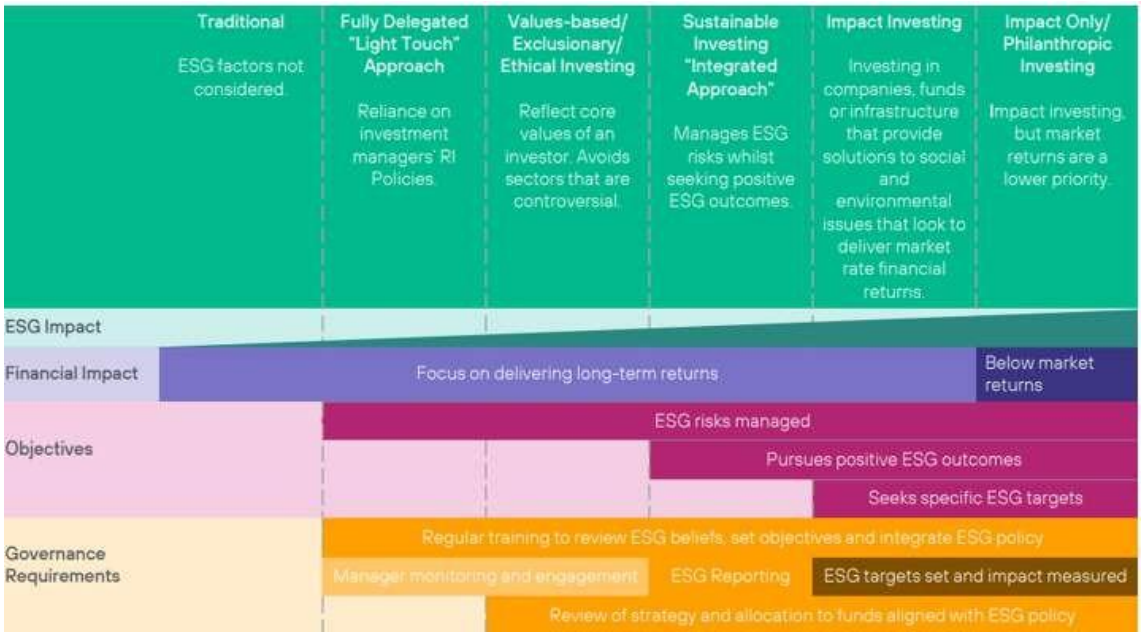
  Over the last year, we have developed a new suite of training material covering a wide range of topics to meet individual client needs and relevant to where they are in their respective investment and sustainability journeys.

Once we have undertaken training, the next step is to understand whether our clients have an interest in setting sustainability policies and objectives.

We understand that there is a myriad of perspectives on how sustainability should be integrated within client portfolios. We help our clients identify where they lie on the spectrum of approaches to sustainability issues (shown below), from ESG factors largely not being considered, through to impact investing (we describe impact as investing in companies, funds or infrastructure that provide solutions to social and environmental issues that look to deliver market rate financial returns).

We then help clients develop a sustainability approach collaboratively with the client in line with their beliefs and where they want to be on the spectrum. We continually challenge our clients to consider the potential benefits of progressing along the spectrum with increasing weight being given to ESG-related risks and opportunities within the portfolio.

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In order for our clients to agree a bespoke set of sustainability beliefs, we issue a survey to gather views on various ESG, stewardship and climate change related issues, as well as other possible topics, such as the metrics they could use to monitor their activities. We capture these ESG beliefs within the client's sustainability policy, which is referenced to within the Statement of Investment Principles (SIP) and published for deeper scrutiny.

As part of this process, we also consider whether the client wants to agree quantifiable targets at a strategic level. There are different layers of objective setting, and we set out an example below:

	Example objectives
Primary objective	Seeking to align with global sustainability objectives, such as the Paris Agreement objective of a 1.5°C scenario or below 2°C (which may be seen as more achievable), by the end of this century
Secondary objective	Establishing science-based decarbonisation targets, e.g.: • 42% decarbonisation of the emissions intensity of the portfolio by 2030 (vs a 2022 baseline) (for Scope 1 & 2 emissions) • Net Zero emissions by 2050 (for Scope 1, 2 & 3 emissions)
Allocation objective	Delineating decarbonisation commitments within the portfolio's investment mandates and agreeing those with the investment managers and making investment allocations and targets to related investment opportunities including renewable infrastructure and/or natural capital solutions.
Synergies and trade-offs with other objectives	Understanding that there might be trade-offs and synergies, for example, decarbonisation commitments may adversely impact on the Just Transition (in negatively impacting communities reliant on high carbon industries and employment, for example) and considering the sponsor's commitments.

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Client Feedback

We continually seek feedback from clients to ensure what we are providing is relevant and useful for its purpose.

Once sustainability views and priorities are agreed, we can consider how aligned the current investment strategy is with these priorities. We will review our client's investment strategy to check the compatibility of the investments with their policy. This includes assessing the objectives of the solutions they invested in as well as considering the SI-related capabilities of their investment managers, via a quantitative scorecard approach. These discussions and assessments are forward looking in nature. This step seeks to take account of the current portfolio, in terms of the consideration of sustainability objectives within the strategic asset allocation and assessing specific asset class opportunities (with stronger sustainable investment solutions available within some asset classes than others), versus where the client wants to get to.

For example, we supported an LGPS Fund committing to an investment in a nature-based solution, focusing on the remit of a timberland mandate which demonstrated strong sustainability criteria. This included some consideration to the role of carbon credits in providing optionality in terms of meeting Net Zero objectives and/or as an additional return driver. We have also supported the same client in allocating to renewables infrastructure and social infrastructure and housing mandates in line with their ESG beliefs and within their local area (i.e. place-based impact allocations). We have also more recently expanded our research coverage of social real assets including affordable/social housing and social infrastructure, in response to growing client interest in this area (including within the LGPS client base).



We carry out a review of the extent to which our client's investment managers identify and manage ESG-related risks and opportunities, and how they align with the client's sustainability policy. We highlight any key issues or actions that we suggest may warrant further engagement with the investment manager. This could lead to a change to their investment portfolio but where possible, we look to remedy issues identified through working collaboratively with their existing investment managers.

Isio's manager research – as well as our Sustainability Integration Assessments – helps us to engage with our clients on manager selection and manager monitoring processes. Isio undertakes an annual sustainability assessment of our clients' funds, and this information forms the basis of reporting to our clients. We use asset class specific sustainability scorecards where we rate investment managers across five assessment criteria, as shown below.

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Assessment Criteria	Description
Investment approach/framework	There is a clear approach/framework for integrating ESG factors.
Risk management	ESG factors are integrated holistically into the manager's risk management framework.
Stewardship	There is evidence of ongoing engagement with companies and other parties on ESG issues to help initiate change and of exercising voting rights (where applicable – equity and multi-asset funds).
Reporting	The manager provides meaningful and regular reporting on ESG metrics, including climate, nature and social metrics, as well as engagement and voting activity.
Collaboration	The manager has signed up to relevant ESG organisations and can provide evidence of engagement with other stakeholders and market participants to encourage best practice on various ESG issues.

The scorecards are used annually to assess all funds in which our clients are invested as well as for ad-hoc fund due diligence. Funds will receive a Green, Amber or Red rating, with an associated numerical score (of 1-5, see below) across the five assessment criteria, as well as at an overall fund level. Impact and sustainable funds are expected to score above 3 based on our additional sustainable or impact criteria (sustainable or impact funds that do not meet these criteria would score below 3).

We generate an overall score for the ESG approach, and also generate further scores for the climate, nature and social approaches, respectively. While we have the capability to report on social and nature scores, we do not report these in standard client reporting as these areas continue to develop and evolve, and we will reconsider this as this becomes more established. However, where conducting due diligence on a product with a defined nature or social impact objectives, we consider these scores as part of our research assessment and overall rating and should a client have a specific social or nature objective or allocation we are able to provide this reporting on an ad hoc basis.

Score	Description
4 < Score <= 5	**Meets additional impact criteria:** The fund qualifies as a specialist ESG fund with specific environmental or social impact objectives being equal in importance to more traditional financial objectives such as risk and return targets. The fund will need to fulfil additional impact evaluation criteria.
3 < Score <= 4	**Meets additional sustainability criteria:** The fund qualifies as a specialist ESG fund with environmental and/or social objectives being equal in importance to more traditional financial objectives such as risk and return targets. The fund will need to fulfil additional sustainability evaluation criteria.
2 < Score <= 3	**Meets traditional criteria:** The manager scores highly on our ESG scorecard and is in line with best practice in terms of ESG integration.
1 < Score <= 2	**Partially meets criteria:** The manager has scored strongly on some (but not all) of the ESG assessed criteria and ESG integration is on par with the majority of investors.
0 < Score <= 1	**Significantly fails to meet criteria:** The manager fails to meet most of the criteria on our ESG scorecard and is significantly behind best practice in terms of ESG integration.

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We use the scorecard to identify areas for improvement, which we communicate to each investment manager assessed. We then engage with them to assess progress against these actions on an ongoing basis. Examples of proposed actions include:

- Investment approach – agreeing quantifiable, fund-specific ESG objectives such as Net Zero journey plans or decarbonisation targets.
- Reporting – broadening the ESG metrics included in regular reporting to investors and consider ways in which to improve data coverage.

We provide an example client facing output from an ESG manager research exercise, below.

Manager – XYZ Fund

Criteria	ESG Score (2025)
Overall	1.9
Climate	1.9
Investment Approach	1.8
Risk Management	2.3 ↑
Stewardship	2.1
Reporting	1.3
Collaboration	2.3

↑ Category rating has improved vs 2024 ↓ Category rating has deteriorated vs 2024

Meets Additional Impact Criteria 4 < Score <= 5 | Meets Additional Sustainable Criteria 3 < Score <= 4 | Meets Traditional Criteria 2 < Score <= 3 | Partially Meets Criteria 1 < Score <= 2 | Significantly Fails to Meet Criteria 0 <= Score <= 1

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We have rated the Fund an amber overall for ESG integration due to clear strengths within risk management and stewardship, in particular multiple ESG data sources are utilised in the due diligence and monitoring stages to help identify potential ESG risks. However, the fund could improve upon its reporting, as they do not provide ESG ratings for the underlying assets in the fund.

Assessment snapshot *(the below is only a subset of the total criteria assessed)*

Firm-level	
Published firm-level ESG policy	✓
Firm-level net zero commitment (with supporting decarbonisation target)	✓ (×)
Firm-level stewardship priorities agreed	×
Signatory to the UK Stewardship Code and Net Zero Asset Manager's Initiative (NZAMI)	✓ & ✓
Fund-level	
Fund-level ESG objectives or focus areas in place	✓
'Harmful' sectors excluded (if relevant) ('harmful' can by defined differently be each investment manager)	×
Explicit ESG scorecard/assessment framework used within investment process	×
Portfolio climate scenario or risk modelling used as part of the risk management process	✓
Evidence of engagement & voting (if relevant) on relevant ESG issues / priorities	✓
Sufficient level of coverage of Fund-level carbon-related metrics provided (scope 1 & 2)	✓
Reporting of ESG metrics in regular reporting (incl. ESG scores, climate & social metrics)	✓

Note: Views expressed by Isio are based solely on information provided by the investment managers. Document Classification: Confidential | 1

Over the past year, we have updated the scorecards to reflect the latest industry best practice in the ESG space and expect investment managers to raise the bar each year, alongside additional efficiency updates.

We review and update our scorecards to reflect the latest industry best practice and market developments. This year we reflected new developments in the sustainability landscape including climate transitioning planning and reporting frameworks (e.g. NZIF 2.0).

We will continue to evolve our approach year-on-year and expect investment managers to do the same to maintain best practice standards. We would therefore expect a deterioration in the score of a manager that fails to keep pace with evolving best practice for their respective asset class.

Separately, as noted elsewhere, we have also been conducting new research on market-leading sustainable investment solutions across asset classes, for example:

- Several years ago, we supported the development of the first Long-Term Asset Fund (LTAF). We have subsequently supported a number of Master Trust clients in relation to researching a number of other LTAF products, to allow DC schemes access to private markets (including private equity, infrastructure, and property), which was previously unavailable to them. These products vary from ESG integrated to those with significant allocations to sustainable and impact opportunities such as low carbon solutions, renewable infrastructure, and social housing.
- We have continued to work with an investment manager on an innovative synthetic equity and protection strategy offering investors a zero-cost equity solution including protections (or excluding protection with additional upside), adding a sustainable version to the range.

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- We also helped structure and launch an innovative resource efficient equity index for an LGPS pool which was seeded by one of our LGPS clients. The funds broadly replicate the regional and sector exposure of a typical market capitalisation index. In the passive equity space, we also continue to focus on evaluating next-generation strategies that move beyond backward-looking metrics, including tilting towards companies that are better aligned with future sustainability objectives.
- We have also supported an investment manager in launching their first institutional venture capital fund. We provided input on how best to structure the product to meet the requirements of institutional investors (such as LGPS and DC Master Trusts) and best leverage their skillset to deliver an innovative and strong product, while also addressing points raised by Mansion House.
- Further, as UK corporate Defined Benefit (DB) pension schemes mature, their investment strategies have shifted, leading to greater diversification to liquid credit. We therefore saw a need to enhance portfolio diversification while reducing cross-asset correlation, and explored illiquid credit alternatives that offer an illiquidity premium while remaining consistent with the need for monthly cash flows. This has led to two new sub-asset classes that we conducted deep dive due diligence on, Private Investment Grade credit and Fund Finance, and rated numerous products in this space.
- We continue to seek best-in-class solutions in nature-based solutions, including pure-play timberland solutions, or forestry solutions that also award a minority allocation to oceans and agricultural solutions, and carbon credit hedging solutions. We have therefore conducted due diligence of industry nature-based solutions, across the liquid to illiquid and thematic spectrum, and will continue to research innovative solutions within nature-based solutions as the opportunity set broadens. We have also researched and supported clients in investing into innovative diversified sustainable infrastructure 2.0 solutions including healthcare, climate resilience, digital and other social infrastructure.
- Lastly, we have expanded our research of social real assets, including affordable/social housing and broad social infrastructure, in response to growing client interest in this area, and assessed a range of investment solutions across real estate, infrastructure, private equity, and private credit.

Isio manager engagements

We define engagements according to the ICSWG definition as follows:

Interactions between an investor (or an engagement service provider) and current or potential investees (e.g. companies), conducted with the purpose of improving practice on an ESG issue, changing a sustainability outcome, or improving public disclosure. Engagements can also be carried out with non-issuer stakeholders, such as policymakers or standard setters.



We encourage transparent and regular reporting on ESG metrics against ambitious yet achievable targets. Given the evolving landscape we support clients in ensuring regulatory requirements are met and ensure insight on key SI topics are shared to develop knowledge. We support clients in exceeding regulatory requirements to ensure our clients' portfolios are future proofed.

A key part of the sustainability policy framework is engaging with investment managers, encouraging positive changes to their policies and monitoring progress. We engage with all investment managers on the issues highlighted in our Sustainability Integration Assessments and we detail to clients any changes to their sustainable investment capabilities as a result of this engagement. The vast majority of our clients receive regular and ongoing monitoring of their appointed investment

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managers and that our clients' sustainability policies are reviewed at least annually. This is in line with recommendations from the DWP, who advise that investors regularly receive training, review their sustainability policy and review their investment managers' approach to managing sustainability-related risks on an ongoing basis.

We engage with investment managers via a range of approaches including via email and calls. We will also support clients in written formal letters of concern to their investment managers where improvements are not forthcoming, and depending on the size of manager, importance of the issues at hand, and our client exposure invested. This would be used as a tool of escalation where the manager is consistently scoring poorly across a number of our criteria and in relation to specific holdings (for example, off the back of negative press). We typically engage initially via email, unless specific issues warrant additional scrutiny and will then request a call (particularly where we have significant exposure to the manager). In 2026, we engaged with a total of ~60 investment managers across over 140 funds.

In addition, the asset class research teams hold quarterly update calls with all rated investment managers in which ESG issues are often also discussed.

ESG Metrics Summary

We have also been working with our clients to monitor their incumbent investment managers against various ESG metrics set to help check compliance with the agreed ESG beliefs. For example, increasingly over the last couple years managers have been able to report on Scope 3 emissions as data becomes more readily available. This leads to additional engagement with the investment managers where progress is short of expectations, and in some cases further escalation with certain managers if improvements are not forthcoming. In extreme cases, and with consideration of broader risks, this can lead to rotation away from laggard managers. The following example is based on illustrative data. But as noted previously, we are currently rolling out of our own ESG metric analytics model for our clients, which will significantly improve our reporting offering to clients.

Metrics by Mandate	Fund/ Mandate A (*Gilts only*)	Fund/ Mandate B	Fund/ Mandate C	Fund/ Mandate D	Fund/ Mandate E	Fund/ Mandate F	Total - Portfolio level
Total GHG emissions (scope 1 & 2)	301,351	17.475	34,504	1,209	14	4,596	359,329
Carbon footprint (scope 1 & 2)	161	34	113	5	12	9	80
Data quality – total coverage	100%	88%	15%	37%	100%	24%	63%
% Verified	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
% Reported	*0%*	*80%*	*15%*	*37%*	*0%*	*0%*	*24%*
% Estimated	*100%*	*8%*	*0%*	*0%*	*100%*	*24%*	*39%*
Total GHG emissions (scope 3)	201,688	171,523	30,879	20,087	127	-	424,303
Carbon footprint (scope 3)	107	327	101	77	106	-	179
Implied Temperature Rise	°2.8C	°2.0C	-	-	-	-	°2.4C

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Outcomes

How effective has this approach been in communicating with clients?

The implementation of a sustainable client journey has been effective in ensuring we never miss a step with our clients. It ensures there is always a 'next step' to progress our clients on their sustainability journeys. For example, if they have undertaken a climate change training session, the client team will automatically progress as a proposed next step to setting climate-related beliefs, policies and targets, appropriate for the client. Even where they have travelled with Isio across the entire sustainable client journey, we will periodically circle back to ensure any implemented sustainability objectives and strategies remain fit for purpose in an ever-changing landscape.

We have outlined all the steps in the client journey above and how we believe our approach is effective in serving our clients. We will also tailor this to individual client needs. To bring this to life, we provide some further examples of aligning clients' respective needs and priorities below.

Case Study 1 - Driving ESG integration in Private Debt

One of our flagship clients holds illiquid mezzanine debt mandates—long-term loans to companies—with a private debt manager. At the time of Isio's engagement, one mandate was still in its investment period. Our due diligence revealed the manager lacked dedicated ESG resources. Through sustained engagement, Isio supported the creation of a dedicated ESG team, growing from zero to six professionals. We successfully advocated for a mandate-level ESG framework, embedding ESG considerations into initial due diligence and ongoing risk management via a sector-specific checklist.

Recent progress includes annual carbon reporting aligned with TCFD disclosures. Over the course of our engagement, the manager became a UNPRI signatory and achieved 4-star ratings in Strategy & Governance and Private Debt in its latest assessment. This case demonstrates how proactive stewardship can transform ESG capability—delivering stronger governance, transparency, and long-term resilience for our clients.

Case Study 2 - Engagement vs Exclusionary approach

A Scottish LGPS client wanted to understand their allocation to fossil fuel laggards and companies involved in armaments-related activities and the potential implications of a full exclusionary approach. We undertook a detailed portfolio review across multiple revenue thresholds and industry classification frameworks to identify holdings with material exposure to these activities. The analysis highlighted both absolute exposures and the specific managers contributing most significantly to the identified risks.

Building upon this analysis, we modelled alternative implementation options, assessing how potential exclusions could affect portfolio diversification, manager structure, investment costs and expected return characteristics.

The analysis demonstrated that exposure across the overall portfolio was already relatively limited, reducing the potential benefit of implementing large-scale manager changes. As a result, trustees decided to retain the existing structure and instead focus engagement efforts on the remaining companies with identified exposures.

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Moving forward: sustainable investment capabilities

Isio will continue to ensure we have the right resources to be able to provide the relevant sustainable investment advice to our clients. This will include looking inwards – ensuring we have the right staff (with continued hiring where needed) and ongoing reviews of our internal research processes – and looking outwards – with ongoing research on sustainability issues relevant to our clients, whilst continuing to monitor developments in the external sustainability landscape. Some of the key areas we will be looking towards over the next year include:

- Training – Developing training in new ESG areas, in response to new research. A key theme for us, in 2026/27, will continue to be on how investors navigate global geopolitical risks and changing sustainability rhetoric and the associated impact on stewardship. We will also focus on rolling out catered training relevant to our clients and dependent on their circumstances, for example ESG in endgame options, including with regards to insurer selection.

- Setting beliefs, policies and objectives – Continue to develop investment research on how to holistically implement multiple objectives in investment portfolios, from climate, to nature and social factors, whilst understanding there will be complementarities and trade-offs in doing so.

- Strategy - We will continue to update our climate model on an annual basis, to reflect the latest thinking in climate science and investor landscapes. We will also seek to expand and/or update sustainable asset classes we can model (using a 'climate greenium').

- Implementation - Continuing to explore cutting edge investment ideas, including sustainable private market offerings, and research best practice sustainability solutions and new opportunities, across climate change, nature and social solutions. As part of our Model Portfolio Services, we will continue to review and develop our portfolios, including dedicated sustainable and impact portfolios.

- Monitoring – Expand the use of technology to better serve our clients, including looking to further develop and roll out the Isio ESG data model, which can generate sustainability metrics for our clients in real-time. This will directly analyse public data and indirectly analyse illiquid mandates via estimation approaches. We will leverage the expertise of Aquiline, our new investor, to continue to develop and invest in our technology and digital infrastructure. As an example, we are currently rolling out a new quarterly reporting system for improved and efficient investment monitoring which will further enhance our reporting capabilities and will be rolled out to clients in a phased approach, and then be used broadly across all our clients, and developed further to include wider functionality.

- Collaboration - Continuing to collaborate with the wider market in order to maintain and develop best practice.

- Team – Hiring the best sustainability talent in the industry, and in so doing, seeking to expand the ESG expertise within the SI Team where possible and where have the demand to do so.

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Investment Consultant Services

Investment consultants integrate stewardship in their advice to clients, and identify and respond to market-wide and systemic risks to promote well-functioning financial markets.



We consider risk management to be a fundamental consideration for our clients. This includes risk management across asset allocation, investment managers' investment processes and investment managers' ESG integration. We have developed several processes for our consultants to ensure that these feed into the advice we offer to our clients.

When advising our clients, the consideration of the key risks that our clients are exposed to is at the heart of our investment advisory process. Our advice considers both systemic/market-wide risks (such as interest rates, inflation, as well as climate change and other sustainability risks) – and non-systematic risks and out-of-model risks of relevance to the individual clients' investment strategy. We consider potential mitigation strategies against each of these types of risk.

Our Investment Philosophy: We have a set of five core investment beliefs that help our consultants structure our investment advice and corresponding risk management advice.

1. **Rigorously anchored to objectives**: We invest time up front with all our clients to understand their objectives and develop a clear strategy, taking into consideration all material risks (including sustainability risks) to achieving these objectives. We take time to check they remain appropriate throughout each client's unique journey. We continue to engage with investment managers on our clients' behalf, to ensure that the managers are aligning with clients' objectives, including on their sustainability objectives and beyond.
2. **Maximise certainty**: From the sustainability perspective, we construct sustainable investment portfolios that maximise certainty of both investment return and cashflow delivery. These can integrate specific ESG or climate objectives within investments. We also believe that our clients benefit from trading the hope of higher "upside" returns for increased certainty. This leads to improved tail risk management.
3. **Eroding complexity:** There is real value in keeping portfolio construction and fund manager line-ups simple, allowing clients to focus on what is important – strategy.
4. **Utilise your competitive advantages:** We always look to exploit any advantages our clients have relative to the wider market (e.g. with regards to the illiquidity budget).
5. **Independence matters:** We are not commercially incentivised to recommend a specific strategy or fund to any of our clients. We give consideration to the whole of market across both non-fiduciary and fiduciary providers.

When advising clients, we consider our core investment beliefs to ensure systemic and non-systematic risks are managed appropriately. We focus our time on the important decisions such as setting objectives and asset allocation as these decisions have the largest impact.

As noted, the focus is on constructing portfolios that maximise certainty of both investment return and cashflow delivery. We do this by hedging risks that are typically unrewarded and that clients have less control over (e.g. interest rate and

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inflation risk for pension funds) and focusing on assets with contractual return profiles (e.g. credit and real assets) as needed. A robust portfolio in our opinion is one that trades the hope of higher "upside" returns for lower risk and increased certainty in achieving our client's objectives. We are strong believers in diversification and look to construct diversified portfolios that consider the risk exposures between and within asset classes. We recognise the nuances between different investment products and consider the underlying diversification within them to ensure there is sufficient diversification across geographies, currencies and issuers. We firmly believe that efficient portfolios can be constructed without being overly complex, and without the need for a large number of individual manager allocations. Diversification to us is not about the number of investment managers or strategies employed, rather the true differences in risk exposures and underlying characteristics.

We are proud of the difference we have been able to make for our clients by following these beliefs. Anchored by these beliefs, we will strive to continue to make a difference.

Activities

As outlined in the Policy and Context section, our purpose is to create better outcomes not only for clients and their stakeholders and beneficiaries, but for society as a whole. Therefore, identifying systemic and market risks is at the core of what we do, to better serve our clients and society. To underpin this Purpose, we have instilled a Belief to have a *future focus*, to be an active voice pushing for positive change, underpinned by staying curious, to make sure we remain open to new ideas, ways of working and diverse perspectives. This creates an encouraging environment for our staff to spend time improving their own knowledge, in meetings and webinars, and in conversation with colleagues on macroeconomic and systemic issues, such as climate change.

Our integrated investment philosophy helps to guide our response to both macroeconomic and sustainability risks. From the perspective of macroeconomic risks, we review our forward-looking asset class risk and return expectations on a quarterly basis (although where appropriate we can do this more frequently). Typically, our assumptions though are reasonably stable as our advice is structured with the long term in mind.

Sustainability risks

Ensuring an investment approach which considers sustainability risks and opportunities will add significant value to our clients. Our SI Team is responsible for developing strategic research related to sustainability risks, inclusive of systemic risks, such as climate change. Outside of just climate change, we note that there are other systemic risks that require rapid attention from the investment community. As part of our research priorities, we are seeking to identify other risks requiring explicit attention, such as social systemic risks (evidenced during the cost-of-living crisis in the UK), as well as the global nature and biodiversity crises.

Where the SI Team develops research, this is saved within our internal SharePoint system for access by all relevant staff and explicitly shared through internal and external meetings and presentations, disseminated to our clients and prospects via reports, presentations and emails, and in some cases, uploaded to our website for sharing with wider stakeholders and financial market participants. Examples include:

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- The development of intellectual capital on our sustainable investment research priorities (climate, nature and social factors), which we disseminate in the form of papers and videos. (Please see the box further on in this section on a "Spotlight: Isio Sustainability Research" for an update on our latest sustainability-related research).

- Communications with our clients on topics of relevance to them, via emails, webinars, roadshows and website dissemination.

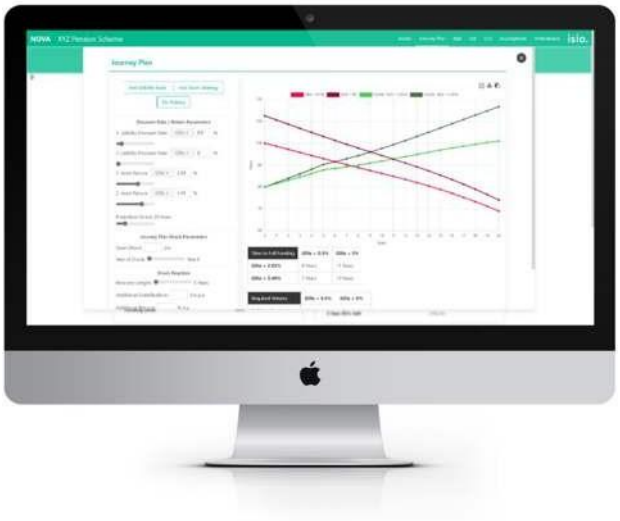
- Training our internal consultants and external clients on relevant sustainability topics (with training presentations and brainstorming sessions).

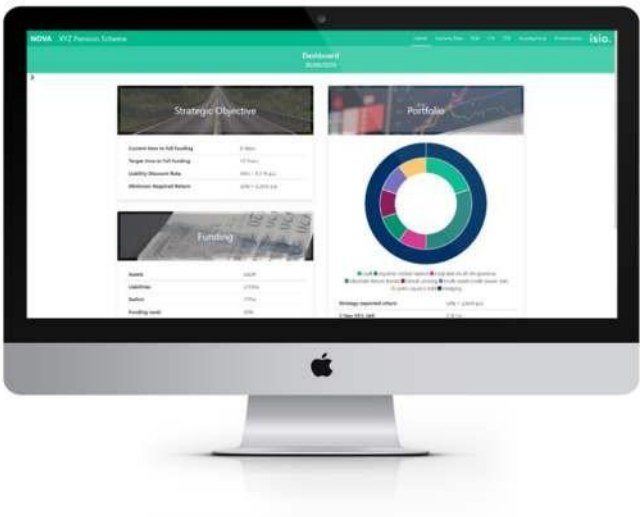
Portfolio construction/implementation

We recognise that the world is continually changing. To aid our clients in their long-term asset allocation decision making, we use a range of sophisticated tools to model the impact of systemic risks to their portfolio. This includes deterministic and stochastic scenario analysis, which visualises the impact of certain risks and helps to identify how this impact could be mitigated. Alongside these tools, our research teams monitor the wider investment market and produce regular thought pieces sharing their views on various opportunities and threats.

Modelling

We draw on a range of cutting edge risk models to analyse the risk-return profiles of investment strategies considered and employed by our clients. We are keenly aware of the strengths and inherent weaknesses of models in general. We therefore believe that a key element of our service is knowing how to interpret a model, and equally to be able to assess risk in areas where models are fundamentally limited or unsuitable.





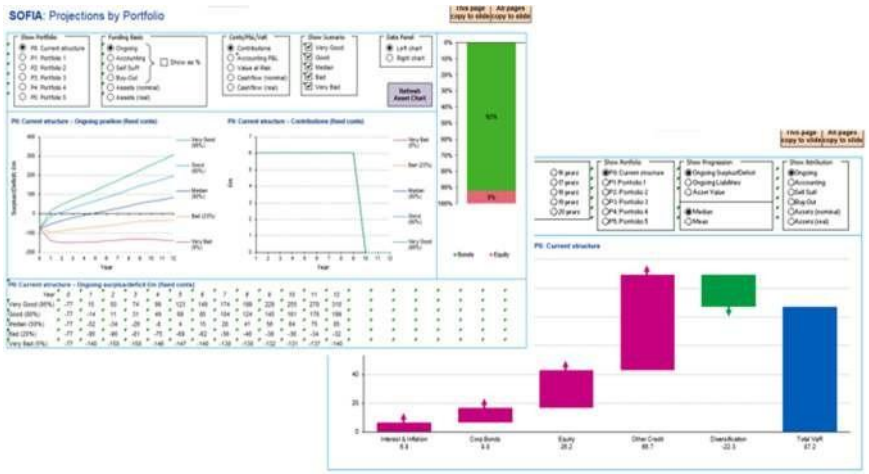
Nova: In 2023, Isio released the newest version of the web-based deterministic modelling system, Nova, incorporating significant advancements in relation to liability modelling, LDI collateral, deficit contributions, risk assessment, journey planning and more. It allows us to rapidly analyse investment strategies and consider impacts on the projected funding evolution (including adverse shock reaction analysis), high level risk analytics, and portfolio structuring (including LDI solution modelling). Models are just one of the tools our consultants use to advise our clients. Any output of our models needs to be overlaid with a healthy dose of common sense which only comes from many years of advising clients in similar situations. We also value the opportunity to have real-time discussions with clients on an interactive basis, and Isio Nova allows us to rapidly analyse a variety of investment strategies and consider the impact on the projected funding evolution, scenario analysis, high-level risk analytics, and portfolio structuring.

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This will help Isio to engage with clients to develop a clear journey plan and to review whether the current balance between risk and return remains appropriate. In late 2023, Isio also released Nova AS, a spin-off designed for asset-only portfolios such as private capital investors (including charities, endowments, etc) and DC pension schemes. Nova and Nova AS are updated each quarter to reflect new asset classes, quarterly return and volatility assumption updates, along with quality-of-life changes. Larger updates are rolled out as and when needed. For example, Nova and SOFIA (explained below) were updated to be able to calculate 1-in-6 downside scenario value at risk (VaR) figures, for analysis in line with the Funding Code. Further in December 2025, Nova AS was updated to improve output and reflect a methodology update for the VaR calculations, for consistency with the wider Nova methodology.

Fusion: We also give clients access to our interactive journey planning tool, Isio Fusion, which is a web-based integrated pensions risk management software that can provide clients with real-time information on funding position over time. This can help to assess realistic timescales and targeted actions for achieving objectives, based on the pension scheme's current position and the additional cash/return required under contingency planning. This can also help to feed into discussions on the key performance indicators which matter (i.e. funding, liquidity, de-risking events, contribution events, etc.) or be integrated into dashboards for ongoing monitoring.

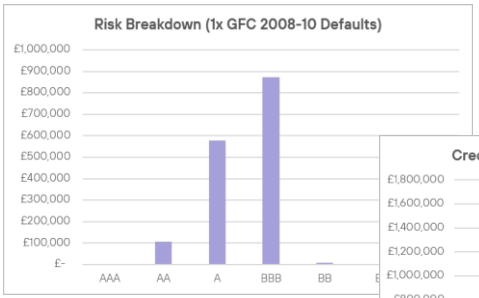
Our consideration of investment returns and risks captures the long term expected return characteristics, the likelihood of achieving this and the potential spread of outcomes that could arise in the short term (both in absolute terms and relative to the liabilities). At their core, portfolio construction and asset allocation decisions for pension funds encapsulate a liability-based approach to setting overall strategy.

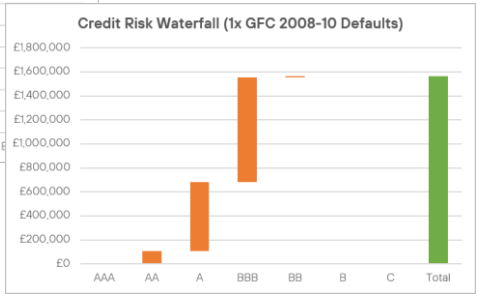


SOFIA: To this end, we believe Asset Liability Models ("ALM") for investment return modelling are a useful tool to help us and our clients make asset allocation decisions. Our core ALM tool, "SOFIA", is a stochastic-based, quantitative investment strategy model which incorporates market leading Moody's Analytics economic scenarios and risk analytics software. SOFIA is updated quarterly to reflect changes in market conditions, and updated research views.

We also use the following tools, to assess our clients' investment risks.

- Our Duration Solutions Model (DSM), which is used by Isio's LDI structuring team, to ensure the client's LDI hedge remains in line with the hedge objective, used alongside Nova and SOFIA for client investment strategy modelling.
- We have also recently developed a Credit Risk Tool to help clients better understand their exposure to credit and default risk, particularly as many schemes have de-risked and increasing their allocations to credit, and as a result been increased interest in examining credit risk. The tool provides fund-specific analysis and visual outputs to support risk assessment and client decision-making.





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ESG Data Model: Isio contracted with an ESG data provider, in 2023, following a market-wide search for best-in-class ESG and climate change data providers, including offerings in the social and nature space. We began rolling out an in-house ESG data model across our large and engaged clients, and will look to expand this to a broader range of clients going forward. The model uses the inputs from the data provider, which has significantly enhanced our sustainability reporting capabilities to more efficiently serve our clients in this regard. This has given us the ability to provide a range of Environmental, Social and Governance metrics including the recommended metrics of the ICSWG. We are continuing to develop our methodology for proxying the emissions of hard-to-report asset classes, particularly with a view to estimating the ESG performance of more illiquid investments. We are also using the data model to verify the ESG-related claims of our clients' investment managers, and to ensure that sustainability aims and targets are being achieved. This is also supporting further research and analytics on our own thematic priorities including climate change, nature and social factors.

Climate scenario modelling: We base our fundamental scenarios on the latest representative scenarios established by the Network for Greening the Financial System (NGFS), aiming to deliver consistency in the climate scenarios used by the financial industry. These scenarios are explicitly mentioned in the official climate guidance issued by the Department of Work and Pensions (DWP) for occupational pension schemes. We then collaborated with Moody's to generate climate scenario analysis, including the following scenarios:

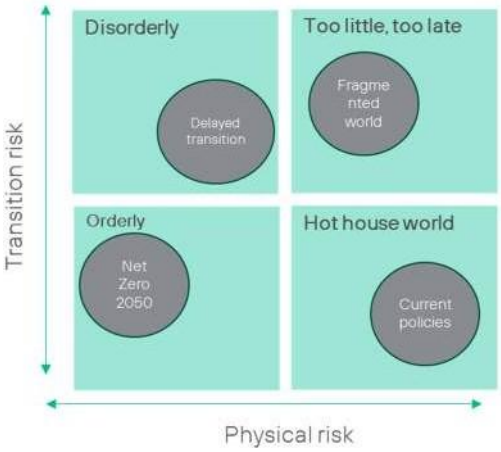
- Net Zero 2050: This scenario aligns with the most ambitious target of the Paris Agreement, a <1.5°C scenario this century and aligning with 2050 Net Zero commitments by pension schemes. This is a highly optimistic scenario, where climate policy is implemented immediately and achieves Net Zero carbon emissions by 2050. Some regions (e.g. EU and US) achieve Net Zero across all Greenhouse Gases (GHGs) by that date. Physical risks are minimised, however transition risks are high, as a result of ambitious decarbonisation. While we appreciate according to latest data the world is already approaching 1.5°C warming, calling into question the possibility of this scenario remaining achievable

- Delayed Transition: This scenario aligns with a somewhat less ambitious upper target of the Paris Agreement, of below 2°C scenario this century. In this scenario, emissions do not peak until 2030, with strong climate policies then needed to align with the Paris Agreement outcome and there is also regional variation in climate ambition. As a result, physical risks remain lower (vs high carbon scenarios), while transition costs are incurred later than the Net Zero 2050 scenario. As emissions continue to rise year-on-year, the delayed transition aligns closely with what is happening today.

- Fragmented World: In this scenario, global climate policies fall short of Paris Agreement ambitions, leading to a >2°C warming this century. Generally, there is delayed and divergent climate policy ambition, globally. Net zero targets are partially achieved, with those falling short continuing along a business as usual (or current policies) pathway. Transition risk is high in some countries (i.e. those achieving Net Zero targets), while physical risks increase in general given the ineffectiveness of the transition.

- Current Policies: In this climate scenario, the world fails to achieve goals of the Paris Agreement, resulting >3°C scenario this century and assumes currently implemented policies remain in place, with no further climate ambition. There is low regional variation in climate ambition globally. Resulting in very high physical risks (a hot house world) with irreversible changes to the climate system, while transition risks remain low.

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- Baseline: The scenarios are monitored against a Baseline scenario, with zero transitional or physical risks from climate change. It serves as a benchmark for comparing the impact of other climate scenarios on client portfolios.

The diagram to the left places the climate change scenarios, according to the scale of transition and physical risks (from low to high). We update our climate model to capture the latest set of Network for Greening the Financial System (NGFS) scenarios, broadening clients' ability to assess up-to-date and diverse climate pathways. We have considered and tailored physical risk damage functions used within our modelling in order to best reflect the potential scale of physical risks and to go some way towards accounting for industry-wide limitations within quantitative climate modelling methodologies. Beyond the climate scenarios, we have set internal assumptions on the "greeniums" to apply to low carbon solutions in client portfolios. We regularly review and update our series of "greenium" assumptions across public and private asset classes.

We also subscribe to a range of data and news providers (e.g. Thomson Reuters EIKON, S&P Global, MSCI, Morningstar, ICE, Financial Express, among others) as well as receiving regular information from a number of investment managers and banks. We do not believe any one source has a monopoly on good information and therefore we cast our net far and wide.

Isio Fund Liquidity Options (i-FLO), launched, in May 2024, to help institutional investors unlock liquidity from their private market holdings more efficiently than traditional secondary routes. i-FLO has since seen significant progress with 23 clients and providing pricing for over £800m of assets and expanded from direct lending to infrastructure equity, infrastructure debt, private equity and real estate debt over the past 18-24 months.

i-FLO was developed in response to rising investor demand for tailored liquidity solutions, particularly in areas such as private credit and infrastructure equity. The platform connects sellers directly with buyers through a more transparent, targeted process than typically seen via traditional brokers, offering lower fees and faster execution. Over the past year, Isio has supported clients using i-FLO for a range of objectives, including de-risking transactions for pension schemes and managed redemption plans for investors. Isio has also managed secondary sales in other asset classes, including private equity and real estate, as well as exploring other types of liquidity options for investors.

Interest in private market secondaries has continued to rise, driven by factors such as rising yields, volatile public markets and regulatory changes (e.g. LGPS pooling). We expect this to drive a divergence in the outcomes achieved by sellers; leading to changing requirements within their portfolios, with buyers increasing focus on high-quality assets, although each deal remains highly case specific. The team has now grown to 9 members and are having early discussions on GP-Led Deals, Co-investments and exploration of securitisation of portfolios to facilitate transactions.

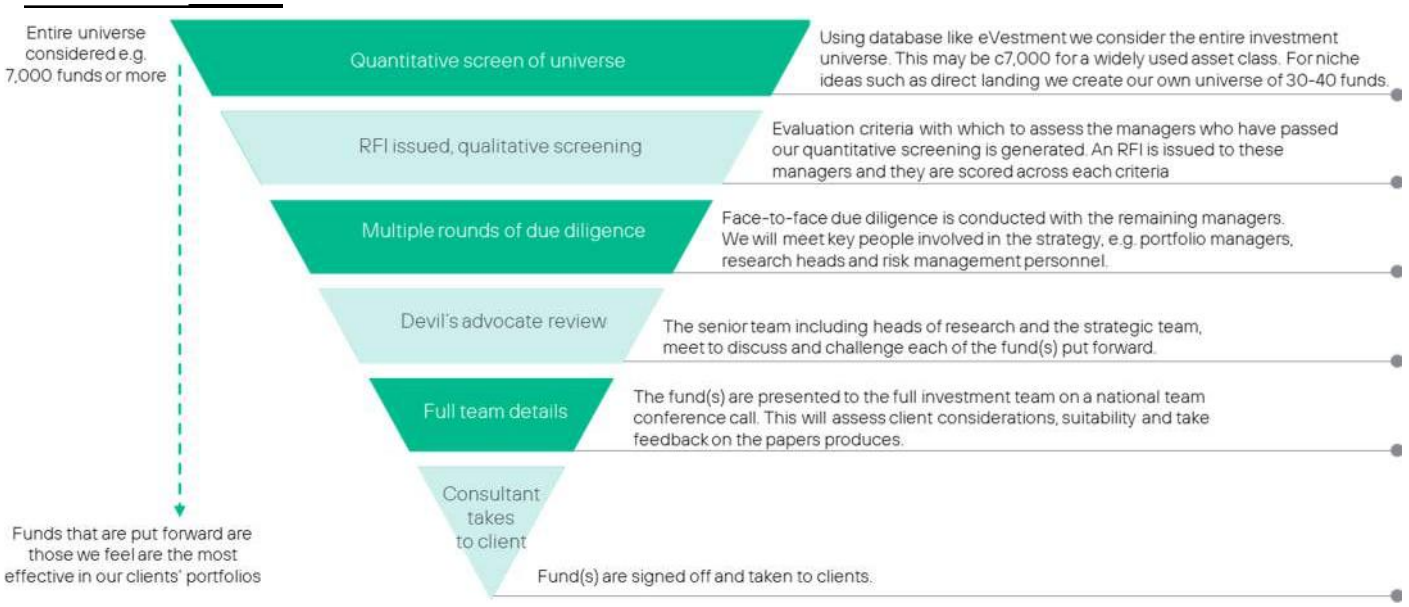
i-FLO can be beneficial for investors looking for liquidity and can be utilised as a standalone service, including for clients not currently advised by Isio. We have, over the years, built a strong network of key players and have empanelled them as potential buyers. Compared to the broker-led process, these key relationships allow i-FLO to make the process of selling assets more efficient: achieving greater transparency and flexibility; delivering competitive pricing; all whilst at a very competitive fee to the seller.

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Manager selection

Our manager selection process is based on evaluation criteria agreed by our clients and relies on the expertise of our research teams. Detailed evaluation criteria are developed to meet the specific client requirements. Typically, this will include consideration of business management, investment philosophy, process, team, performance, risk, ESG factors, operations and any specific client requirements.

An overview of the manager research process is set out below.



Through our manager selection process, we carry out an in-depth analysis of an asset manager's ability to manage major risks, including ESG and climate risk. We have separate scores that focus on the relative performance of investment managers in managing risks and opportunities arising from climate change, nature and social factors, respectively. These allow us to produce independent scoring for each of these individual factors.

Some highlights of our research process include:

- Research Engine: The asset class head is required to present the recommendation to our investment committee (which we call our Research Engine) for debate, which is comprised of our head of research, partners, directors, senior individuals from various research teams and other specialists. The purpose of this group is to scrutinise the research and provide a "devil's advocate" viewpoint. This ensures only the best investment ideas are recommended to our clients.

- Client Council: We have established a Client Council, which is a strategic governance forum designed to align research priorities with client needs across our client base (with individual Client Councils for DB, DC and Private Capital) and is composed of senior client consultants and subject matter experts. Its core objectives are to: provide market intelligence and challenge ideas; guide the development and commercialisation of new investment concepts; and ensure solutions are practical, scalable, and responsive to evolving client requirements. The Client Council meets quarterly to review research pipeline and prioritise initiatives. Through structured input and rigorous debate, the Client Council plays a pivotal role in translating research into actionable strategies that deliver value for clients while supporting long-term investment objectives and ensure we meet client demands, including in relation to sustainability-related opportunities.

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- **Sustainability:** We believe that considering sustainability adds significant value to our clients' portfolios and hence sustainability plays a large part in how we rate investment managers. We ensure the manager's sustainability views are aligned with those of the client within any selection process. We conduct sustainability integration assessments as part of our research process, with ESG risks and opportunities incorporated in our quarterly research calls with investment managers. The aspects of investment managers' sustainable investment capabilities we assess are set out below.

  Each area is separately assessed and integrated into an overarching ESG score, as well as climate change, social and nature scores. We also develop individual scores for each of the below pillars, with two areas (stewardship including both voting and engagement, and collaboration) having an explicit focus on stewardship:

  - Investment approach
  - Risk management
  - Stewardship
  - Reporting
  - Collaboration

  We feel this depth of assessment for each prospective investment manager and fund is vital to ensure that all potential risks are flagged before they materialise into financial impact.

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Systemic risks

The Covid-19 pandemic presented significant systemic risks to financial markets, with lasting impacts on operational practices. In addition, the cost of living crisis, prompted by high inflation and exacerbated by geopolitical events (including the conflicts between Russia and Ukraine, Gaza/Israel and more recently US/Iran), continues to pose substantial challenges to both financial markets and our clients.

At Isio, we work to manage these risks by adopting a flexible and evolving approach in response to emerging challenges and opportunities, while communicating clearly with clients and engaging with investment managers on key issues and risks.

To ensure business continuity during the pandemic and beyond, we enhanced our IT infrastructure to create a seamless work-from-home environment for our staff. This development enabled us to maintain uninterrupted service for our clients through remote work and video conferencing. As we moved beyond the pandemic, we embraced flexible working arrangements by implementing a hybrid model that balances the benefits of face-to-face collaboration with the well-being of our team. We now continue to run a hybrid model, however, as a result of building out the infrastructure, we are able to maintain flexibility when required. We also consequently introduced several safety measures to mitigate health risks in the office, such as an office desk booking tool to manage occupancy, and encouraging staff who feel unwell to stay home. In 2023, we conducted an internal review of our hybrid working model through a staff survey that garnered responses from 374 team members. The results revealed that 94% of our staff support hybrid working, affirming our commitment to flexibility. While still encouraging working from home, we have also been encouraging more days per week spent in the office. Recently implementing a formal target of three days per week in order to collaborate with peers, as we recognise the importance of personal connections, while health and safety of our staff remains a top priority. We have also recently conducted a commuting and work from home survey with the intention of identifying opportunities to both decarbonise our commute and to deliver beneficial and practical initiatives that add value for colleagues.

In advising our clients, we prioritise agility and adaptability in adjusting investment strategies to navigate these systemic risks. Our proactive approach has enabled us to effectively guide our clients through the challenging market conditions experienced over the past few years, ensuring they are well-positioned for future uncertainties.

We have also developed our transitions processes to allow seamless trading activity while working remotely, including the introduction of DocuSign for the signing and submission of documentation between clients and investment managers. The DocuSign development proved to be instrumental through the late 2022 market volatility and liquidity crisis, from rising inflationary pressures on financial markets. This, together with the LDI market crisis in 2023 and high inflation environment, impacted significantly on our clients' liability driven investments, and significantly increased the speed of investment transitions. While the immediate risks have subsided, DocuSign continues to be a valuable addition to our business, particularly for investment transitions.

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Industry initiatives

We have identified, partnered and joined a number of industry initiatives and bodies which we believe drive improvements in areas we feel strongly about, and which support the best interests of our clients and are aligned with their stewardship activities as well as promote continued functioning of financial markets. See below for the list and details of the initiatives and bodies to which we are members or signatories:

Since the inception of Isio in 2020, we have taken the opportunity to join a number of industry initiatives that we feel strongly about, and which support the best interests of our clients and their stewardship activities.

UN Principles of Responsible Investment (UNPRI) signatory

The UNPRI is a globally recognised body that sets out a best practice framework for responsible investment.

Being a signatory enables us to further develop our ESG approach via regular feedback from the UNPRI as well as to participate in collaborative initiatives held.

PRI Principles for Responsible Investment

UK Stewardship Code signatory

We are a signatory to the UK Stewardship code, having displayed our alignment with the Code's 6 Principles for investment consultants.

This ensures that we have a strong stewardship framework in place and to continuously evolve our practices in this space.

UK STEWARDSHIP CODE

Investment Consultants Sustainability Working Group (ICSWG) member

The ICSWG brings together leading UK investment consulting firms with the aim of seeking to improve sustainable investment practices across the investment industry. We have led and participated in a number of ICSWG projects in order to drive industry best practice and improve consistency.

ICSWG

Net Zero Investment Consultants Initiative (NZICI) member

The NZICI is a global collective of investment consultants committed to achieving Net Zero by 2025 or sooner. The associated commitments ensure that net zero considerations are integrated into our advice, business operations, and activities across the broader industry.

Net Zero Investment Consultants Initiative (NZICI)

Taskforce on Nature-related Financial Disclosures (TNFD) observer

Whilst there's significant focus on climate change, an interlinked issue is our impact on nature and biodiversity. Being an observer of the TNFD working group ensures we feed into industry-leading thinking on nature and its importance to investors.

TNFD

Investors for Purpose member

With a growing focus of our clients on impact investing, we are a member of Investors for Purpose to gain access to a wide range of impact investing information and to share our experiences with others via case studies, events and thought leadership papers. We are also supporters of the Impact Investing Principles.

INVESTORS FOR PURPOSE

Organisation	Description	Isio Involvement
Investment Consultants Sustainable Working Group (ICSWG)	This is a collaborative group of investment consulting firms, with the goal of engaging its collective stakeholders and empower asset owners and their beneficiaries to advance sustainable investment practices across the investment industry.	Cadi Thomas, Head of Sustainable Investment Research, became co-chair of the ICSWG in June 2025. In addition, Iona Young sits on the ICSWG Influence workstream steering committee.
Net Zero Investment Consultants Initiative (NZICI)	NZICI is a global group of investment consultants committed to supporting the goal of global Net Zero	Isio became a member to NZICI in October 2024. Ashton Vickers sits on the Steering Committee.

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	greenhouse gas emissions by 2050 or sooner, in line with the ambition to limit the global average temperature increases to 1.5˚C above pre-industrial levels.	
Task Force for Climate-related Financial Disclosures (TCFD)	The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information.	Isio became a supporter of the TCFD in December 2020.
Taskforce on Nature-related Financial Disclosures (TNFD)	Whilst there's significant focus on climate change, an interlinked issue is the impact on nature and biodiversity. Being an observer of the TNFD working group ensures Isio feeds into industry-leading thinking on nature and its importance to investors.	Isio became a member of the TNFD observer forum in early 2022.
United Nations Principles for Responsible Investment (UN PRI)	The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors, as well as support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.	Isio became a signatory of the UN PRI in December 2020. As a service provider, we are currently exempt from regular UNPRI reporting, but are engaging with the UNPRI in regards to the evolution of the Principles and progression pathways, specifically in relation to service providers.
Impact Investing Institute	The Impact Investing Institute has designed the 'Impact Investing: Four Good Governance Principles for Pensions' to help pension schemes navigate and respond to the significant shift in understanding of ESG risks and opportunities.	Isio became a supporter in January 2021.
Investors for Purpose (previously Pensions for Purpose – renamed in early 2026)	This initiative brings together investment managers, pension funds and their professional advisers, to encourage capital towards impact investment. It provides opportunity to share impact-led thinking with others via events and papers.	Isio became an influencer member of Investors for Purpose (previously Pensions for Purpose) in December 2021. As a business, we annually report against the Impact Investing Principles for Pensions, which is a set of Principles developed in combination with the Impact Investing Institute (see above). We have also collaborated with Investors for Purpose and provided feedback in relation to the review of the Impact Principles. Isio has been recognized for a number of papers at their annual content awards, including the Environmental Impact Thought Leadership

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		Award in November 2022 for our nature positive paper, a highly commended for the Best Strategy category in 2024, for a holistic three-part paper series on sustainable investment strategy implementation and layering sustainability objectives. Isio was again recognized with a highly commended for Best Strategy for last year's (2025) awards for our paper on corporate lobbying, and most recently, Isio was shortlisted for the Best Systems and Governance Change category for this years' awards for our Sustainability Endgame Guide paper, with the winner to be announced on 4 November 2026. In June 2025, Isio co- hosted a Climate Action Event with Pensions for Purpose on climate innovation in June 2025.
Institute and Faculty of Actuaries Sustainability Volunteer Group	This is a collaborative group of actuaries looking to develop sustainability guidance and thought leadership for the Institute and Faculty of Actuaries (IFoA) Sustainability Board.	A member of the Sustainable Investment team previously supported the development of a climate risk paper by the group.
Sustainability Group of the Association of Consulting Actuaries (ACA)	The Association is the representative body for UK consulting actuaries. The Association is the largest national grouping of consulting actuaries in the World and is a full member of the International Actuarial Association.	Last year, Cadi Thomas, Head of Sustainable Investment, joined the Sustainability Group of the ACA. The Group re-launched in 2025 and to date has been focused on setting out its remit and priorities and responding to some consultations/industry reviews.
Accounting for Sustainability (A4S) – Sustainability Principles Charter for the Bulk Annuity Process	The charter brings together pension schemes, insurers, pension adviser and the regulatory community to produce key sustainability principles within the bulk annuity process. The Charter seeks to align expectations around sustainability within the bulk annuity process. It sets out clear principles to drive greater transparency, reporting and engagement before, during and after a buy-out or buy-in transaction between pension schemes and insurers.	In July 2025, Isio became a signatory to the charter. In 2026, we contributed to the review of the Bulk Annuity Sustainability Survey (BASS), which all bulk annuity providers in the UK market have commitment to completing, in order to support in assessing and developing ESG integration within bulk annuity portfolios. Charles Pringle sits on the Charter's working group, which is made up of both consultant and insurer signatories and aims to drive progress and develop industry best practice.

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Beyond these collaborative initiatives, we have and continue to work with industry bodies to further sustainability research in the market, including the following:

- In 2023, we partnered with Business in the Community (BITC), the UK's largest responsible business network aiming to build a sustainable economy, to produce a paper and presentation on aligning responsible business policies with pension investments and open to discussion on other opportunities;
- We have been involved in the UK Government's Taskforce on Social Factors (TSF), supporting them as part of the data sub-working group, in seeking to develop guidance for pension schemes on social risks and opportunities;
- We have taken part in the NZICI working group on the Net Zero Asset Manager Initiative (NZAMI) review and revamp, involved in multiple rounds of discussion and providing feedback to NZAMI to ensure the initiative remains fit for purpose in the new global context.
- We led on the production of an ICSWG letter to HMT in relation to the proposed future regulatory regime for ESG ratings providers;
- We were a leading contributor in a NZICI Working Group paper on Why Net Zero Matters; and
- We took part in the consultation for the Asset Owner Toolkit that has been developed under the Products and Tools workstream of the EMDE Investor Taskforce. The aim of the Toolkit is to equip UK asset owners (principally pension funds and insurers) to translate the Taskforce's ambitions to support UK asset owners in mobilizing capital towards EMDE investment opportunities and developing actionable resources and frameworks to help asset owners overcome hurdles in scaling investments in public and private emerging markets.

Outcomes

We believe that working with others is a key force for change, when focusing on systemic risks. Below, we outline case studies to showcase outcomes from our SI Team, with a focus on where we have partnered with others. We also provide a Spotlight on Isio's recent Sustainability Research, to support our thinking in this space.

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Case Study 1

Tracking market developments in climate scenarios

We contracted with Moody's Analytics to assist clients with climate scenario analysis in line with TCFD requirements, with a focus on embedding this within our proprietary SOFIA model to analyse our clients' assets and liabilities. In November 2024, the Network for Greening the Financial System (NGFS) published its fifth iteration of climate scenarios, with an updated view on the climate scenarios, based on the latest science and industry thinking. We have and continue to work with Moody's to update our climate scenario analysis capabilities to reflect this thinking.

The main developments to Isio climate modelling, over the last couple years, are:

- The NGFS scenarios have been brought up to date with new economic and climate data, policy commitments, and model versions: the scenarios use the latest release – i.e. version 3.0 – of the Shared-Socioeconomic Pathways (SSPs).
- A new damage function has been applied to enhance physical risk modelling and applied to the Current Policies scenario within our modelling. The new damage function incorporates the latest climate science findings, and it is calibrated using state-of-the-art climate datasets. Consequently, it captures climate change impacts in a comprehensive manner beyond increases in mean temperature and assesses their persistent effects on the economy. The new damage function helps better prepare the financial system for the economic impacts of global warming. Building on this, we enhanced our framework with the latest NGFS scenarios, including a physical risk damage function that factors in daily temperature variability, precipitation trends, and extreme weather frequency.
- This year, while our climate scenarios remain unchanged, we have worked with Moody's to re-calibrate the financial assumptions as at end March 2026 and updated our climate model to reflect latest market assumptions, while waiting on new scenarios from NGFS.
- We will continue to monitor the relevance of these climate scenarios, in line with market and industry developments, on behalf of our clients. In the meantime, we have also developed qualitative scenario analysis for clients looking to supplement quantitative modelling.

Case Study 2

Development of an ESG Data Model

The Isio Sustainable Investment and Digital teams have begun to roll out our in-house ESG data model, to efficiently deliver sustainability metrics reporting to our clients. We have worked with investment managers to get the necessary inputs across our clients' mandates and will continue to work to reconcile metrics data generated by our model with those previously obtained directly from their investment managers, and to understand and attribute any differences. We are also developing a proxy model to enable us to provide estimated data for non-listed assets that otherwise wouldn't have ESG data availability. This model will be used across a range of clients including pensions schemes, endowments, family offices and charities.

This model is intended to help our clients in the following areas:

- Providing an array of Environmental, Social and Governance metrics, which will mirror the recommended metrics of the ICSWG.
- We will further introduce proxying approaches, to provide an estimation of the ESG performance of more illiquid investments.
- An efficient approach to rolling-out TCFD metrics across our client base, or voluntary reporting by out-of-scope clients.
- Verifying the ESG-related claims of our clients' investment managers, to ensure that sustainability aims and targets are being achieved.
- Supporting further research and analytics on our thematic priorities, including climate change, nature and social factors.

We will continue to roll the model out to select clients, including training consultants on how to use the model, and continue to work on scaling the model. We will look to develop new ways of providing ESG analysis for interested clients using the model's output, including how we can engage with investment managers on conclusions drawn from the model.

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Spotlight: Isio Sustainability Research

Over the past year, we have continued to publish thought leadership with a particular focus this year on sustainability within endgame options given particularly topical within the DB pension scheme market:

Sustainability Endgame Guide: This paper explores the importance of integrating sustainability considerations across Pension Schemes' endgame strategies, whether this is targeting insurance, run-on or consolidation. The paper considers how ESG risks can materialise over both short and long-term time horizons and outlines what we at Isio consider practical steps for Trustees. These steps include building portfolio resilience, assessing insurers' ESG capabilities and using longer investment horizons to generate real-world impact.

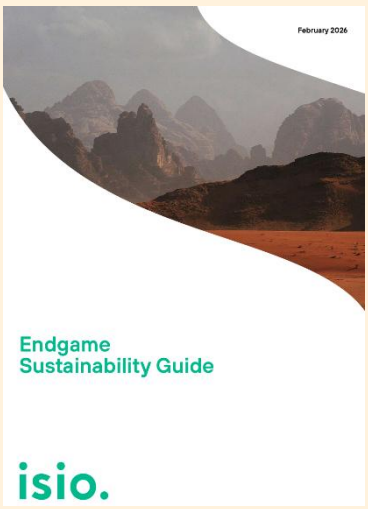
Isio's Sustainable Investment Insurer's Survey: This paper presents our inaugural survey of sustainability integration in the pensions insurance market, assessing insurers' sustainability credentials using Isio's proprietary scorecard framework. The paper explores the range of approaches taken by insurers, highlighting areas of good practice as well as opportunities for further development. It also provides pension schemes with insights to help consider sustainability factors alongside pricing when approaching an insurance transaction.

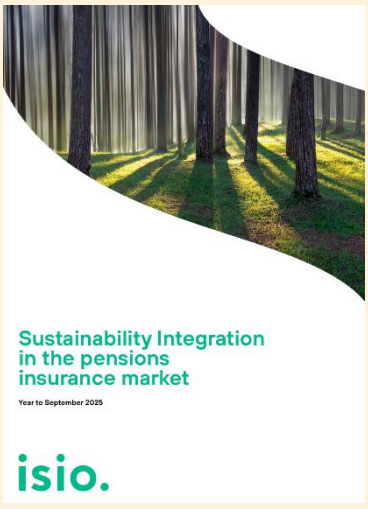
We are also in the final stages of publishing our third annual Sustainability Investment survey of investment funds in which our clients invest. The paper aims to shine a light on recent trends and where we see ESG opportunities across different asset classes, and explores how investors can seek to 'green' their strategies further, highlighting what is possible across asset classes.

We are extremely proud to have received the Pensions for Purpose Award on Environmental Impact Thought Leadership, in November 2022, for our work on a nature positive future. We were again honoured with a highly commended in 2024, for the Best Strategy award category for our holistic three-part paper series on sustainable investment strategy implementation. In 2024, we also sponsored the Impact Investing Principles Adopter award and hosted a table at the Symposium and Awards. In 2025, we received another highly commended in the Best Strategy category for our paper on Corporate Lobbying, an often overlooked side of active stewardship. Most recently, we have again been shortlisted for the Best Systems and Governance Change category for this years' awards for our Sustainability Endgame Guide (noted above), with the winner to be announced on 4 November 2026.

Cadi Thomas, our Head of SI, received the Women in Pensions award for Sustainability Woman of the Year in November 2024.

Isio also recently won the ESG category at the WealthBriefing European Awards 2026 and Isio Private Office, with the support of the SI team, won three categories at the WealthBriefing Wealth for Good Awards 2026 including the CSR Strategy and Implementation (UK), Research and Methodology (UK), and Investment Consultancy (UK) categories.





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Moving forward: Responding to systemic risk

The areas we will focus on moving forward include:

- Continuing to monitor the market for any industry initiatives we believe Isio should become a member of – with ongoing due diligence required to understand the key industry initiatives relevant to us and our clients. The number of sustainable collaborative initiatives is rapidly expanding, and we will aim to focus on those most important to us and our clients, and in line with our thematic sustainability research priorities.

- Another key area of focus is the ongoing development of our ESG analytical services. We aim to continue implementing the ESG data model and scale up usage across our client base in 2026/2027, to support the efficient delivery of sustainability metrics reporting to our clients.

- Continuing to engage with our internal Digital Team, to understand the areas of innovation we should engage with as a firm and improve efficiency in order to continue to push the boundaries of the possible for our clients.

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Conclusions

In this report, Isio Group Limited's sixth response to the UK Stewardship Code overall and our first under the 2026 Code, we set out our approach in relation to the required disclosures and principles applicable to service providers. The main areas of focus include to:

- **Respond to the 2026 UK Stewardship Code guidance in relation to its required disclosures and principles.**
- **Set out the areas where we have evolved the Isio approach to sustainability and stewardship, both within our internal business and how we engage with external clients. Reporting is for the year to October 2026.**
- **Set out our stewardship priorities, to continue to improve sustainability outcomes for our clients, delivering cutting edge advice on climate change, nature and social factors, and roll-out of in-house ESG data analytical services. Moving forward, we will be looking at further integrating aspects of sustainability and stewardship (particularly in the context of the current geopolitical landscape) as an area of focus for our clients.**

We recognise that stewardship is a powerful force for change in the investment industry and wider global economy and society. We will therefore seek to exercise our voice via two main avenues: one-to-one engagements with the investment managers, as well as the clients we work with, and collaborative initiatives with other industry participants. On an ongoing basis, we will continue to review our membership to collaborative initiatives, to understand whether there are any new areas we should be engaging and collaborating with. Relatively new examples of this are becoming an active member of Net Zero Investment Consultants Initiative (NZICI), a member of the Sustainability Group of the Association of Consulting Actuaries (ACA), and a signatory to the A4S Sustainability Charter for the bulk annuity process, while maintaining memberships with other key bodies.

We look forward to hearing feedback from our clients, wider industry participants and the FRC on this report. Please feel free to get in touch with us for further information, using the contact information overleaf.



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