



Arriva Passenger Services Pension Plan: Money Purchase Sections

Implementation Report

Plan Year to 31 March 2025

Background and Implementation Statement

Background

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

Implementation Report

This implementation report is to provide evidence that the Plan continues to follow and act on the principles outlined in the Statement of Investment principles (SIP).

The SIP can be found online at the web address:

[Arriva Passenger Services Pension Plan - Statement of Investment Principles](#)

There have been no changes to the SIP over the Plan year.

The Implementation Report details:

- actions the Plan has taken to manage financially material risks.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2025 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf
- the policies in place to ensure the default strategy remains in the best interest of members.

Summary of key actions undertaken over the Plan reporting year

- The Trustee has not committed to any key actions over the Plan year.

Implementation Statement

This report demonstrates that the Arriva Passenger Services Pension Plan (Money Purchase Sections) has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed: Scott Duncan

Position: Trustee Director

Date: 29/10/2025

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions
Inflation	The risk that the level of investment return over members' working lives will not keep pace with inflation and will not, therefore secure an adequate retirement benefit.	The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of investment managers and the choice of funds offered to members.	There have been no changes to the policy over the reporting year.
Volatility	The risk of significant short-term fluctuations in the value of members' invested capital which some members may be concerned about.	Same policy as above.	There have been no changes to the policy over the reporting year.
Capital	The risk of a significant fall in value of members' invested capital as they approach retirement.	Same policy as above.	There have been no changes to the policy over the reporting year.
Conversion	The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in benefits secured.	Same policy as above.	There have been no changes to the policy over the reporting year.
Default investment option	The risk of the default investment option being unsuitable for the requirements of some members.	The Trustee has provided additional lifestyle and individual fund options in addition to the default investment option and has communicated to members the need to review their own requirements and circumstances before making any investment decisions.	There have been no changes to the policy over the reporting year.
Investment manager	The risk that the selected investment managers underperform their objectives.	The Trustee regularly reviews each fund's investment performance and takes ongoing advice from the investment adviser on the ongoing suitability of the funds and investment managers. The Trustee focuses on providing passive options that avoid active management risk.	There have been no changes to the policy over the reporting year.

Diversification	No definition included in the SIP.	The Trustee has chosen funds that are constructed from well diversified portfolios of assets to reduce the stock specific risk faced by the Plan.	There have been no changes to the policy over the reporting year.
Liquidity	Being forced to sell investments to pay benefits in unfavourable financial market conditions.	The Trustee has invested in unitised pooled funds which are easily redeemable.	There have been no changes to the policy over the reporting year.
Geared or speculative investments using derivatives	No definition included in the SIP.	The Trustee has not invested in funds that are geared or make largely speculative use of derivatives.	There have been no changes to the policy over the reporting year.
Credit	The risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.	The credit risk the Plan is exposed to arises from holdings in the underlying funds.	There have been no changes to the policy over the reporting year.
Market	The Plan is subject to currency, interest rate and other price risk associated with the underlying investments. These risks can impact the valuations of the funds.	The Trustee has selected a sufficient range of funds to be available to allow members to suitably diversify their investments to manage these risks. This is also considered when setting the lifestyle strategies. Further, the Trustee closely monitors the performance of the funds and receives formal reports from the investment adviser giving views on their continuing appropriateness, and that of the underlying investment managers.	There have been no changes to the policy over the reporting year.
Fraud, poor advice or acts of negligence ('operational risk')	No definition included in the SIP.	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.	There have been no changes to the policy over the reporting year.
Responsible investment	In setting the Plan's investment strategy, including the default investment option, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively	The Trustee considers this risk by taking advice from their investment adviser when setting the Plan's investment strategy (including the different options available to members), when selecting managers and when monitoring their performance.	More details on the responsible investment policy and how it is implemented are presented later in this report.

impact the value of
investments held if not
understood and evaluated
properly.

Changes to the SIP

The Trustee has not updated the SIP during the reporting period.

Policies added to the SIP

Date of last update: 28 April 2023

The SIP has remained unchanged throughout the current Plan year.

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Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy regarding ESG as a financially material risk. This page details how the Plan's ESG policy is implemented, while the following pages outline Trustee views of the managers, actions for engagement and an evaluation of the stewardship activity.

The below outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intend to review the Plan's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Stewardship – Voting & Engagement

The Trustee invests in pooled funds and as such have delegated responsibility for the selection, retention, and realisation of investments to the Plan's investment managers in whose funds they invest.

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

As part of their delegated responsibilities, the Trustee expects the Plan's investment managers to:

- where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Plan's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser regarding any changes. Where appropriate, this advice includes stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards that the Trustee has set out in its Responsible Investment policy, the Trustee undertakes to engage with the manager and seek a more sustainable position (where possible) but may look to replace the manager.

The Trustee endeavours to review the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of the Plan's investment managers and ensure the managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

On an annual basis, the Trustee expects managers to provide aggregate voting information at a fund level and voting rationale for significant votes (defined as where votes were cast against management or where voting differed from the standard voting policy of the manager).

The Trustee will engage with its investment managers, as necessary, for more information to ensure that robust active ownership behaviours, reflective of its active ownership policies, are being actioned. From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

Members' Views and Non-Financial Factors

In setting and implementing the Plan's investment strategy, the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

The underlying funds that make up the default investment option, the alternative lifestyle options and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

Engagement

As the fund manager for the Plan's default investment strategy, the Catch All Lifestyle, LGIM have provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2025.

Fund name	Engagement summary	Commentary
LGIM All World Equity Index Fund	Total engagements: 2,242	Engagement with companies is completed at a firm wide level rather than on a fund basis.
	Environmental: 1,626	
	Social: 483	LGIM has a dedicated ESG team who dictate the extent of voting and engagement activities for underlying funds/investment. They manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.
	Governance: 260	
	Other: 152	LGIM have provided firmwide engagement policy reports that sets out their engagement priorities. Their stewardship priorities are built on six 'super themes' covering ESG, these 'super themes' are Climate, Nature, People, Health, Governance and Digitisation.
		Engagement Example (Climate):
		ExxonMobil is one of the world's largest public oil and gas companies. The firm's climate policies, transition strategies, and disclosures hold significant influence over the global energy sector, particularly in shaping US industry standards.
		Since 2016, LGIM has engaged ExxonMobil under its Climate Impact Pledge (CIP), focusing on three critical areas: setting time-bound emissions reduction targets, establishing a capital allocation framework aligned with net-zero scenarios, and ensuring business resilience amid energy transition risks. Escalation steps included voting, divestment and co-filing a shareholder resolution.
		LGIM acknowledges and supports the progress made in key areas of ExxonMobil's transition strategy, particularly in disclosure and commitments. They remain concerned about insufficient transparency around the company's full magnitude of asset retirement obligations (AROs) against a range of relevant net-zero scenarios and has engaged with key stakeholders across the market to emphasise the value such disclosure would create for investors
LGIM Multi Asset Fund	Total engagements: 3,659	See previous commentary.
	Environmental: 2,861	
	Social: 599	
	Governance: 338	

LGIM Cash Fund	Other: 163	
	Total engagements: 8	See previous commentary.
	Environmental: 7	
	Social: 1	
	Governance: 2	
	Other: 0	

Voting (for equity/multi asset funds only)

As the Plan invests via LGIM, the manager has provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2025. LGIM also provided examples of any significant votes.

The Trustee has adopted the managers definition of significant votes and have not set stewardship priorities. The managers have therefore provided examples of votes they deem to be significant.

This section is required for equity and multi asset funds only.

Fund name	Voting summary	Examples of significant votes	Commentary
LGIM All World Equity Index Fund	Meetings eligible to vote for: 6,611	Shell Plc	LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. Their voting policies are reviewed annually and take into account feedback from clients. The Manager's voting policy can be found here: Global Corporate Governance and Responsible Investment Principles policy document (issgovernance.com). LGIM provides details on any votes they abstained or withheld from here: LGIM Vote Disclosures (issgovernance.com). For further information on LGIM's voting and engagement policies, please refer to the following bpage which can be found here. For further information on how LGIM use proxy providers services, please refer to the following document available on their website here.
	Resolutions eligible to vote for: 63,689	-	
	Resolutions voted: 99.8%	-	
	Votes for management: 79.5%	-	
	Votes against management: 19.0%	-	
	Abstained from voting: 1.5%	-	
		Date of vote: 21 May 2024 Reasoning for significant vote: Climate: LGIM is publicly supportive of so called "Say on Climate" votes and expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Approx. holding size: 0.3% Summary of resolution: Resolution 22: Approve the Shell Energy Transition Strategy Manager vote: Against An explanation of the rationale for the voting decision: In light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect Shell to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.	

LGIM Multi Asset Fund	Meetings eligible to vote for: 10,635	Berkshire Hathaway Inc.	See previous commentary.
	Resolutions eligible to vote for: 105,710	- Date of vote: 4 May 2024	
	Resolutions voted: 99.8%	- Reasoning for significant vote: Board Leadership - LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	
	Votes for management: 76.6%	- Approx. holding size: 0.1%	
	Votes against management: 22.3%	- Summary of resolution: Resolution 1.1: Elect Director Warren E. Buffett	
	Abstained from voting: 1.1%	- Manager vote: Against	
		- An explanation of the rationale for the voting decision: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	

This report has been prepared for the sole benefit of the Trustee of the Arriva Passenger Services Pension Plan and based on their specific facts and circumstances and pursuant to the terms of Isio Group Limited's services contract. It should not be relied upon by any other person. Any person who chooses to rely on this report does so at their own risk. To the fullest extent permitted by law, Isio Group Limited accepts no responsibility or liability to that party in connection with the Services.