

HIGH COMMISSION OF CANADA IN THE UNITED KINGDOM LOCALLY ENGAGED STAFF PENSION SCHEME

(Scheme Registration Number 10145140)

ANNUAL REPORT FOR THE YEAR ENDED
30 JUNE 2025

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The Trustees' Report

Introduction

This report relates to the operation of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme ("the Scheme") during the year ended 30 June 2025.

The Scheme is a defined benefit scheme and is governed by a Consolidated Trust Deed and Rules dated 18 January 2024.

With effect from 6 April 2016, the Scheme ceased to be contracted out following the move to a single tier state pension and the cessation of contracting out.

Members are able to make additional voluntary contributions (AVCs) to secure additional benefits.

The Employer decided that from 1 January 2022 new employees would not be offered access to the Scheme.

Full details of the Scheme's benefits can be found in the member's explanatory booklet (see "Contact for further information" on page 8).

Management of the Scheme

The names of the Trustees of the Scheme who served during the year and those serving at the date of approval of this report are as follows:

Name	Appointed by	
Ms M Cassidy	Members	Resigned 14 July 2025
Mr I C Suambe	Members	
Mr G Giokas	Employer	
Mr R Mank	Employer	
Mr M Bot	Employer	
Dalriada Trustees Limited (Independent Trustee) Chair	Employer	

The Trust Deed and Rules of the Scheme provides for the appointment and removal of the Trustees. A Deed of Amendment was executed on 17 May 2007 adopting the definition of the Member Nominated Trustee as defined in the Pension Act 2004 and giving the power to the Deputy High Commissioner to appoint and remove Trustees, other than Member Nominated Trustees. This Deed also provided for a minimum of four Trustees.

The law requires the Trustees to put in place arrangements for at least one-third of their number to be Member Nominated Trustees. Member Nominated Trustees hold office for six years from their date of appointment and can only be removed with the agreement of all of the other Trustees. If a vacancy arises (for example, due to a resignation) then a fresh nomination and selection process will take place.

The Trustees' Report (Cont)

Where the departing Trustee has served less than the full term of six years, their replacement will (following selection) serve for the remainder of the six year term of office unless the Trustees decide that the remaining period is too short and that a fresh set of nominations should be invited for the full six year term for both positions. A Member Nominated Trustee may be removed from the office of a Trustee only in accordance with the provisions of the Pensions Act 2004.

The Sponsoring Employer opted to appoint an independent professional trustee in place of one of the Employer Nominated positions and following a tender process, Dalriada Trustees Limited was appointed as independent professional trustee with effect from 1 December 2014.

The directors of Dalriada Trustees Limited are S Ahmad, SL Ballantyne, AK Bannister, L Coomber, GM Farmer, J Fish, RD Fogarty, B Galvin, J Jones, AB Kennett, T Lukic, T Perrella, C Sidebottom, SA Soper, KS Stafford (resigned 12 August 2025), V Vassou and CC Ward. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association. A B Kennett represents Dalriada for this Scheme, together with G McGuinness.

The Trustees held 6 meetings during the year under review. Each Trustee Director is entitled to receive at least ten days' notice of meetings, although in practice dates are normally fixed well in advance.

The Trustees established a sub-committee following the 2006 Actuarial Valuation to assess the Scheme's investments.

A decision was made at the 2 December 2021 Trustee meeting to disband the sub-committee and replace with an Investment Meeting of the whole trustee board with revised terms of reference. The Trustees met four times for an Investment Meeting during the year under review.

The Trustees have delegated the day-to-day management and operation of the Scheme's affairs to professional organisations.

Changes to Scheme Rules

There were no changes to the Scheme Rules during the year.

The Sponsoring Employer

The name and address of the Sponsoring Employer is as follows:

His Majesty in Right of Canada
Canada House
Trafalgar Square
London
SW1Y 5BJ

The Trustees' Report (Cont)

Participating Employers

In addition to the Sponsoring Employer, the Scheme has two current and one former Participating Employers:

Canadian Broadcasting Corporation
43-51 Great Titchfield Street, London W1W 7DA

Canadian Tourism Commission
800-1045 Howe Street, Vancouver, British Columbia, V6Z 2A9, Canada

Former participating employers

National Film Board of Canada (ceased participation on 14 October 2002)
c/o Canadian High Commission, Canada House, Trafalgar Square, London SW1Y 5BJ.

Scheme advisers

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	Mr J Lawton
Advising Actuaries	Barnett Waddingham LLP
Independent Auditor	RSM UK Audit LLP
Investment Managers	Legal & General Investment Management Limited Permira Credit Solutions Columbia Threadneedle Threadneedle Asset Management Limited (until October 2024) Hermes Alternative Investment Management Limited Fiera Capital M&G Investments Apollo Investment Management
Investment Adviser	ISIO Group Limited and ISIO Securities Limited
AVC Managers	ReAssure
Legal Advisers	Osborne Clarke LLP
Administrator of the Scheme benefits	Barnett Waddingham LLP
Bankers	Lloyds Bank Plc
Secretary to the Trustees	Vidett Limited (until 30 September 2025) Dalriada Trustees (from 1 October 2025)

The Trustees' Report (Cont)

Changes in and other matters relating to Scheme advisers

Other than those noted above there have been no other changes to Scheme advisers and other matters during the Scheme year under review.

Financial development of the Scheme

During the year the value of the net assets decreased by £1,518,641 to £107,847,152 as at 30 June 2025. The decrease comprised a net increase from dealings with members of £392,115 together with a net decrease from the return on investments of £1,910,756.

GMP Equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

In May 2022 the Trustees, after receiving actuarial and legal advice on an appropriate methodology, completed a project to ensure that Scheme benefits for ongoing members are equalised between men and women with effect from 1 June 2022. All retired members that were affected were informed of the increase to their benefits in June 2022, together with a lump sum payment in respect of any backdated arrears. Benefits coming into payment for members that have not yet retired will be adjusted to make sure that what is being put into payment is equalised. The total amount of backdated arrears payments was around £38,600 (including interest), and these were accounted for in the financial statements for the year to 30 June 2022.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. The November 2020 judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustees will be considering the November 2020 judgement at future meetings and decisions will be made as to the next steps in respect of past transfers. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time. Further details are disclosed in Note 23 of the financial statements.

The Trustees' Report (Cont)

Ruling on amendments of Contracted-Out Salary Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustees will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Scheme.

In June 2025, the Government announced that they will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

On 1 September 2025, the Government published a series of draft amendments to the Pension Schemes Bill 2025. These amendments include new clauses implementing the Government's promised remedy following the Court of Appeal decision. The relevant amendments are due to come into force two months after the Pension Schemes Bill receives Royal Assent.

Scheme Audit

The financial statements on pages 24 to 33 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustees' knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Active members	152		
left (preserved pensioners)		(7)	
retired		(2)	
		<hr/>	
		(9)	143
Preserved pensioners	150		
new		7	
retired		(1)	
		<hr/>	
		6	156
Pensioners and dependants	231		
new pensioners		3	
new dependants		1	
died		(4)	
		<hr/>	
		-	231
Grand total members	<hr/>		<hr/>
	533		530

The member numbers shown above reflect the number of member records held by the Scheme.

The Trustees' Report (Cont)

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Pension increases

The Scheme's governing documents (the Trust Deed and Rules, including subsequent amendments) require pensions in payment to be increased each year as follows:

- GMP built up to 5 April 1988 ("Pre 88 GMP") and all pension in excess of your GMP shall increase in line with the cost of living*; and
- GMP built up between 5 April 1988 and 6 April 1997 ("Post 88 GMP") shall increase in line with the RPI capped at 3%.

In accordance with these requirements, pensions in payment were increased as follows:

	2025	2024
Pre 88 GMP and pension in excess of GMP	2.6%	3.3%
Post 88 GMP	2.7%	3.0%

The Scheme's governing documents require deferred pensions in excess of GMP to be revalued before retirement in line with statutory requirements, and for some members this is subject to an underpin in line with the cost of living* capped at 5%. Deferred pensions have been increased in line with these requirements.

These increases satisfy the statutory minimum requirements.

No discretionary increases were applied during the year.

*Before 23 June 1994, the cost of living was measured in the Scheme by the Consumer Prices Index as published by the United Nations (CPI). Between 23 June 1994 and 1 July 2022, the cost of living was measured in the Scheme by the Retail Prices Index (RPI). On and after 1 July 2022, the Scheme's measure of the cost of living has reverted to the CPI. The decision to change the cost of living measure in the Scheme back from the RPI to the CPI was made after extensive discussions amongst the Trustees, with significant input from their professional advisers. Recent court judgments, historic Scheme documents and former Trustees' decisions, as well as the views of the Government of Canada, were all considered.

The Trustees' Report (Cont)

Data Protection Act 2018 and General Data Protection Regulations

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme Actuaries are also classed as data controllers (jointly with the trustees) in accordance with guidance issued by the Actuarial Profession. Barnett Waddingham LLP act as a data processor as the administrators of the Scheme.

The Trustees have worked with their advisers to receive relevant training, and continue to do so to ensure continued compliance with data protection legislation. The Trustees GDPR and Privacy Policies are reviewed annually and were reviewed during the year and updated accordingly.

Codes of Practice

The Trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration. In May 2021.

Following the publication of the Pension Regulator's new General Code of Practice on 10 January 2024, the Trustees will be considering the impact of this on the Scheme's governance arrangements to ensure there is an appropriate effective system of governance.

The Pensions Regulator: Record Keeping

The Pensions Regulator (TPR) issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and also conditional data (the data that is used to calculate benefits and is therefore scheme specific).

The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded.

More information can be found at:

<https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping>

The address for the TPR is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

The Trustees through their advisers ensure compliance with these requirements.

The Trustees' Report (Cont)

Contact for further information

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to or telephone the Scheme administrators:

Barnett Waddingham LLP
3 Devon Way
Birmingham
B31 2TS

Telephone 0333 11 11 222

Alternatively you may contact the Scheme administrators online at:

<https://account.claritybw.co.uk/shared/contact>

The Trustees' Report (Cont)

Statement of Trustees' Responsibilities

Trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) are the responsibility of the trustees. Pension scheme regulations require, and the trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustees' responsibilities in respect of contributions

The Trustees are responsible under pensions legislation for preparing, maintaining, and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees' Report (Cont)

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

Latest valuation results

The most recent full actuarial valuation of the Scheme was carried out as at 30 June 2023.

In years where there is no actuarial valuation, the Scheme Actuary produces an estimate of the funding position known as an actuarial update report. An actuarial update report was carried out as at 30 June 2024 and 30 June 2025, using the method and assumptions set out in the Trustees' Statement of Funding Principles.

The results of the full actuarial valuation and subsequent annual update were as follows:

Funding results (£)	30 June 2023	30 June 2024	30 June 2025
Assets	100,940,000	109,090,000	107,150,000
Liabilities	86,820,000	86,750,000	80,690,000
Surplus / (Deficit)	14,120,000	22,340,000	26,460,000
Funding level	116%	126%	133%

The next triennial valuation will be carried out as at 30 June 2026.

Contributions

Active members pay contributions of 6% of Pensionable Salary in respect of future benefit accrual. Following the 30 June 2023 valuation, the Employer has agreed to pay contributions of 29.6% of Pensionable Salaries from 1 July 2024 to cover the cost of future benefits as they are earned from year to year, and to meet Scheme expenses and levies.

Actuarial assumptions

A summary of the main assumptions used for the full actuarial valuation as at 30 June 2023 is set out below. A list of all the assumptions used is set out in the Trustees' Statement of Funding Principles:

Actuarial method	Projected Unit Method
Pre-retirement discount rate	Gilt yield curve + 2.0% pa
Post-retirement discount rate	Gilt yield curve + 1.0% pa
Retail Prices Index (RPI) inflation	Gilt-implied inflation curve
Consumer Prices Index (CPI) inflation	Before 2030: RPI inflation less 0.8% pa After 2030: Equal to RPI inflation
Salary increases	4.0% pa
Pension increases in payment – RPI	Based on relevant inflation assumptions allowing for any caps or collars
Mortality table	S3NA light tables

The Trustees' Report (Cont)

Report on Actuarial Liabilities (Cont)

Mortality projections	CMI 2022 projections with long-term improvements of 1.5% pa, initial addition of 0.25%, and 2020, 2021 and 2022 weight parameters of 0%
Cash commutation	50% of members commute the maximum based on factors in force from September 2023
Allowance for early retirements from active status	20% at age 60, 10% at age 61-64

The financial statements on pages 22 to 33 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Scheme and the level of contributions payable

The Trustees' Report (Cont)

Investment managers

The Scheme's Trust Deed and Rules permit the Trustees to delegate the task of investment management to outside experts. Legal & General Investment Management Limited ("L&G"), Permira Credit Limited, Apollo Global Management, Hermes Alternative Investment Management Limited, M&G Investment and Fiera Capital are professional external investment managers and have taken full responsibility for investing the Scheme's assets. The Trustees set the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. The Trustees have put in place a mandate with their investment managers that implement this strategy. The investment managers are remunerated by fees based on a percentage of funds under management, and these fees are met by the Scheme. There are no performance-related fee arrangements.

Investment principles in relation to voting rights and environmental, social and governance ("ESG") factors

The Trustees have considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

Investment principles

The Trustees have produced a Statement of Investment Principles (SIP) as required by Section 35 of the Pensions Act 1995 and a copy of the statement is available online at:

[Canadian-High-Commission-Statement-Investment-Principles-2024.pdf](#)

The Trustees' Report (Cont)

Departures from investment principles

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

Investment strategy

The Trustee is responsible for determining the Scheme's investment strategy. In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed a statement of investment principles ('SIP'). The SIP is kept under review by the Trustee, and members may obtain a copy on request. The Trustee's investment strategy considers the Scheme's investments in the following groupings.

In August 2024, redemption requests were submitted for both the Federated Hermes and Columbia Threadneedle property funds. The latter completed its redemptions in September 2024. However, Federated Hermes received a high volume of requests that it was unable to fulfil. As a result, an Extraordinary General Meeting (EGM) was held, during which all redemptions were paused to allow the manager to consider potential options for the Fund, including a proposed merger with another fund. Following due diligence, the L&G Managed Property Fund was identified as the preferred merger candidate. The proposal was approved by investors in June 2025, and the merger was completed after the Scheme year-end, on 15 August 2025.

In December 2024, the Trustee agreed to make an investment into a semi-liquid credit mandate in order to increase diversification within the Scheme's credit portfolio. Following advice from Isio, the Trustee agreed to appoint Apollo as the manager for the new mandate and to fund the new investment through partial disinvestments from the existing M&G and L&G credit mandates. This investment was completed in June 2025.

After the end of the reporting year, the Trustee agreed to strengthen the Scheme's liability hedging basis and hedge c.100% of the interest rate and inflation risks on a Secondary Funding Basis. This new basis is broadly aligned to discount rates of Gilts +1% p.a. pre-retirement and Gilts +0.5% p.a. post-retirement. To support this change, the Trustee also agreed to reduce the strategic allocation to Equity from 15% to 10%, thereby releasing capital to fund the liability hedging update. This was implemented in September 2025.

The Scheme's SIP is currently being updated to reflect the changes made to the strategic asset allocation over the year.

The Trustees' Report (Cont)

Asset Allocation		
	Year-end weighting (%)	Target weightings as at year-end (%)
Passive Global Equity (broadly includes the funds earmarked for global infrastructure)	14	15
Property	5	10
Global Infrastructure	11	10
Private Credit	6	9
Semi-liquid Credit	9	-
Mult Asset Credit	14	10
Absolute Return Bonds	11	8
LDI and Cash (broadly includes the funds earmarked for Absolute Return Bonds and Mult Asset Credit)	30	38
TOTAL	100.0	100.0

Source: Investment managers, Isio Calculations.

Notes:

- (1) Figures may not sum to 100% due to rounding.
- (2) Asset allocation excludes holdings in the Scheme's bank accounts.

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The Trustees' Report (Cont)

Market Commentary

Global markets delivered positive performance over the 12-month period to 30 June 2025, navigating a challenging macroeconomic environment marked by persistent inflation, ongoing tariff concerns, and fewer interest rate cuts than initially anticipated. Despite these headwinds, investor sentiment remained broadly constructive, supported by resilient corporate earnings and selective sector strength.

Global equities delivered resilient returns despite heightened volatility. Gains were supported by strong earnings in technology (in particular AI advancements) and industrials, while trade policy fears driven by the announcement of President Trump and rising geopolitical tensions particularly in the Middle East reduced market optimism. Strong performance from non-US equities reduced the discount at which they have historically traded to US equities.

Corporate earnings surprised investors to the upside, boosting risk appetites and raising equity indices to all-time highs following April's market correction. However, returns for international investors with unhedged exposure to US markets were dampened as the dollar weakened significantly over the past 12 months.

High Yield bonds continued to outperform Investment Grade credit, largely driven by investor demand for higher carry and reflective of a volatile market environment. Investment Grade credit has been characterised by record tight spreads over the year, however benefitted during more volatile periods when investors sought defensive assets. Both credit markets saw yields rise across the spectrum as sovereign bonds yields climbed higher and more risk-averse investors rotated out of Investment Grade credit into government bonds as competitiveness lacked.

UK Gilt yields rose over the past year due to a broad mix of factors, including the introduction of the Government's expansionary fiscal policy, inflation remaining sticky and higher than previously expected base interest rates. US treasury yields have also risen over the same period as the Federal Reserve have not cut interest rates as far as previously expected due to higher inflation as well as strong underlying data from the US economy.

The UK property market showed signs of recovery over the 12 months to 30 June 2025, as capital values began to rise gradually following a period of stagnation. While this uplift in values was encouraging, income returns continued to be the dominant contributor to overall performance, underscoring the importance of rental yields in a cautious investment environment. Transaction activity remained uneven throughout the year, fluctuating in response to broader economic uncertainty, including interest rate volatility and shifting investor sentiment.

Review of investment performance

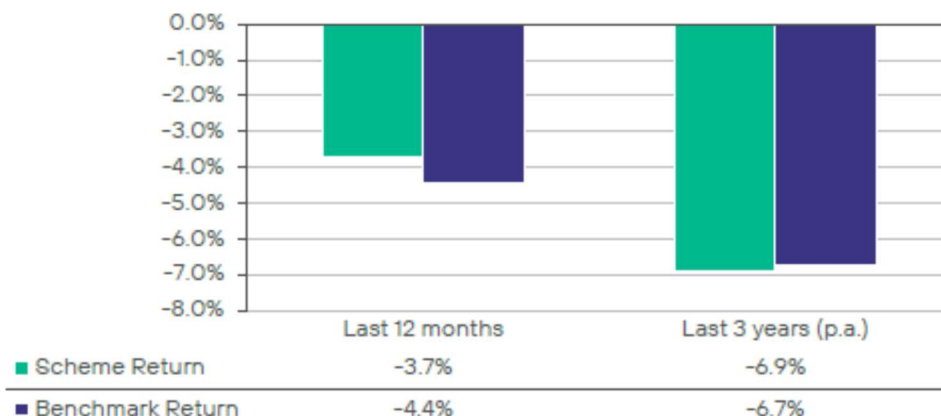
The Scheme's assets delivered negative absolute performance but positive relative performance over the 12 months to 30 June 2025. The biggest contributor to performance over the year was the Scheme's Passive Global Equity allocation despite increased volatility in equity markets in the first half of 2025. All other growth assets also delivered positive absolute return over the period. The only detractor from performance was the Scheme's Liability Driven Investment ('LDI') mandate, which fell in value due to a rise in gilt yields. However, this fall in value of LDI assets is expected to be broadly matched by a corresponding reduction in the Scheme's liabilities.

Over the 3-year period, the main detractor from performance was the LDI mandate. As with the 12-month analysis, the fall in LDI assets is expected to be broadly matched by an equivalent reduction in the estimated value of the Scheme's liabilities. The Scheme's property allocation also performed negatively, reflecting the challenging conditions in the UK Property over this period. However, the market showed signs of recovery in 2024 and in the first half of 2025.

The Trustees' Report (Cont)

Review of investment performance (Cont)

The Scheme remains in surplus on a funding basis.



Source: Investment managers, Isio Calculations.

Custodian arrangements

In accordance with normal practice, the Scheme's assets managed by the investment managers are registered in the name of the custodian's own nominee company with designation for the Scheme. The Trustees' investment management agreements with the investment managers cover custodian arrangements. Legal & General Investment Management Limited funds are free from charge or lien except for the provisions of the floating charge and any liens put in place by counterparties or custodians. The assets held in the M&G Total Return Credit Investment fund are generally free from lien. However, the fund may post collateral where derivatives are used (generally for hedging purposes).

Approval of Trustees' Report

This report was approved by the Trustees on

Date: 26/01/26

Signed on behalf of the Trustees:

Trustee

Independent Auditor's Report to the Trustees of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme

Opinion

We have audited the financial statements of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme for the year ended 30 June 2025 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Scheme's trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Scheme's trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (Cont)

Other information (Cont)

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

Independent Auditor's Report (Cont)

The extent to which the audit was considered capable of detecting irregularities, including fraud (Cont)

- obtained an understanding of the nature of the environment, including the legal and regulatory frameworks that the Scheme operates in and how the Scheme is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to reviewing all transactions and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's trustees as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
4th Floor, G1
5 George Square
Glasgow
G2 1DY

Date: 26/01/26

Summary of Contributions payable in the year

During the year, the contributions payable to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer normal contributions	2,153,905
Members' normal contributions	436,602
Contributions payable under the Schedule of Contributions	<u>2,590,507</u>
Employer additional contribution	1,620,000
Member's additional voluntary contributions	52,160
Total contributions payable	<u>4,262,667</u>

Signed on behalf of the Trustees:



Trustee

Date: 26/01/26

Independent Auditor's Statement about Contributions under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 to the Trustees of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme

Statement about contributions payable under Schedule of Contributions

We have examined the summary of contributions payable to the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme, in respect of the Scheme year ended 30 June 2025.

In our opinion the contributions for the Scheme year ended 30 June 2025 as reported in the attached summary of contributions on page 20 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 26 March 2024.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 20 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of trustee and auditor

As explained more fully on page 9 in the Statement of Trustee's Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustees as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants
4th Floor, G1
5 George Square, Glasgow, G2 1DY

Date:

RSM UK Audit LLP

26/01/26

The Financial Statements

Fund Account

for the year ended 30 June 2025

	Note	30 June 2025 £	30 June 2024 £
Contributions and benefits			
Employer contributions		3,773,905	7,005,195
Employee contributions		488,762	484,283
Total contributions	4	4,262,667	7,489,478
Transfers in	5	-	8,839
		4,262,667	7,498,317
Benefits paid or payable	6	(3,318,881)	(3,678,252)
Payments to and on account of leavers	7	-	(2,990)
Administrative expenses	8	(551,671)	(482,828)
		(3,870,552)	(4,164,070)
		392,115	3,334,247
Returns on investments			
Investment income	9	1,091,639	741,986
Change in market value of investments	10	(2,583,329)	4,223,803
Investment management expenses	11	(419,066)	(414,562)
Net return on investments		(1,910,756)	4,551,227
Net decrease in the fund during the year		(1,518,641)	(7,885,474)
Net assets of the Scheme			
At 1 July		109,365,793	101,480,319
At 30 June		107,847,152	109,365,793

The notes on pages 24 to 33 form part of these financial statements.

Statement of Net Assets

(Available for Benefits)

	Note	30 June 2025 £	30 June 2024 £
Investment assets:			
Pooled investment vehicles	13	106,415,586	107,632,025
AVC investments	14	649,669	574,195
Other investment balances	10	-	500,000
Total net investments		107,065,255	108,706,220
Current assets	18	971,447	823,873
Current liabilities	19	(189,550)	(164,300)
Net assets of the Scheme at 30 June available for benefits		107,847,152	109,365,793

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 10 to 11 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 33 form part of these financial statements.

These financial statements were approved by the Trustees on

Date: 26/01/26

Signed on behalf of the Trustees:



Trustee

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (2018).

The financial statements are prepared on a going concern basis, which the Trustees believes to be appropriate as they believe that the Scheme has adequate resources to meet obligations as they fall due for at least the next twelve months from the date of approval of these financial statements. In reaching this conclusion, the Trustee has considered severe but plausible downsides which consider the impact of recent, geopolitical and economic issues, such as the war in Ukraine, and have taken into account the impact on investments. The result of the Trustees assessment being that the strength of the Employer and its ability to continue to make contributions as they fall due is not significantly impacted. This assessment gives the Trustees confidence to prepare the financial statements on a going concern basis.

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report.

3. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

Currency

- The Scheme's functional and presentational currency is pounds sterling, rounded to the nearest pound.

Contributions

- Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employer.
- Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.
- Employer additional contributions are accounted for on a receipts basis.

Other income

- Individual transfers in to the Scheme are accounted for when the transfer amount is received.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Expenses and other payments

- Expenses are accounted for on an accruals basis.
- Investment management expenses and rebates are accounted for on an accruals basis and shown net within "Returns on investments".

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

Investment income

- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income from cash and short term deposits is accounted for on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles which is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value". Income from pooled funds which is distributed is accounted for when declared by the investment manager.
- Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Investments held in Veritas are based on the net asset value (NAV) at midday trading as provided by the Fund Administrator.
- With profit AVC policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

Significant estimates and judgements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

- There are no critical judgements in applying the accounting policies.
- Key accounting estimates and assumptions – The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, The Trustees believe that only those investments falling within Level 3 of the fair value hierarchy (see note 15) have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Contributions

	2025	2024
	£	£
Employer contributions		
Normal	2,153,905	3,835,195
Additional	1,620,000	3,170,000
Employee contributions		
Normal	436,602	434,173
Additional voluntary contributions	52,160	50,110
	4,262,667	7,489,478

A Schedule of Contributions certified on 26 March 2024 stated that there was no change to the rate paid by the Employer or Employees until 1 July 2024 when the contributions paid by the Employer were reduced to 29.6% from 53%. The additional contribution was in respect of a special contribution made by the Employer following the most recent valuation.

5. Transfers in

	2025	2024
	£	£
Individual transfers in from other schemes	-	8,839

Notes to the Financial Statements (Cont)

6. Benefits paid or payable

	2025	2024
	£	£
Pensions	2,936,451	2,797,894
Commutation of pensions and lump sum retirement benefits	382,430	880,358
	3,318,881	3,678,252

7. Payments to and on account of leavers

	2025	2024
	£	£
Individual transfers to other schemes	-	2,990

8. Administrative expenses

	2025	2024
	£	£
Administration and processing	126,198	94,253
Actuarial fees	139,644	115,005
Audit fee	16,776	13,608
Legal and other professional fees	27,727	52,849
Trustee and secretariat fees	233,358	199,199
PPF Levy	6,942	6,429
Miscellaneous fees	1,026	1,485
	551,671	482,828

With exception of the professional independent trustee, all the above providers are contracted by the Board of Trustees.

9. Investment income

	2025	2024
	£	£
Income from pooled investment vehicles	1,068,091	720,573
Bank interest	23,548	21,413
	1,091,639	741,986

Notes to the Financial Statements (Cont)

10. Reconciliation of investments

	Value at 30 June 2024 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 30 June 2025 £
Pooled investment vehicles	107,632,025	25,320,288	(23,930,084)	(2,606,643)	106,415,586
AVC investments	574,195	52,160	-	23,314	649,669
	108,206,220	25,372,448	(23,930,084)	(2,583,329)	107,065,255
Other investment balances	500,000				-
	108,706,220				107,065,255

Included within the purchases and sales is £6,345,257 in respect of the disinvestment of the holdings with Columbia Threadneedle that were reinvested in other investment funds in the Scheme.

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

11. Investment management expenses

	2025 £	2024 £
Administration, management and custody	142,374	178,562
Consultancy fees	276,692	236,000
	419,066	414,562

12. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

13. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2025 £	2024 £
LDI (Liability Driven Investments)	43,109,677	47,636,841
Equities	15,219,611	17,638,111
Bonds	6,163,901	9,338,950
Property	5,344,613	11,608,188
Multi Asset	36,577,784	21,409,935
	106,415,586	107,632,025

The Multi-asset funds hold a variety of investments including equities, bonds, derivatives and commodities.

Notes to the Financial Statements (Cont)

14. AVC investments

The Trustees hold assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Scheme year-end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2025	2024
	£	£
ReAssure (unitised insurance policy)	649,669	574,195

15. Fair value determination

The fair value of financial instruments has been estimated using the following fair value determination:

- Level 1: The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety. The Scheme's investment assets have been fair valued using the above determination levels as follows:

	As at 30 June 2025			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles		73,629,302	32,786,284	106,415,586
AVC investments	-	-	649,669	649,669
Other investment balances	-	-	-	-
	-	73,629,302	33,435,953	107,065,255

	As at 30 June 2024			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	-	87,764,995	19,867,030	107,632,025
AVC investments	-	-	574,195	574,195
Other investment balances	500,000	-	-	500,000
	500,000	87,764,995	20,441,225	108,706,220

Notes to the Financial Statements (Cont)

16. Investment risk disclosures

Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
 1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
 2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
 3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustees determined the Scheme’s investment strategy after taking advice from their investment adviser. The Scheme has exposure to the above risks via the investments held to implement the investment strategy. The Trustees manage investment risks, including credit risk and market risk, considering the Scheme’s investment objectives and strategy, and the advice of their investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the appointment documents and investment management agreements in place with each of the Scheme’s investment managers. The Trustees monitor the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

The table below summarises the Scheme’s Pooled Investment Vehicles (“PIVs”) that were held as at 30 June 2025 and have exposure to indirect credit and market risks.

2025	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	○	●	○	●
Bond funds	●	○	○	○
Property funds	○	○	○	○
Infrastructure funds	○	○	○	○
Liability-driven investment funds	○	○	●	●

2024	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	○	●	○	●
Bond funds	●	○	○	○
Property funds	○	○	○	○
Infrastructure funds	○	○	○	○
Liability-driven investment funds	○	○	●	●

Key to indirect risk exposures:

- Significant exposure
- Some exposure
- Negligible exposure

Further information on these risks and the Trustees approach to risk management is set out below. This does not include AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

Notes to the Financial Statements (Cont)

16. Investment risk disclosures (Cont)

Credit risk

The Scheme is directly subject to credit risk resulting from Pooled investment vehicles. The table below refers to the pooled investment vehicles only and not the underlying holdings.

	2025	2024
	£000	£000
Unrated	106,415	107,632

Pooled investment vehicles

Direct credit risk is mitigated by the ring-fenced nature of the pooled investment vehicles, the regulatory environments in which the pooled managers operate, and diversification of investments amongst a number of pooled arrangements.

The Trustees carry out due-diligence checks on the appointment of new pooled investment managers, and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled managers.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025	2024
	£000	£000
Authorised unit trusts	-	6,315
Limited partnerships	11,186	10,528
Open-ended investment companies	15,300	10,882
Unauthorised unit trusts	5,345	5,293
Unit-linked insurance contracts	58,329	65,275
Other	16,256	9,339
Total	106,415	107,632

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustees are not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The Scheme is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

As at 30 June 2025 around 100% (2024: 66%) of the Scheme's assets were invested in funds or securities that are exposed to credit risk.

The Scheme's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Scheme's investments across a number of pooled funds. The Trustees carry out due diligence checks on investments into new pooled funds and on an ongoing basis monitor any changes to the operating environment of those pooled funds.

Notes to the Financial Statements (Cont)

16. Investment risk disclosures (Cont)

Market risk

Currency risk

The Scheme had equity exposure through the LGIM Future World Global Equity Index Fund which is in non-GBP hedged share classes as of 30 June 2025. Indirect currency risk may exist within other pooled vehicles if underlying investment are held in non-Sterling assets; any such risk is shown in the subsequent Indirect Risks table. Outside of the LGIM equity, the assets are held in GBP share classes.

As at 30 June 2025 around 31% (2023 55%) of the Scheme's assets were invested in funds or securities that are exposed to currency risk.

Interest rate and inflation risk

This scheme has no direct interest rate risk as there are no segregated holdings in credit or LDI assets. Indirect risks are covered later in this section.

As at 30 June 2025 around 71% (2024 Nil%) of the Scheme's assets were invested in funds or securities that are exposed to interest rate and/or inflation risk.

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

As at 30 June 2024 around 59% (2024 91%) of the Scheme's assets were invested in funds or securities that are exposed to other price risk.

Indirect risks

The Scheme is indirectly exposed to investment risks via the underlying assets of the pooled investment vehicles. This indirect risk is mitigated by the diversification of these underlying assets within the individual vehicles as part of a diversified investment strategy.

17. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year-end:

	2025		2024	
	£	%	£	%
Permira Credit Solutions IV	6,163,901	5.7	9,338,950	8.5
Columbia Threadneedle Property Unit Trust	-	-	6,315,223	5.8
L&G Global Equity Index	15,219,611	14.1	17,638,111	16.1
Hermes Property Unit Trust	5,344,613	5.0	5,292,965	4.8
EagleCrest Infrastructure SCSP Fund	11,186,000	10.4	10,528,080	9.6
L&G Absolute Return Bond Fund	11,361,034	10.5	11,285,999	10.3
L&G Matching Core Fix Long Ser1 Fund	10,849,280	10.1	12,861,512	11.8
L&G Matching Core Real Long Ser 1 Fund	18,232,720	16.9	20,315,218	18.6
M&G ESMR A Acc GBP H Fund	15,300,014	14.2	10,881,855	9.9
Apollo Multi-Credit Fund	10,091,770	9.4	-	-

Notes to the Financial Statements (Cont)

18. Current assets

	2025	2024
	£	£
Cash balances	971,447	822,836
Other debtors and prepayments	-	1,037
	971,447	823,873

19. Current liabilities

	2025	2024
	£	£
Accrued expenses	189,550	164,300

20. Related party transactions

At 30 June 2025, there was one (2025: two) Trustee who was an active member of the Scheme. The Trustee accrues benefits under the standard terms as all other members. The Trustees of the Scheme are considered to be key management personnel.

The Employer provides facilities for Trustees' meetings and other minor expenses not included in the financial statements for which no charge is levied to the Scheme. Fees of £142,985 (2024: £115,508) were paid to the Trustees, with £22,252 (2024: £17,684) outstanding at the year-end. In addition fees of £Nil (2024: £77) were reimbursed to a non-employer nominated Trustees during the year.

All of the above transactions were made in accordance with the Scheme Rules.

21. Capital commitments

At 30 June 2025, the Scheme had an uncalled commitment of £1.6m (2024: £1.6m) to the Permira Private Credit Fund.

22. Employer-related investments

There were no direct employer-related investments at the year end.

23. Contingent liabilities

GMP Equalisation

As explained on page 4 in the Trustees' Report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustees of the Scheme have completed a project to ensure that Scheme benefits for ongoing members are equalised between men and women with effect from 1 June 2022. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The total amount of arrears payments was around £38,600 (including interest) and these have been accounted for in the financial statements for the year to 30 June 2022.

Notes to the Financial Statements (Cont)

23. Contingent liabilities (Cont)

Ruling on amendments of Contracted-Out Salary Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustees will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Scheme.

In June 2025, the Government announced that they will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

On 1 September 2025, the Government published a series of draft amendments to the Pension Schemes Bill 2025. These amendments include new clauses implementing the Government's promised remedy following the Court of Appeal decision. The relevant amendments are due to come into force two months after the Pension Schemes Bill receives Royal Assent.

Certificate of Adequacy of Contributions

High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme

Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the schedule is expected to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 24 March 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature:



Date:

26 March 2024

Name:

John Lawton

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

3 Devon Way
Birmingham
B31 2TS

Employer:

Barnett Waddingham LLP

Schedule of Contributions

High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme

Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme (the "Scheme"), after obtaining the advice of the Scheme Actuary appointed by the Trustees.

The Employer is the Treasury Board of Canada and any other participating employers in the Scheme.

Period of the Schedule

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends on 30 June 2029 unless it is replaced by another Schedule within that period.

Contributions to be paid by active members

6% of Pensionable Salary, to be deducted from earnings by the Employer and paid to the Scheme by the 19th day of the calendar month following deduction.

Members may pay Additional Voluntary Contributions (AVCs) at their discretion on giving appropriate notice to the Employer.

Contributions to be paid by the Employer

Period	Rate
Up to 30 June 2024:	53% of Pensionable Salaries
From 1 July 2024:	29.6% of Pensionable Salaries

Contributions should be paid into the Scheme by the 19th day of the calendar month following that to which the payment relates. These contributions relate to the future accrual of benefits, Scheme expenses and all levies.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than required can be offset against later payments due at the request of the Employer with the agreement of the Trustees.

This Schedule has been agreed by the Trustees and the Employer.



.....
Signed on behalf of the Trustees of the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme

Deborah Elder
Deborah Elder (Mar 24, 2024 13:59 EDT)

.....
Signed on behalf of the Treasury Board of Canada by the Deputy Minister of Foreign Affairs (USS), represented by the Executive Director of the Locally Engaged Staff Pension and Insurance

24/03/2024

.....
Date of agreement

Implementation Statement

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as Environmental, Social and Governance issues ('ESG') become increasingly important to regulators and the broader investment community. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustees' fiduciary duty. These ESG issues are specifically addressed in this Statement.

Implementation Statement

This implementation statement provides evidence that the High Commission of Canada in the United Kingdom Locally Engaged Staff Pension Scheme 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 [Canadian-High-Commission-Statement-Investment-Principles-2024.pdf](#). The statement includes:

- actions the Trustees have taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Trustees have followed policies on engagement covering engagement actions with its investment managers and in turn the engagement activity of the investment managers with the companies in the investment mandates.
- voting information covering the reporting year up to the 30th of June 2025, including the most significant votes cast by the investment managers on the Scheme's behalf.

Summary of key actions undertaken over the reporting year.

In August 2024, redemption requests were submitted for both the Federated Hermes and Columbia Threadneedle property funds. The latter completed its redemptions in September 2024. However, Federated Hermes received a high volume of requests that it was unable to fulfil. As a result, an Extraordinary General Meeting (EGM) was held, during which all redemptions were paused to allow the manager to consider potential options for the Fund, including a proposed merger with another fund.

Following due diligence, the L&G Managed Property Fund was identified as the preferred merger candidate. The proposal was approved by investors in June 2025, and the merger was completed after the Scheme year-end, on 15 August 2025.

In December 2024, the Trustee agreed to make an investment into a semi-liquid credit mandate in order to increase diversification within the Scheme's credit portfolio. Following advice from Isio, the Trustee agreed to appoint Apollo as the manager for the new mandate and to fund the new investment through partial disinvestments from the existing M&G and L&G credit mandates. This investment was completed in June 2025.

After the end of the reporting year, the Trustee agreed to strengthen the Scheme's liability hedging basis and hedge c.100% of the interest rate and inflation risks on a Secondary Funding Basis. This new basis is broadly aligned to discount rates of Gilts +1% p.a. pre-retirement and Gilts +0.5% p.a. post-retirement. To support this change, the Trustee also agreed to reduce the strategic allocation to Equity from 15% to 10%, thereby releasing capital to fund the liability hedging update. This was implemented in September 2025.

The Scheme's SIP is currently being updated to reflect the changes made to the strategic asset allocation over the year.

Further the Trustees continued to review their investment managers on an ongoing basis, including from a sustainability perspective, with the assistance of its investment adviser. This includes understanding whether the investment managers are signed up to common codes such as the UK Stewardship Code, and if not, engaging with the managers to understand why.

Implementation Statement

This report demonstrates that the Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Managing risks and policy actions

Approach to managing and monitoring investment risks

The Trustees consider that there are several different types of investment risk that are important for the Scheme. These include, but are not limited to:

Risk of inadequate returns

A key objective of the Trustees is that, over the long-term, the Scheme should have adequate assets to meet its liabilities as they fall due. The Trustees therefore invest the assets of the Scheme to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Scheme's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been considered in setting the investment strategy and is monitored by the Trustees on a regular basis. The Trustees maintain a significant proportion of liability matching assets to manage this risk.

Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Scheme's assets. The Trustees believe that the Scheme's assets are adequately diversified between different asset classes and within each asset class. This was a key consideration when determining the Scheme's investment arrangements and is monitored by the Trustees on a regular basis. Over the reporting year, the Trustees have undertaken an investment strategy review to target a greater level of diversification.

Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustees receive written advice from a suitably qualified individual and will typically undertake an investment manager selection exercise. The Trustees monitor the investment managers on a regular basis to ensure they remain appropriate for their selected mandates. The Trustees' investment adviser typically holds quarterly calls with the investment managers or more frequently where required.

Liquidity/marketability risk

This is the risk that the Scheme is unable to realise assets to meet benefit cash flows as they fall due or that the Scheme will become a forced seller of assets in order to meet benefit payments. The Trustees are aware of the Scheme's cash flow requirements and believe that this risk is managed by maintaining an appropriate degree of liquidity across the Scheme's investments.

Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Scheme's investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustees seek to appoint investment managers who will manage

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these risks appropriately on their behalf and from time-to-time review how these risks are being managed in practice. As part of the Trustees' investment strategy reviews, the Trustees have reviewed sustainable mandates in each of the areas reviewed, including an equity portfolio with a specific ESG focus.

Collateral adequacy risk

The Scheme is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection ("hedging") against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustees when requested to do so will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Scheme's interest rate and inflation hedging could be reduced, and that the Scheme's funding level could suffer subsequently as a result. In order to manage this risk, the Trustees ensure that the Scheme has a sufficient allocation to highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice.

Legal and General Investment Management (L&G) has been selected as the LDI manager. L&G sets a minimum collateral requirement to be held within its LDI funds, taking into account regulatory guidance and its own risk management framework. The Trustees hold additional liquid collateral with L&G in order to reduce collateral adequacy risk including liquid Credit funds and equities. Further liquid assets are held with M&G in order to further reduce collateral adequacy risk.

Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Scheme is subject to credit risk because it invests in bonds via pooled funds. The Trustees manage their exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers, and predominately invests in bonds that are classified as "investment grade".

Currency risk

Whilst most of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustees consider the overseas currency exposure in the context of the overall investment strategy and believe that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustees manage the amount of currency risk by investing in pooled funds that hedge some of the currency exposure.

Interest rate and inflation risk

The Scheme's assets are subject to interest rate and inflation risk because some of the Scheme's assets are held in bonds via pooled funds. However, the interest rate and inflation exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and so the Trustees believe that it is appropriate to have exposures to these risks in this manner and to review them on a regular basis. The Scheme's LDI investments currently aim to hedge c.100% of these risks on a Secondary Funding Basis, which is broadly aligned to discount rates of Gilts +1% p.a. pre-retirement and Gilts +0.5% p.a. post-retirement. All other assumptions under the Secondary Basis are in line with those used for the current Technical Provisions. The Technical Provisions are expected to be broadly aligned to the Secondary Funding Basis at the June 2026 Actuarial Valuation, at which point the hedging will be reviewed again.

Other non-investment risks

The Trustees recognise that there are other, non-investment, risks faced by the Scheme, and takes these into consideration as far as practical in setting the Scheme's investment arrangements.

Examples include:

- longevity risk (the risk that members live on average, longer than expected); and
- sponsor covenant risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Scheme as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Scheme's funding position falls below what is considered an appropriate level. By understanding and considering the key risks that contribute to funding risk, the Trustees believe that they have appropriately addressed and are positioned to manage this general risk.

Changes to the SIP

The SIP was updated and signed in November 2024 to reflect the Scheme's revised target hedge ratio of approximately 100% of interest rate and inflation risks on a Technical Provisions basis, and to provide further detail on investment prohibitions related to the Canadian Sanctions Law.

The SIP is currently being updated to incorporate the recent strategic changes outlined earlier in this report.

Current ESG policy and approach

ESG policy

The SIP describes the Scheme's policy with regards to ESG, which is as follows.

Consideration of financially material and non-financial matters

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time-to-time review how their managers are taking account of these issues in practice.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate. The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

Implementing the current ESG policy

In line with the policy above, the Trustees will review its managers from an ESG perspective. The Trustees will review all investment managers from an ESG perspective when making new appointments.

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

Areas for monitoring engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of Rights	<ul style="list-style-type: none"> • The Trustees' investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. • The Trustees receive information from their investment advisers on the investment managers' approaches to engagement. • The Trustees will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Scheme's stewardship priorities) at least annually. 	<ul style="list-style-type: none"> • The manager has not acted in accordance with their policies and frameworks (including stewardship priorities).

ESG summary and actions with the investment managers

Manager, fund	ESG Summary	
	Key firm findings	Key fund findings
Legal & General Investment Management – Future World Equity Index Fund		<ul style="list-style-type: none"> • There are clear forward looking ESG objectives within the fund. • The fund has a set of exclusions, tilts towards companies that prioritise ESG factors, and utilises a scorecard in decision making.
Legal & General Investment Management – Absolute Return Bonds Funds	<ul style="list-style-type: none"> • Strong firm-level policies, (e.g. net zero strategy adoption). • A self-standing ESG/SI team • EDI policy in place which includes targets monitored against. • Strong approach to Stewardship. • L&G are a member of 50+ ESG initiatives and networks. 	<ul style="list-style-type: none"> • The fund has a clear, forward-looking quantifiable ESG objective (decarbonisation target) • Fund aligns with the Net Zero Investment Framework’s guidance on decarbonisation
Legal and General Investment Management – Matching Core LDI Fund Range		<ul style="list-style-type: none"> • L&G embeds ESG within their counterparty review process for LDI funds via their Active ESG tool & engaging with counterparties. • However, the LDI funds do not have any explicit ESG objectives.
Fiera Infrastructure	<ul style="list-style-type: none"> • Fiera updated its ESG policy in 2024 and is now committed to a 2050 net zero pathway. • The Firm has an internal ESG oversight committee and engages with an ESG consultant. 	<ul style="list-style-type: none"> • ESG factors are integrated into the investment deal sourcing process, which uses an ESG scorecard. • The Fund reports on a range of climate and social metrics.
M&G – Total Return Credit Investment Fund	<ul style="list-style-type: none"> • Strong firm-level policies (e.g. net zero commitment by 2050). • M&G can now model various climate scenarios. • Stewardship is strong but only focuses on climate change. 	<ul style="list-style-type: none"> • No fund-level ESG policy but follows thorough firm level policy. • Fund-level engagement activity with portfolio issuers is limited. • Do not produce a detailed fund-level sustainability report.
Apollo – Total Return Fund	<ul style="list-style-type: none"> • Published firm-level ESG and engagement policies. • Well-resourced and dedicated sustainability team and platform. 	<ul style="list-style-type: none"> • No direct ESG, objectives, nor a formal exclusions list. • A scorecard is used to apply their ESG risk framework consistently.

Permira – Direct Lending	<ul style="list-style-type: none"> • High-level engagement priorities and escalation approach. 	<ul style="list-style-type: none"> • A detailed quarterly ESG report is produced for the Fund.
	<ul style="list-style-type: none"> • Permira has updated its ESG policy to include its climate approach. • Permira now provides mandatory ESG training for new joiners, with an annual refresher. 	<ul style="list-style-type: none"> • There are now six people in the Permira ESG team, including a dedicated ESG credit lead. • Permira are utilising third party data providers to incorporate ESG metrics and improve reporting.

Engagement

As the Scheme invests via pooled funds managed by investment managers, the managers are responsible for engaging with investee companies as and when required. The investment managers have provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 30th of June 2025.

Fund name	Engagement summary	Commentary
Legal & General Investment Management – Future World Equity Index Fund	<p>Total Engagements: 1558</p> <p>Engagements fell into the following categories:</p> <p>Environmental: 1163 Governance: 289 Social: 410 Other: 119 (includes financial and strategy)</p> <p>Please note that the sum of the above categories is greater than the number of total engagements, as some engagements cover more than one of the topics listed.</p>	<p>L&G have a firmwide ESG policy implemented through identifying, engaging and escalating key ESG issues.</p> <p>L&G employs a dedicated and experienced ESG team to assess and engage with companies on key ESG issues. Within L&G's Future World Index, there is an exclusion criterion in place, combined with tilting according to the consideration of all the E, S and G factors. L&G has firm wide stewardship priorities with a current priority focus on inequality, ethnic diversity, and tax transparency.</p> <p>The manager takes a holistic approach to voting and engagement across all of its portfolio companies, within which L&G's Investment Stewardship team and all investment teams collaborate to ensure they are using a common framework. This strengthens and streamlines engagement and voting activities, allowing the manager to maximise effectiveness by leveraging its position as a large, influential investor.</p> <p>L&G produces an annual Active Ownership report which summarises the actions taken on behalf of clients.</p>
	<p>Total Engagements: 323</p> <p>Engagements fell into the following categories:</p> <p>Environmental: 236 Governance: 95 Social: 88 Other: 42 (includes financial and strategy)</p>	<p>L&G's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.</p> <p>L&G share their finalised ESG ratings/scorecards with companies, identifying which metrics are used, L&G's key focus areas and suggestions to companies that could improve their score.</p>
Legal & General Investment Management – Absolute Return Bonds Funds		

<p>Legal and General Investment Management – Matching Core LDI Fund Range</p>	<p>Please note that the sum of the above categories is greater than the number of total engagements, as some engagements cover more than one of the topics listed.</p>	
<p>Federated Hermes Property</p>	<p>L&G currently has not yet provided numerical data of engagement activity within the Matching Core LDI Funds. L&G do however engage regularly with the counterparty banks involved in their LDI strategies.</p>	<p>L&G believe effective stewardship involves working with companies, regulators, policymakers, peers, and other stakeholders around the world to tackle systemic issues, material risks and opportunities as well as collaboration with industry experts to identify future challenges.</p>
<p>Fiera Infrastructure</p>	<p>Various Engagements Due to the nature of the fund, which owns properties, there are no companies with which to engage. However, they do engage with occupiers of the properties.</p>	<p>The Federated Hermes Property is a pooled UK property investment fund that invests 100% directly into real estate properties and, as such, there are no companies with which to engage. However, they engage with a number of industry and government bodies. Furthermore, they also take time to regularly engage with occupiers of the properties, usually through managing agents and leasing agents, to encourage them to be more energy efficient, and have been looking into wellbeing for occupiers as a way to better their engagement efforts.</p> <p>The manager has very clearly defined and objective ESG targets which it is able to report the progress on regularly through the fund's reporting, including meeting net zero emissions across the managed assets in their real estate portfolio by 2035.</p>
<p>Fiera Infrastructure</p>	<p>Various Engagements As the fund manager, they communicate directly with the ESG lead of the portfolio companies. They focus on seeking positive change within their portfolio companies and improving market-wide/system risks.</p>	<p>The firm has an ESG policy that sets out guiding principles, commitments, and implementation for responsible investment, and how to integrate environmental, social and governance ("ESG") risk and value creation opportunities into their investment decision-making process and ownership practices.</p> <p>An example of significant engagement is: PureSky Energy</p> <p>The annual Global Real Estate Sustainability Benchmark (GRESB) Infrastructure Assessment is the most substantial engagement Fiera has on ESG topics. During the course of 2024, Fiera worked closely with the management team at PureSky to improve on employee ESG engagement and policy updates. PureSky scored an 84 in the 2024 GRESB assessment, completing the following assessment items: - Quantified energy consumption and generation and GHG emissions – quantifying emissions establishes a baseline to reduce</p>

M&G – Total Return Credit Investment Fund		<p>emissions and set net zero and interim targets.</p> <ul style="list-style-type: none"> - Formalized ESG consequences in employee objectives – PureSky’s employee bonuses now include ESG-related KPIs. - Conducted a risk and materiality assessment – this helps analyze which ESG risks are material to PureSky’s operations. <p>The company is now working on the 2024 action items to improve its submission for GRESB in 2025.</p>
	<p>Total engagements: 25</p> <p>Environmental: 19 Social: 5 Governance: 1</p>	<p>M&G has a well integrated sustainable investment policy to ensure ESG considerations are incorporated across all stages of the investment process.</p> <p>An example of significant engagements is:</p> <p>Orsted A/S</p> <p>M&G engaged with Orsted, a Danish offshore wind specialist, to ensure it was advancing its approach to biodiversity given its nature positive by 2030 target and that a biodiversity metric was included in executive remuneration. M&G also requested the publication of forward-looking milestones that could be used to measure progress.</p> <p>Orsted has been working on this issue and has engaged a biodiversity consultancy as well as leaning against existing frameworks, particularly ones from central Europe and the UK, which it sees as the most ambitious. They launched a measurement framework in June 2025 and is identifying platforms that can plug and play. In addition, the company is gathering feedback from NGOs, academia and others, with the aim to implement its framework in January, with a first set of metrics by the end of 2025.</p>
	<p>Total engagements: 33</p> <p>The manger did not provide a full breakdown of the engagements over the period.</p>	<p>Permira is committed to improving its approach to ESG engagement and monitoring post-investment, reflecting the continual evolution of its approach to ESG.</p> <p>Permira has developed its approach to ESG margin ratchets and attempted to integrate the mechanism to offer margin ratchets into deal documentation for all new commitments and refinances.</p> <p>An example of significant engagement is:</p> <p>Xceptor</p> <p>Permira engaged with Xceptor about their ESG strategy and how Permira could help them to improve. Permira encouraged the firm to discuss the possibility of including an ESG margin ratchet in their loan agreement,</p>
Permira – Direct Lending		

Apollo – Total Return Fund		<p>which would link a margin reduction to Xceptor meeting ESG KPIs.</p> <p>There has been an improvement across the portfolio following the engagement. These improvements include their EcoVadis* score increasing from 54 to 66.</p>
	<p>Total engagements: 328</p> <p>Environmental: 319 Social: 322 Governance: 319</p> <p>Please note that the sum of the above categories is greater than the number of total engagements, as some engagements cover more than one of the topics listed.</p>	<p>Apollo believes engaging with companies/issuers can be an integral part of the investment process and that investors can play a meaningful role in encouraging positive changes in company/issuer disclosure, behaviour, and decision-making that can positively impact the financial value of an investment.</p> <p>Apollo takes top-down and bottom-up approaches to engagement with companies and their representatives. Internal frameworks and tools may also be used to identify sustainability practices that could present opportunities for value creation.</p> <p>An example of significant engagements is:</p> <p>Hecate Bidco Limited</p> <p>Apollo engaged with Hecate Bidco Limited to help drive value creation and address stakeholder expectations on ESG areas following the request that they fill out an Integrated Disclosure Project ("IDP"), which is a standardized template for borrowers to report ESG information to lenders.</p> <p>The company has been working with Enterprise Risk Management ("ERM") to develop a decarbonization plan which has been approved by the company's executive committee. Their focus is now on implementation of the plan which is focused in 3 key areas:</p> <ol style="list-style-type: none"> 1) Energy efficient lighting and renewable energy procurement to reduce energy consumption in clinics 2) More efficient fleet/logistics routing 3) Implementing a 5-year electrification program.

Note: (*) 0–100 numeric rating measuring a company's ESG (Environment, Social, Governance) performance, based on evidence across 21 sustainability criteria aligned with ISO 26000, GRI, and UNGC.

Voting (for equity asset funds only)

The Trustees note the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's investment managers have provided details on their voting actions including a summary of the activity covering the reporting year up to the 30th of June 2025. The managers also provided examples of significant votes. Note this only includes the equity manager, as the only fund with voting rights attached to the investment.

Fund Name	Voting Summary	Commentary
Legal & General Investment Management – Future World Equity Index Fund	<p>Resolutions eligible to vote for: 55,250</p> <p>Resolutions voted for: 55,228</p> <p>Resolutions voted with management: 44,939</p> <p>Resolutions voted against management: 9,626</p> <p>Resolutions abstained from: 668</p>	<p>L&G's Investment Stewardship team uses International Shareholder Services' (ISS) 'Proxy Exchange' electronic voting platform to electronically vote in line with L&G's policies. All voting decisions are made by L&G, and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with L&G's position on ESG, they put in place a custom voting policy with specific voting instructions.</p> <p>Examples of Significant Votes:</p> <p>Name of Company: BHP Group Limited ("BHP")</p> <p>Date of Vote: 30 October 2024</p> <p>Approximate size of the Fund's holding: 0.15%</p> <p>Summary of the resolution: Approve Climate Transition Action Plan (CTAP)</p> <p>How L&G voted: For resolution (in line with management)</p> <p>An explanation of the rationale for the voting decision: L&G believe that the critical minerals that mining companies provide are essential to the energy transition. It is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner, and has demonstrated this through the substantial alignment of its CTAP</p>

		<p>with L&G's framework for assessing mining companies' transition plans.</p> <p>Outcome and next steps:</p> <p>Going forwards, L&G plan to assess the disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management and mitigation strategy, and support for the decarbonisation of steelmaking. L&G will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.</p> <p>Name of Company: Microsoft Corporation</p> <p>Date of Vote: 10 December 2024</p> <p>Approximate size of the Fund's holding: 4.9%</p> <p>Summary of the resolution: Report on AI Data Sourcing Accountability</p> <p>How L&G voted: For resolution (against management)</p> <p>An explanation of the rationale for the voting decision:</p> <p>L&G voted for the resolution to report on AI data sourcing accountability as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices.</p> <p>Outcome and next steps:</p> <p>The resolution failed to pass. L&G will continue to engage with investee companies and publicly advocate their position on this issue and monitor company and market-level progress.</p>
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