Exeter and Devon Airport Limited 1991 Pension Scheme

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated March 2025 have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2025 to 31 March 2026.

Investment objectives of the Scheme

The Trustee's objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustee's primary objectives are set out on page 2 of the SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustee to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To gradually reduce the exposure to equity-like risk within the growth holdings, in accordance with the de-risking plan that the Trustee is considering. The intention of the de-risking plan is to protect improvements in the Scheme's funding level (as and when they arise), and to achieve full funding on a low risk, Long-Term Funding Objective (LTFO) funding basis over a medium- to long-term time period.
- To target a level of hedging of around 100% of the risk to funding associated with the impact of changes in long-term interest rates and future inflation expectations on the Scheme's funded liabilities (i.e. up to the value of the Scheme's assets) on the LTFO funding basis.
- Where future opportunities arise to reduce expected volatility in the funding position without adversely affecting the funding plan, the Trustee will consider actions to achieve this aim.

The Trustee appreciates that these objectives are not necessarily mutually exclusive.

The Trustee also recognises that it is currently necessary to accept some risk in the investment strategy to achieve the long-term funding objective.

Review of the SIP

The SIP was last reviewed in March 2025. The Trustee updated the SIP to reflect changes in the Scheme's investment strategy. These changes included a reduction in the Scheme's growth asset holdings in favour of an increased allocation to protection assets, alongside an increase in the Scheme's Target Hedging Ratios against the interest rate and inflation risks present in the Scheme's liabilities.

Prior to this, the SIP had last been updated in March 2020 to take account of previous changes made to the Scheme's investment strategy.

The Trustee has a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustee's SIP.

The Trustee's policies on financially and non-financially material considerations, as well as engagement and voting activities, were not updated over the year.

Investment managers and funds in use

The Trustee's investment strategy during the year was as shown in the below table, which is reflected in the Trustee's SIP:

Asset Class	Fund	Target Asset Allocation
Global equities	L&G Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged	15.0%
Multi-asset	L&G Dynamic Diversified Fund	20.0%
Multi-asset income	Aegon Diversified Monthly Income Fund	20.0%
Absolute return bonds	L&G Global Unconstrained Bond Fund*	3.0%
Liability Driven Investment (LDI) funds	L&G Matching Core Funds	42.0%
Total		**100.0%**

*Formerly known as the L&G Absolute Return Bond Fund.

There have been no changes to either the Investment Managers used or the Target Asset Allocation for the Scheme's invested assets over the year.

The SIP does refer to one of the Investment Managers as Legal & General Investment Management ('LGIM'), which rebranded to Legal & General – Asset Management ('L&G') in the prior Scheme year. The SIP will reflect this rebrand when the Trustee next updates it.

Investment governance

The Trustee is responsible for making investment decisions, and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Scheme to help form its policies set out in the SIP as the Scheme is comprised of a diverse membership, which the Trustee expects to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustee with effect from January 2026. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance, and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Managers or approaches, and direct engagement with the Investment Managers (as detailed below), the Trustee receives performance reports on a quarterly basis from L&G and Aegon, together with performance reports from Broadstone on a half-yearly basis to ensure the investment objectives set out in its SIP are being met.

Trustee's policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation
Selection of Investments	The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property and alternative asset classes, such as hedge funds, private equity and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustee may invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Scheme's investments. The Trustee may hold insurance policies such as deferred or immediate annuities which provide income to the Scheme, matching part or all of the future liabilities due from it. The Trustee may hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Scheme.	No deviation from this policy over the year to 31 March 2026.
Balance of Investments	The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Scheme's liabilities or relevant regulations governing pension scheme investment. The Trustee has agreed the range of funds to be used in the investment strategy, taking into account the maturity of the Scheme's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Scheme matures.	No deviation from this policy over the year to 31 March 2026. The Trustee's target investment strategy allocations as at the year end are reflected in the SIP.
Delegation to Investment Managers	The Trustee will delegate the day-to-day management of the Scheme's assets to professional investment managers and will not be involved in the buying or selling of investments.	No deviation from this policy over the year to 31 March 2026.

Requirement	Policy	Implementation
Realising Investments	The Trustee makes disinvestments from the Investment Managers with the assistance of its administrators, Aptia UK Limited, as necessary, to meet the Scheme's cashflow requirements, seeking input from Broadstone as investment consultants on the source of such disinvestments.	The Scheme's administrators were changed over the year from Aptia UK Limited to Cartwright Benefit Consultants Limited. The SIP will reflect this change when the Trustee next updates it.
Maintaining the Asset Allocation and Target Hedging Ratios	The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios. The Trustee will regularly review the balance of the Scheme's investment holdings to maintain the allocation and hedging levels within a reasonable range of the respective targets in conjunction with its adviser, Broadstone, and will make any necessary transfers, taking account of the reasons for and extent of any deviation, together with the costs associated with rebalancing the portfolio.	No deviation from this policy over the year to 31 March 2026. The asset allocation and level of hedging exposure provided by the assets at the year end were broadly in line with their targets, which are reflected in the SIP.
Performance Benchmarks and Objectives	The equity fund is an index-tracking fund, meaning that its objective is to track the total return on a specified market index within an agreed margin over a specified timescale. The multi-asset, multi-asset income and absolute return bond funds are actively managed, and the Investment Managers have been set Performance Objectives to achieve returns in line with, or in excess of, a benchmark. The LDI funds have an objective to provide a prescribed level of hedging against changes in the value of liabilities for a typical defined benefit pension scheme caused by interest rate and inflation risks. The practical method of implementing this level of hedging is delegated to the LDI manager, with the expectation that L&G will choose the most cost-effective method.	The funds' performance benchmarks and objectives were reviewed on a half-yearly basis over the year to 31 March 2026. There were no changes to the funds' performance benchmarks and objectives over the year.
Investment Management Charges	The annual investment management charges of the funds used during the Scheme year are set out on page 8 of the SIP and are as follows: • L&G Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged: 0.178% • Aegon Diversified Monthly Income Fund: 0.450%* • L&G Dynamic Diversified Fund: 0.380%** • L&G Global Unconstrained Bond Fund: 0.250% • L&G Matching Core Funds: 0.240% *Discounted from 0.50% p.a. **Discounted from the standard charge of 0.50% p.a. until further notice. In addition, L&G charged a flat administration fee of £1,500 per annum during the year.	There were no changes to the funds' investment management charges over the year to 31 March 2026.

Requirement	Policy	Implementation
Financially and Non-Financially Material Considerations	The Trustee's policy on financially and non-financially material considerations is set out on page 11 of the SIP and in full below.	No deviation from this policy over the year to 31 March 2026 (see below).
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use its investments to improve the Environmental, Social and Governance behaviors of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy, and aiming to improve how companies behave in the medium and long term, is in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Managers on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting its assets from the managers.	No deviation from this policy over the year to 31 March 2026 (see below).

Financially and non-financially material considerations

The Trustee recognises that ESG issues can and will have a material impact on the companies, governments, and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustee has an expectation that the Investment Managers will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustee's views on how ESG issues are taken account of in each asset class used during the Scheme year are set out below.

Asset Class	Active/Passive	ESG Views
Global equities	Passive	The Trustee acknowledges that the Investment Manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustee expects the Investment Manager to take ESG considerations into account by engaging with companies that form the index, and by exercising voting rights on these companies.
Multi-asset **Multi-asset income** **Absolute return bonds**	Active	The Trustee expects the Investment Managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk-adjusted returns. The Trustee also expects its Investment Managers to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the portfolios do not typically attract voting rights.
LDI funds	Active	The underlying assets of the LDI funds consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustee does not currently impose any specific restrictions on the Investment Managers with regard to ESG issues but will review this position from time to time. The Trustee receives information from the Investment Managers on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee regards the potential impact of climate change on the Scheme's assets as a longer-term risk and likely to be less material in the context of the short to medium term development of the Scheme's funding position than other risks. The Trustee will continue to monitor market developments in this area with its investment adviser.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

The Trustee currently invests in pooled investment funds with the Investment Managers, and it acknowledges that this limits its ability to directly influence the Investment Managers. In particular, all voting activities have been delegated to the Investment Managers, as the Trustee is unable to vote on the underlying holdings, given the pooled nature of the Scheme's investments.

However, the Trustee periodically meets with its Investment Managers, to engage with them on how they have taken ESG issues and voting rights into account for the investment approaches they manage on its behalf. As part of this, the Trustee will seek to challenge its Investment Managers on these matters where it thinks this is in the best interests of members.

Out of the funds held by the Trustee over the year, the L&G Global Equity Fixed Weights (50:50) Index Fund – GBP Hedged, L&G Dynamic Diversified Fund, and Aegon Diversified Monthly Income Fund contain publicly listed equity holdings. These funds have voting rights attached to the underlying equities held within the funds, and the Trustee has delegated these voting rights to the managers, where each manager sets its own voting policy.

A summary of the votes made by the managers on behalf of the Trustee for each fund used by the Scheme during the year that includes voting rights is provided below at total fund level for the period 1 April 2025 to 31 March 2026.

Fund	Resolutions Voted On	Resolutions Voted:		
		For	Against	Abstained
L&G Global Equity Fixed Weights (50:50) Index Fund - GBP Hedged	37,318	83%	17%	-
L&G Dynamic Diversified Fund	107,257	75%	24%	1%
Aegon Diversified Monthly Income Fund	536	96%	3%	1%

At the year end, all of the Scheme's assets were invested in pooled funds. Information regarding proxy voting, for each manager the Scheme invested with during the year in a fund that has voting rights, is shown below:

- L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.

- Aegon do not use a proxy voting service to determine their voting policy, which is formed in-house. Aegon do, however, use ISS and Institutional Voting Information Service (IVIS) research to help inform their voting decisions, and use the ISS Proxy Exchange voting platform to vote on resolutions electronically.

Significant votes

The Trustee has requested details of the significant votes made on its behalf each manager of a fund the Scheme invested in that has voting rights. In determining significant votes, each manager's Investment Stewardship team takes into account the criteria provided by Pensions UK (formerly known as the Pensions & Lifetime Savings Association (PLSA)) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where the manager notes a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee believes the following are examples of significant votes undertaken on its behalf over the Scheme year:

Significant Vote 1	
Investment Manager	L&G
Company	SK Hynix Inc.
Date of vote	25 March 2026
Percentage of portfolio invested in Company at date of vote	L&G Global Equity Fixed Weights (50:50) Index Fund - GBP Hedged: 2.5% L&G Dynamic Diversified Fund: 1.4%
Resolution	Amend Articles of Incorporation (Cumulative Voting)
Why significant	L&G consider this shareholder resolution significant due to amendments to the Articles of Incorporation following reforms to the Korean Commercial Code, aimed at strengthening shareholder rights and participation, including cumulative voting and hybrid shareholder meetings.
Voting decision	Voted For
Manager comments	*"A vote for is applied as L&G supports amendments that strengthen shareholder rights and participation. These reforms to the Korea Commercial Code that included mandatory cumulative voting and the introduction of hybrid shareholder meetings were introduced to strengthen shareholder participation and oversight. L&G will assess their effectiveness in practice rather than on a purely procedural basis.* *L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress."*

Vote outcome	Resolution Passed

Significant Vote 2	
Investment Manager	Aegon
Company	Zurich Insurance Group AG
Date of vote	4 September 2025
Percentage of portfolio invested in Company at date of vote	Aegon did not provide this information
Resolution	Approve Remuneration Report
Why significant	Aegon consider this resolution to be significant because they have decided to vote against management's recommendation.
Voting decision	Voted Against
Manager comments	*"Aegon's previous concerns remain unaddressed, namely the provision allowing for partial vesting for below median performance under the relative TSR [Total Shareholder Return] measure. Should shareholder returns deteriorate this could lead to a pay versus performance disconnect in future."*
Vote outcome	Resolution Passed

Engagement activities

The Trustee has also delegated engagement activities to the Investment Managers. A notable engagement activity of each Investment Manager the Scheme invested with during the year is provided below:

- **L&G** engaged with Microsoft to encourage greater transparency, stronger governance, and more robust risk management practices related to Artificial Intelligence (AI) and human rights. L&G believe Microsoft holds significant influence over how AI is integrated into the global economy through its software products and cloud services. L&G hold the view that companies like Microsoft should be transparent in their use of AI and their risk management processes. They also consider that, given the scale of the company's global cloud and digital operations, the human rights risks across its operations and value chain are significant.

  In late 2025, L&G met with the company ahead of their Annual General Meeting (AGM) to discuss shareholder resolutions that had been filed in relation to AI, data governance, and human rights. The meeting aimed to understand the company's approach to these issues and the measures it has put in place to manage the associated risks.

  Following their engagement, L&G believe that Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. The manager understands that although the company's disclosures on AI governance are generally better than its international peers, the company could further improve its data governance disclosures, especially in relation to government requests for content removal and user data. Microsoft has amended its internal risk classification process for projects, including clarifying which types of projects require additional human rights due diligence.

L&G view these changes positively and will continue to monitor progress in AI governance and related processes, and intend to hold future engagements with the company on these topics.

- **Aegon** engaged with the British food retailer Iceland in October 2025 as part of their climate transition research, seeking clarification on aspects of the company's climate governance practices.

  Aegon noted that Iceland has made a net-zero commitment and set greenhouse gas reduction targets for 2030, which it strengthened in 2025. The company has also made good progress in reducing its operational emissions in recent years. In addition to target setting and emissions performance, a key element of Aegon's Climate Transition framework is assessing a company's climate management and governance practices. Aegon's review highlighted potential gaps in Iceland's climate risk management processes and third-party verification of emissions reporting.

  Aegon therefore sought to understand whether the company had external verification of its emissions and a formal climate risk management process in place before finalising its climate category as 'Transitioning'. As part of their engagement, Aegon received a response from the company that addressed these questions.

  The company confirmed that it has a process in place to identify and assess climate-related risks and recognises climate risk as material to its business. Aegon reports that the company evaluates climate risks using impact scores that consider likelihood alongside potential operational, financial and reputational consequences. The company also confirmed that it receives external verification for emissions reporting.

The Trustee also considers an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed: Sasha Jain **Date: 20th October 2026**

On behalf of the Trustee of the Exeter and Devon Airport Limited 1991 Pension Scheme