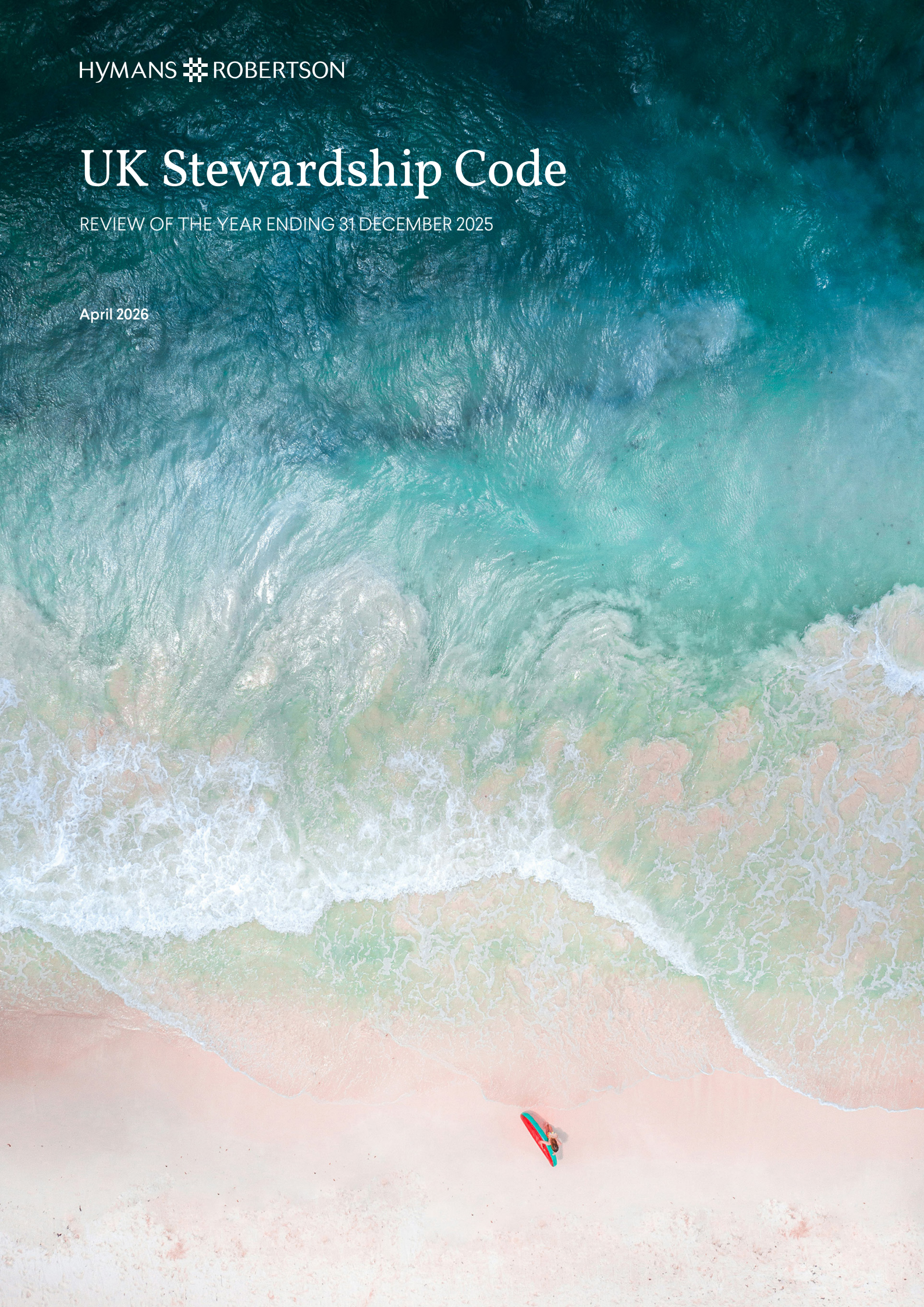


HYMANS # ROBERTSON

UK Stewardship Code

REVIEW OF THE YEAR ENDING 31 DECEMBER 2025

April 2026



Introduction

This is our sixth year of formally reporting on our stewardship activity and our first under the revised 2026 stewardship code guidance. We report at a time when stewardship and sustainability are being questioned, industry narratives remain divided, and the uncertainty created by geopolitical tensions suggests the environment will remain unsettled for some time.

Proactive asset owners and asset managers faced challenges over 2025, causing some to question whether stewardship is still effective in driving outcomes. We see evidence of asset owners increasingly selecting managers that better align with their stewardship expectations; this demonstrates that asset managers' efforts to offer a range of sustainability approaches have not satisfied many.

We tested these views during 2025, reaching the conclusion that UK asset owners – our clients – continue to value effective stewardship but recognise that it remains a complex area. Meanwhile, we expect the 'Atlantic divide' to become increasingly evident: more UK and EU asset owners are reallocating to local asset managers that uphold their higher expectations of proactive stewardship. Where this occurs, it may strengthen the effectiveness of investment manager engagement by giving a stronger and clearer mandate to drive real-world change.

Against this backdrop, our report explains how we applied our stewardship approach in practice over the year ending 31 December 2025, and the outcomes that resulted from this activity.

Looking back at 2025

Hymans Robertson is an investment consultant and service provider in the investment chain. We do not typically exercise stewardship rights ourselves. Instead, we support asset owners in defining their expectations, overseeing delegated activity, engaging effectively with their investment managers and making informed decisions that support long-term, sustainable value for beneficiaries.

Over 2025, we focused on helping clients move from high-level climate ambition to practical actions that support real-world emissions reduction. We supported the development and implementation of climate transition action plans, helped clients test the implications of different transition pathways through scenario analysis and advised on how portfolios can support the transition while managing financial risk.

This real-world focus was also evident in our collaborative activity through the Investment Consultants Sustainability Working Group (ICSWG), which we co-chair. We led the development of the ICSWG Climate Investing Framework to help asset owners think more clearly about the link between portfolio-level impact and real-world change. More broadly, we played an active role in other collaborations, including the Net Zero Investment Consultants Initiative (NZICI) and the Asset Owners Diversity Charter (AODC) consultant taskforce.

A central focus of our stewardship activity was strengthening alignment between asset owners and their managers. Our updated responsible investment ratings framework, with an enhanced focus on climate and transition, was applied across our manager research. And through Hymans Engage, we engaged directly with asset managers on areas such as transition planning, physical climate risk and stewardship effectiveness.

Our report

Following the approach introduced by the 2026 Stewardship Code, our report covers both the activities and outcomes achieved over the course of 2025, demonstrating how we worked with our clients. In doing so, we focus on principle 1 (communicating with clients) and principle 3 (addressing systemic risks) as they relate to service provider signatories.

In line with the approach taken in previous years, we've incorporated our disclosures as a signatory to the NZICI and how we've met the various KPIs. We also provide our reporting under the four policy and context requirements, representing our complete disclosure.

Areas of focus in 2026

Looking forward to 2026, we'll focus on the following areas in our work with clients:

- **Transition planning.** We want to ensure that climate and nature issues are tackled in an action-oriented way, continuing to shift the focus from portfolio emissions towards transition alignment, stewardship and climate opportunities.
- **Deploying capital.** Linked to this, we'll continue to explore investment in climate-oriented investment opportunities, such as transition equity and credit portfolios, focusing on companies and sectors driving global decarbonisation efforts.
- **Ensuring alignment.** Our stewardship focus will be on climate change through the prism of physical risk. Through Hymans Engage, we'll work to ensure that managers are still focused on the need for long-term transition and are holding companies to account.
- **Increasing systemic stewardship.** We anticipate a shift in what investors discuss with their managers and will focus more attention on systemic issues such as physical climate risk and AI, testing how managers evaluate modern and evolving risks.
- **Ongoing collaboration.** We'll continue to work within our own collaborative initiatives such as the ICSWG, while helping our clients to identify collaborations that work effectively for them, or even to build partnerships to achieve common goals where possible.

We look forward to continuing to work with our clients, and all our other stakeholders, to be instigators of positive change.

For and on behalf of Hymans Robertson LLP
April 2026

Shireen Anisuddin
Managing Partner

Simon Jones
Head of Responsible Investment

David Walker
Chief Investment Officer



Our firm

We build better financial futures for millions of people across the UK. With over a century of history, we provide services to organisations and individuals across pensions, investments and insurance. Our firm serves three markets:

- the pensions market, where our services include actuarial, pensions consulting, investment consulting and third-party administration.
- financial services, where we provide advice and support to insurers and other financial institutions to address longevity, risk, capital management and investment, as well as – through Hymans Robertson Investment Services (HRIS) – discretionary fund management services to independent financial advisers (IFAs).
- personal wealth, with financial wellbeing advice and guidance to individuals.

Our business is a Limited Liability Partnership, wholly owned by our working partners. As we're an independent partnership, our clients' needs dictate our priorities. We pride ourselves on our collaborative, personal approach and place our clients, not shareholders, at the heart of our business. We operate primarily in the UK, but we're a member of the global Abelica network.

Our purpose is to help businesses, pension funds and financial institutions create better financial futures for themselves, their employees, members and customers. This purpose is captured in our mission statement:

“together, building better futures”

Our culture embeds four key values: **friendly, partnering, confident and straightforward**. We're committed to developing our caring, professional community where everyone can be themselves and reach their full potential while contributing to the continued success and development of the firm.

Our values

 <p>We're partnering We look to work as a partner with you, sharing two-way feedback and ideas to help your success.</p>	 <p>We're straightforward We'll come to you with clear solutions and recommendations that are easy to understand.</p>
 <p>We're friendly We want you to enjoy working with us. Our consultants enjoy building open and meaningful relationships with our clients.</p>	 <p>We're confident We have the skills and research base to provide you with advice that is well thought out and truly tailored to suit your needs.</p>

Our culture enables us to promote effective stewardship

A core theme for our business is talking to our staff and linking corporate social responsibility to stewardship this way. We have a strong focus on diversity, equity and inclusion (DEI); staff wellbeing; and our Climate Pledge, given its importance for our planet. By proactively embedding these issues into the firm's strategy, our thinking and the way in which we run our firm, we ensure that our staff can identify the actions we've taken as examples of leading practice. We report this activity separately in our annual [Purpose with Impact Report](#), and we share some of the highlights below.

Being a B Corp

In 2023, we achieved B Corp certification and joined the B Corp Movement, a significant milestone in our development as a purpose-led business. Widely recognised as a 'gold standard' for social and environmental performance, B Corp certification is a rigorous and comprehensive process overseen by B Lab – a non-profit network dedicated to transforming the global economy to benefit all people, communities and the planet. To become certified, businesses must demonstrate their performance and credentials across five key areas: Governance, Workers, Community, Environment and Customers. With a certification score of 84.9, we celebrated this achievement and reaffirmed our commitment to continuous improvement and positive impact. Two years on, our thoughts are turning to recertification under B Corp's new standards, and we're confident our activities and progress align well with these.

Diversity, equity and inclusion (DEI)

Different perspectives, styles, skills, life and work experiences are the ingredients for better outcomes for our clients, rewarding careers for our people and creating a firm where everyone can thrive. We're committed to ensuring that everyone working with or for Hymans Robertson is treated fairly, equally and equitably. We foster a culture of belonging. This commitment is set out in full in our [DEI policy](#).

This year we refreshed and strengthened our DEI ambitions and metrics to better reflect recent UK population data. This included raising ambition levels across ethnicity, disability, social mobility, gender and LGBTQ+ representation, reinforcing DEI as a commercial and cultural imperative for the firm.

We further invested in learning and capability building, including allyship learning and mentoring support, and our Community Groups are growing in maturity, reach and impact, providing education and insight across the firm.

We were proud to have been awarded silver accreditation in the TIDE benchmark by the Employer's Network for Equality & Inclusion (ENEI) in 2025, recognising our continued commitment to DEI. We achieved Champion level in the Stonewall Proud Employers Accreditation for 2025, we were once again included in the Social Mobility Index Top 75, and we achieved a score of 82% in The Diversity Project's Goals and Progress tool.

DEI extends across much of our work and is incorporated into our manager evaluation process, particularly through our responsible investment ratings.

Reducing our carbon emissions: a science-based approach

In 2025, we worked with our external consultants, Carbon Footprint, to finalise a new Science Based Targets (SBT) aligned carbon reduction plan. The Science Based Targets initiative (SBTi) is a framework that empowers organisations to reduce greenhouse gas emissions based on the latest climate science. Our SBT carbon reduction plan takes our 2024/25 carbon emissions (the first year that we've been able to measure our entire Scope 1, 2 & 3 carbon footprint) as our new baseline year. Our key commitments are:

A net-zero target date of 2046

We're committed to reaching net-zero emissions across our operations by 2046, prioritising meaningful reductions and responsibly offsetting what remains.

Medium-term carbon emission reductions of 55% by 2030/31

We've established objectives to more than halve our total carbon footprint in the medium term, with the next key milestone requiring reduction of around 55% of our current carbon emissions by 2030/31.

Carbon offsetting

In 2025, almost 170 of our people took the opportunity to offset their family's personal carbon emissions – the cost is split equally between them and the firm. While our primary climate focus will always be to reduce our emissions and footprint, the matched offsetting scheme helps build climate awareness and engagement across the firm. During the year, we offset just under 3,000 tonnes of carbon emissions.

Sustainability in action

In 2025, our new Sustainability Champions led a range of grassroots initiatives, from recycling spectacles and office clothing to hosting a B Corp Month competition, celebrating everyone's favourite B Corps. These efforts not only reduced waste but contributed to our culture of shared responsibility and everyday action – both in our offices and at home.

The Hymans Robertson Foundation

Our charitable activities are principally delivered via the Hymans Robertson Foundation – funded by 2% of the firm's profits annually. The Foundation's 10-year goal is to support 10,000 young people into better financial futures, working with a number of charity partners. Over the most recent 2024–2025 review period, we surpassed our goal by supporting over 11,000 young people while distributing £1.5 million of grant-giving. Hymans Robertson staff also volunteered more than 2,700 hours over the same period – valued at up to £462,400. We report on our Foundation's activities via its [website](#).

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



Supporting our clients

We work with our clients on sustainability issues ranging from framing policy and objectives to the development and implementation of strategy. We also support our clients in their stewardship and reporting to stakeholders. Our clients are all different, with their own beliefs and objectives; our aim is to encourage them to be the best stewards they can within their own resource and governance budgets. We continue to develop our efforts to demonstrate strong practice and set out the various actions we've taken over 2025 to achieve that goal.

Helping our clients understand the progress they're making

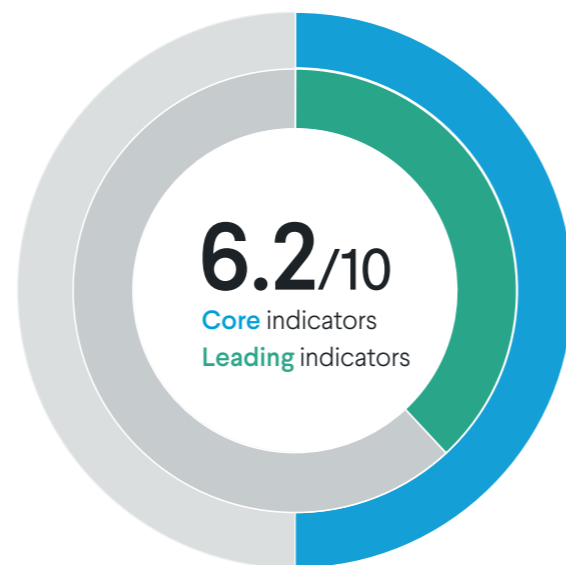
In 2025, we rolled out our RI Health Check, which encourages asset owners to consider how they can integrate RI further into their processes and practices. The Health Check is powered by an online questionnaire from which we assess practices.

Our aim is to help our clients understand where they're focusing their time and the issues that are being considered under each step. For example, if resources are primarily devoted to monitoring and reporting, it may be that time could be redirected towards exercising ownership rights. By doing this, we help our clients establish a clear balance in their efforts and understand how their activity can be more effectively channelled within their governance budget.

We convey our assessment through a simple score, 'RI Health', and give an indication of how clients stack up against all the activities they could reasonably be taking across four areas:

- governance and education
- policy and strategy
- implementation and ownership
- monitoring and reporting.

This gives a simple benchmark for our clients' progress and allows them to compare themselves against others who've completed the same assessment.



CASE STUDY:

Completing a Health Check for an LGPS Fund

We completed our RI Health Check with an LGPS client during 2025. The Fund's overall RI Health placed it in the top quartile of its peer group. With over 75% of core indicators being addressed, the Fund had not only met regulatory requirements but also demonstrated a far broader understanding of RI issues. Over 50% of leading indicators were also being addressed, highlighting where the Fund was ahead of its peers, particularly in its approach to policy and strategy. This included the Fund's proactive work in areas like climate, biodiversity, local investing and transition planning.

OUTCOME

In the core area of monitoring and reporting, while climate-related reporting was robust, we recommended stronger oversight of stewardship activity. Given the changing environment, the Fund resolved to leverage the engagement work done through its Pool.

The Fund continues to input to various officer groups and forums as a key focus area to communicate its expectations. It also plans to apply these expectations in an upcoming review of its investment strategy, to ensure its managers reflect the high standards it expects.

Developing investment beliefs

In 2025, many of our clients refreshed their investment beliefs and undertook triennial strategy reviews. We supported member engagement, surveys and communication exercises to help schemes align long-term goals with responsible investment practice.

CASE STUDY:

Refreshing investment beliefs ahead of strategy change

We supported an LGPS client to review and refresh their investment and responsible investment beliefs ahead of a wider investment strategy review and pooling changes. We designed and facilitated a structured workshop process that enabled open discussion and helped the client reach alignment. The client found this approach accessible, efficient and engaging, and they were able to finalise their beliefs with confidence. This work also shaped how the client practically approached responsible investment.

OUTCOME

By deliberately prioritising belief setting before updating policies or progressing investment strategy work, we ensured the governance foundations were up to date and robust. As a result, the client was well placed to move into investment strategy discussions and engage productively with their pool and partner funds.

Helping clients develop policy

A key element of our work with clients is to translate their beliefs and goals into implementable policy. This forms part of the normal consulting process, with clients typically choosing to review their policies in line with their investment strategy reviews. Policy reviews will be informed by a range of factors, including external influences and the understanding of prevailing best practice.

A specific focus over 2025 was the consideration of exclusionary policies. This has been of particular interest to public sector pension funds, where external scrutiny and debate on climate change, human rights and defence have prompted broader consideration of when it may be inappropriate to invest. We explored this topic in our [Q3 2025 Investment Perspectives](#) article.

Our work has concentrated on helping our clients investigate the consequences of potential changes to policy and understand the trade-offs of different decisions, particularly around the varying definitions that may be applied within an exclusions policy.

CASE STUDY:

Examining the potential impact of exclusionary fossil-fuel policies

Investment in fossil-fuel companies continues to create debate among investors, with many keen to see capital withdrawn from such companies and redirected to more sustainable investments. We undertook a project with a client to explore the implications of creating exclusionary policies based on different definitions of a fossil-fuel company.

Exclusionary policies rely on defining a consistent basis for filtering the investible universe, usually with reference to factors such as what a company does, what it owns or where it operates. In this way, companies involved with thermal coal can be differentiated from those involved in shale energy and conventional oil and gas drilling.

The extent of their participation in any practices must also be considered to ensure that the policy targets significant involvement. Our analysis, therefore, considered different revenue thresholds and the implications these would have for investment portfolios, distinguishing between companies where revenues may account for a minority of income and those representing the majority of income.

Our work can often result in no change being made to policy as our clients determine that their existing approach remains appropriate. However, it can also result in changes being made to the approach to strategy implementation. Where changes are being made, we work closely with our clients to support their understanding of the potential consequences of change, including the impact on different stakeholders.

Expanding this approach, we also explored the circumstances under which companies that fail on one criterion could be readmitted if they satisfied another. The goal is to ensure companies that are committed to a process of change aren't penalised. Various methodologies can be explored in this context, including revenues from more 'sustainable practices' or the direction of capital expenditure.

OUTCOME

Combining the results from multiple datasets and potential policy parameters allowed us to gauge how the investment universe and existing portfolios were affected. We also explored the question of fiduciary responsibility and circumstances in which the application of a particular policy could lead to adverse financial outcomes. We modelled a range of potential portfolios arising from different screening processes under varied transition scenarios, exploring how risk and return could be impacted. This allowed the client to have an informed discussion with their own stakeholders on policy.

CASE STUDY:

Developing a bespoke approach to exclusions

Working with a large asset owner, our work looked at an exclusionary red-line policy across the entirety of our client's asset base. This work comprised a number of stages including:

- Developing an understanding of the desired outcomes from key internal stakeholders
- Market research to assess leading practice and allow our client to benchmark their own goals
- Engagement with external parties to assess the practicalities of different approaches
- Work with appointed asset managers to determine the fiduciary implications of the chosen and potential alternative policies

Over a series of workshops involving internal and external stakeholders, we helped to educate the client on the options available to them and support them in reaching an initial decision. We then undertook further work to support the client in building a set of implementation rules that will define how their policy will be practically implemented. This included discussion on potential exceptions, ensuring that the client would be comfortable with this.

OUTCOME

The client agreed both the high-level policy and detailed implementation rules. The policy will be implemented during 2026 and kept under ongoing review.

Supporting member engagement

Decision-making on sustainability-related issues, including climate change and local investment, quite often raises questions of fiduciary duty. Despite various reports and opinions suggesting that actions are appropriate, decision-makers are still exercising caution, particularly when allocating capital. Further, the views of members and beneficiaries are being increasingly communicated to decision-makers who are being asked to take such views into account.

While this suggests that clarification of the laws around fiduciary duty may be helpful, an issue we [wrote](#) on during the year, we've also helped clients engage with their stakeholders on a more systematic basis.

During 2025, we supported several clients in designing, reviewing and refining member surveys, primarily focused on responsible investment and climate-related issues. Survey work was not treated as an end in itself. Insights from member and client surveys fed into wider work on responsible investment communication and stewardship priorities. For example, we helped a client create an FAQ document to address regular member enquiries on responsible investment work.



Overseeing and engaging with asset managers

Engagement means active dialogue with the aim of influencing policies and practices of asset managers. This, in turn, has the potential to improve long-term investment outcomes. Proactive engagement can establish and reinforce investors' expectations of the managers they appoint, helping to hold them to account.

Given recent pushback against progressive environmental and social policy, companies and asset managers are redefining their policy commitments. This makes it vital for asset owners to be clear in their expectations, to convey these to their managers, and ensure that compliance with expectations is regularly tested and reinforced.

Setting our climate expectations for asset managers

We have a clear, principles-based framework that defines what we expect of asset managers in relation to climate risk and the transition to a low-carbon economy. Our expectations recognise the different roles managers play across asset classes, while being firm on the outcomes we believe matter for long-term investors. At the core of our approach is the view that climate change is a systemic financial risk, and that asset managers must demonstrate consistency between what they say, how they invest and how they use their influence on behalf of clients.

Our expectations focus on four areas:

1. Acknowledge climate change as a systemic risk and commit to action.
2. Develop tools and data to assess climate-related risks and opportunities.
3. Facilitate financing of a low-carbon global economy, with a focus on real-world emissions reduction.
4. Use influence as an asset manager to drive change.

We proactively tested these expectations with asset owners over the course of 2025, seeking to ensure that our own asks were not misaligned with the expectations of others. Our survey demonstrated a high level of consistency of thinking, as illustrated.



Source: Hymans survey

We embed these expectations into our manager research and engagement, with climate forming a defined component of our responsible investment rating framework. Managers are expected to show how climate considerations are integrated into investment decision-making, risk management and reporting, and how their stewardship activity supports credible transition pathways at both company and system level.

Where we identify gaps, our engagement focuses on encouraging improvement over time, supported by clear feedback and examples of good practice. This approach allows us to raise standards across the market while remaining focused on client outcomes.

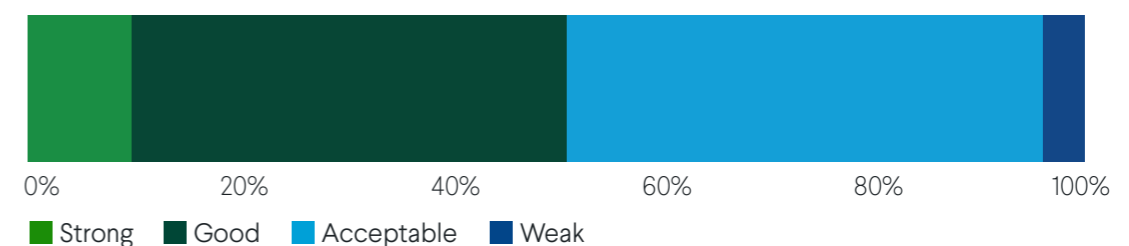
Assessing asset managers' practices

We use our RI Ratings framework to assess and consult with clients on managers' RI capabilities. Our framework defines what we view as market standard (acceptable) practices, which we expect all investment managers to meet, alongside industry-leading practices. We seek to gauge the firm-level commitment to RI, considering factors such as culture (ie the 'tone from the top'), stewardship and climate change. Within our framework, we also define what we consider to be market-leading standards.

Assessment against the framework is used to assign a rating, with any investment manager rated 'weak' not generally being recommended to clients. While our RI rating considers an investment manager's overall approach to RI, the ability of the manager to consider ESG factors at a product level is ingrained in our research process, with consideration given to the extent to which ESG issues are integrated into research, decision-making and monitoring processes.

Our 2025 update focused on the climate component of our ratings, with an updated framework being applied in our overall assessment. We rated over 100 managers during our 2025 update, with only 7% being assessed as 'strong' against our framework criteria. This continues to feed into both our research processes and our ongoing manager engagement programme, which focuses on improving manager capabilities and client outcomes.

Breakdown of RI ratings as at 31 December 2025



Evolving our approach to engagement

Hymans Engage is our in-house asset manager engagement programme. Through this, we provide expert support for investors to engage with their asset managers and achieve positive change while also engaging directly with managers. Launched in 2024, our programme gained momentum in 2025, and as a direct result, several asset managers have taken positive steps to evolve their stewardship. This means more asset owners have access to products that better meet their needs.

Ensuring our engagement is well focused

Drawing on our experiences over 2024, the learnings from which we've previously shared, our approach to engagement during 2025 has been more tailored, with a clearer thematic focus. The specific changes we introduced to our programme were:

- **We linked our RI Ratings more closely with our engagement.** Supplemental to our expectations of managers is our RI Ratings framework. We assess managers against this framework, and we've adapted Hymans Engage to interact more closely with these ratings. We've tailored our engagement programme to look at managers on an individual basis, assessing their behaviour against how important we think the individual metrics or best practices are, as well as the likelihood of us being able to have some influence, or the manager being able to change how they're acting for a combined effect.
- **We focused dialogue on physical climate risk.** The industry has historically focused on transition risk. However, physical risks, such as the California wildfires, have shown that the physical harms of climate change are clear, present and intensifying. We incorporated dialogue on physical risk into our discussions with managers, seeking to understand current practices and provoke greater focus on this area.
- **We emphasise effective transition planning.** Sustainability has been focused on setting targets, but there's a sense among many asset owners that it's time to become more action oriented. This was a core focus for us over 2025 – through our work with clients, the development of CTAPs and our engagement with managers.

CASE STUDY:

Targeted engagement to strengthen climate stewardship

The investment manager holds an overall responsible investment rating of 'good', with a climate score of three out of four. While the climate component is relatively strong, the stewardship element of the rating indicates scope for improvement.

Our assessment was that the manager's climate approach could be strengthened by placing greater emphasis on delivery. In particular, we wanted to see more robust action on transition plans and clearer support for the wider shift to a low-carbon economy.

We engaged with the manager to focus on two areas:

- how the manager engages with companies on climate transition plans
- the manager's approach to assessing and integrating physical climate risks.

From our discussions, we identified the following conclusions and areas for action.

The manager has well-developed frameworks for assessing companies' transition readiness. However, during engagement, the emphasis was largely on emissions targets rather than the actions needed to deliver them. We believe the manager would be more effective by placing greater weight on validating and supporting real-world actions, not just stated ambitions.

On physical climate risk, the manager considers current data limitations to be a barrier to robust modelling. While these challenges are recognised across the industry, we see this as an area where the manager lags peers. Leading managers are commissioning bespoke research, modelling supply chains and using the outputs to inform investment decisions.

OUTCOME

We provided clear and constructive feedback directly to the manager. We also shared our views with consultants and clients to help frame expectations and inform their own engagement priorities with the manager.

We had focused engagement discussions with 16 asset managers over the year. These meetings yielded various insights, including the following broad observations:

- **Physical climate risks need more attention, and manager responses vary widely.** While climate-related physical risks are increasingly on the radar, mapping how these risks ripple through supply chains remains a significant blind spot across many asset managers. Some view data limitations as prohibitive for accurately modelling physical climate risk, while more proactive asset managers are trying to solve that by commissioning research, modelling supply chains and leveraging findings for decision-making.
- **Regulation can hinder managers, especially in politicised contexts, but action can still be taken.** Regional legislative and political pressures can make it more difficult for asset managers to publicly engage in policy advocacy, especially in regions (notably the US) where governments are involving themselves directly in the activity of asset managers. However, some managers are doing more than others, even within the same region.
- **Decision-making lacks evidence-based foundation.** There are varied engagement approaches across asset managers, but one thing that was apparent is that many asset managers lack any sort of framework to prioritise their actions or to measure outcomes.

We'll incorporate our observations into our engagement programme for 2026. We intend to include AI as a thematic topic for discussion.

Tailoring our approach to meet client needs

We recognise that our clients have different needs. Therefore, we work with them to ensure that they take a proportionate approach to stewardship. This can range from providing them with information and our own findings to helping them set agendas, run engagement meetings and evaluate progress against actions.

CASE STUDY:

A tailored stewardship approach for a mid-sized pension scheme

Our client sought to build on the work we already do through Hymans Engage. They wanted their voice to be heard more clearly and to have a greater chance of driving change, so we designed an approach that retained the strength of Hymans Engage but was proportionate to the scheme's size.

We focused on the stewardship themes where Hymans Engage could add the most value: climate change and net zero, and nature and water. We used these themes to support the scheme's own stewardship activity and to structure more consistent conversations with investment managers. This aligned well with the sponsor's own net-zero commitments.

We also included a third theme focused on people. This reflected the sponsor's long-term social and DEI policies. While this theme does not sit within Hymans Engage, we still challenge managers on it as part of our engagement.

Escalating issues

Many clients expect to take action as a consequence of unsuccessful engagement activity. Within our usual work, this may take the form of a change in RI rating or advice to a client to change their mandate, or investment manager. However, we support several clients more directly on their granular stewardship activity, helping them focus their attention on matters of importance.

At each trustee meeting, we incorporate a targeted stewardship discussion, using the pre-agreed engagement topics linked to the Hymans Engage themes. This creates a clear and consistent structure and ensures the conversation is focused on the issues that matter most to the scheme.

As part of the scheme's responsible investment beliefs, the trustees committed to stronger monitoring and reporting. We produced the first stewardship and climate report in 2025, setting out where the scheme sits on its net-zero pathway and the extent to which its portfolios align with the goals of the Paris Agreement.

OUTCOME

The client significantly strengthened its stewardship activity over the year. This has improved the quality of engagement with managers and created a clearer line of sight between the scheme's beliefs and its actions. It's also deepened our relationship with the client and reinforced the value of a tailored, proportionate approach.

CASE STUDY:

Supporting the escalation of climate concerns at BP

We reviewed the equity holdings of our client and identified a number of priority issuers for enhanced engagement. BP was identified as a key focus due to its material climate exposure and our client's existing involvement in stewardship activity with the company.

The client supported a collaborative investor letter to BP's chair. This set out concerns about the rollback of climate commitments, including the weakening of hydrocarbon reduction targets. It also called for greater transparency on BP's transition planning, particularly how emissions budgets are factored into decisions on new projects, including fossil-fuel developments.

Our client was disappointed with BP's response. The company did not address concerns around the absence of a meaningful 'Say on Climate' vote and provided no additional clarity on capital expenditure plans or the resilience of its strategy under different transition scenarios. Concerns remain about the direction of travel, including the scaling back of interim targets for an orderly transition.

Given the lack of progress, we helped our client escalate concerns through voting action at the company's annual general meeting. The client's voting manager voted against the chair and the chair of the safety and sustainability committee. This resulted in a significant level of shareholder opposition, with nearly a quarter of votes cast against the reappointment of the chair. This marked the highest level of dissent on this resolution in a decade.

From our perspective, we supported the escalation by coordinating with the voting manager and other stakeholders, and by ensuring that all engagement and voting processes were robust and well documented.

OUTCOME

The case demonstrated a clear and credible escalation pathway, linking engagement, collaboration and voting action. It reinforced expectations of stronger climate governance and highlighted the role that well-coordinated stewardship can play in holding companies to account.

Creating real-world impact through local investment

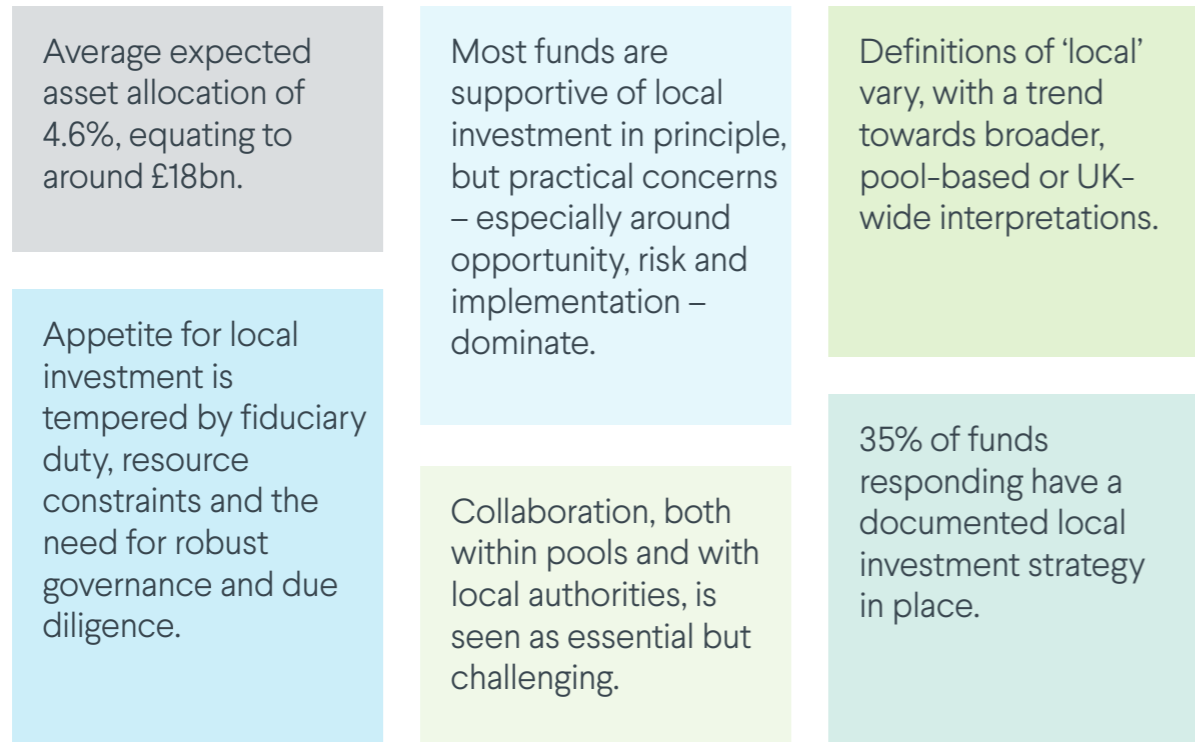
Creating positive impact is one of three core strands within our RI Mission Statement. Building on the UK growth agenda, which has focused attention on local investment, we concentrated our efforts in supporting clients to build their understanding of local investment and, in the case of LGPS funds responding to regulatory requirements, the development of appropriate local investment objectives and strategies.

Education has been a key element of our support for clients over 2025, with our approach split between the provision of broad guidance coupled with bespoke training sessions. For example, our article on [local investment in real assets](#) highlighted how opportunities are most likely to arise through residential property, regeneration and decarbonisation of commercial buildings, and smaller-scale UK infrastructure such as renewables or digital infrastructure. Our article on [local investment in private companies](#) highlighted the need to support small- and medium-sized enterprises and mid-market businesses that underpin local employment and economic activity.

Understanding the client perspective

We focused on building a clear understanding of how our LGPS clients viewed local investment, and the practical challenges they faced in responding to emerging policy expectations. We gathered insight through structured client surveys, direct discussions with officers and committees, and feedback from consultants working closely with administering authorities.

Our survey of LGPS clients highlighted wide variation in how funds defined 'local' alongside differing levels of appetite for allocation size, and common concerns around reduced diversification, governance capacity and conflicts of interest. These insights helped us understand where clients wanted to do the minimum required, and where some were prepared to be more ambitious.



Source: Hymans survey

We used client discussions to understand timing and delivery constraints. In several cases, clients raised concerns about local elections, committee turnover and the interaction between fund-level strategy and pooling arrangements. This helped us frame local investment as a staged process, rather than a single decision point, and to tailor advice to clients' governance realities.

Helping clients implement strategy

We developed a structured framework setting out the key components of a local investment strategy, including objectives, target allocation ranges, definitions of 'local', priority themes, governance, risk and return considerations, and monitoring and reporting. This framework was designed to integrate directly into clients' investment strategy statements, rather than sit alongside them as a standalone document.

In practice, this meant supporting clients to articulate choices rather than default positions. For example, we helped clients consider whether return should be the primary objective, or whether financial and local impact objectives should be weighted equally. We also supported discussions on whether 'local' should be defined at fund, pool or regional level, and how this definition affected the investible opportunity set and expected returns. To enable the consistent delivery of advice, we produced practical tools that consultants could use with clients.

Alongside these materials, we supported client education through training sessions and workshops. For example, we delivered training to pensions committees to explain local investment requirements, the choices available to funds, and the implications for governance and pooling. We encouraged clients that setting their own local investment objectives and parameters early would allow them to engage with pools from a position of clarity, rather than being driven by pooled solutions. This approach was designed to help clients remain 'market makers' rather than 'market takers'.

CASE STUDY:

Local impact investment

Our client wanted to demonstrate positive social impact locally, in and around Swansea, tackling social issues such as homelessness while increasing the supply of transitional housing. Their focus was on making an allocation within their property or real-assets portfolios.

We worked with our client to explore different investment opportunities, including a real estate fund focused on social housing and infrastructure, enhancing the functioning of society and supporting quality of life and wellbeing in the local community. We also supported their exploration of a co-investment opportunity in a biomass plant in Margam, South Wales.

By fostering a collaborative approach through our belief-setting work, which focused on net zero and local impact as key themes, we were able to help our client commit capital to local opportunities.

More detail on this case study and the outcomes achieved can be found [here](#).



Innovating to support client investment decision-making

Responding to the policy focus on local investment, we noted that many local investment opportunities are relatively small, bespoke and resource-intensive to source, making them difficult for large investors to identify and assess efficiently. At the same time, capital providers often report a lack of visibility over what opportunities exist beyond established networks, particularly outside major cities. This can result in a mismatch between investor appetite for local investment and the practical ability to originate and progress suitable opportunities.

To address this gap, we explored the concept of a local sourcing platform to improve visibility of smaller, local investment opportunities that may be suitable for long-term institutional investors. The approach focused on creating a structured 'shop window' that could surface opportunities across asset classes and regions, helping investors understand what exists, how opportunities align with strategic objectives, and where further work might be needed to make them investment-ready. The concept was deliberately exploratory, designed to test whether better information-sharing and coordination could complement existing market structures, rather than replace established investment decision-making or due diligence processes.

“We help our clients integrate stewardship across all aspects of their investment arrangements”

CASE STUDY:

Bringing it all together

BACKGROUND

Our client is a £250m open pension scheme. Over several years, the trustees have embedded sustainability across the investment strategy, moving assets towards sustainably themed funds with strong responsible investment integration and stewardship practices. The scheme became a signatory to the UK Stewardship Code and has met the Code's expectations each year. Member interest in responsible investment has remained high, reinforcing trustee focus on stewardship and engagement.

OUR APPROACH

In 2025, we worked with the trustees to move from sustainable investment towards a more deliberate and measurable stewardship approach. We developed a multi-year roadmap covering:

- effective engagement and escalation
- trustee training and capability building
- clearer accountability of investment managers
- improved measurement and reporting of stewardship activity and outcomes

We supported the trustees to assess their current effectiveness through a stewardship self-assessment questionnaire, which informed a structured discussion on priorities for change. We also facilitated sessions on investment beliefs and priority stewardship themes, leading to agreement on a full review of the scheme's responsible investment approach. We're now supporting the trustees with a long-term journey plan.

EMBEDDING STEWARDSHIP IN PRACTICE

We support the trustees' programme of annual meetings with all investment managers, with stewardship as the central focus. For each meeting, we prepare a comprehensive engagement report covering a range of sustainability metrics, priority questions and progress against previous engagement commitments. We track follow-up actions and maintain a consistent line of challenge across all managers.

We also support the trustees in keeping stewardship priorities under review. Priority themes are assessed at least every three years and aligned to material risks and opportunities, including the UN Sustainable Development Goals. These themes are shared with managers in advance and used to shape engagement, reporting and the scheme's implementation statement.

To support Stewardship Code reporting, we maintain a quarterly log of feedback and actions and produce regular stewardship progress updates. We've also supported member engagement through planned surveys and clear stewardship communications, including frequently asked questions.

OUTCOME

Our work has strengthened the trustees' stewardship approach by putting in place a clear, proportionate framework. It's improved trustee confidence and capability in holding managers to account, supported more consistent and targeted engagement, and enhanced the quality of stewardship reporting. The trustees now have a clear multi-year roadmap that supports continuous improvement and provides a strong foundation for demonstrating stewardship activity, outcomes and progress.



Investment consultants **identify and respond** to market-wide and systemic risks to **promote well-functioning** financial markets.

Market-wide and systemic risks

As investment advisers, we're aware of the multitude of risks that markets, institutions and the global financial system can present. But we're equally aware of the importance of building sustainable solutions to long-term problems. Our core areas of focus over 2025 didn't change, but our approach is still to understand how broader real-world risks are transmitted into the financial system.

We have three routes for the identification of emerging systemic risks and the consideration of how clients may understand and mitigate these.

 Capital market led	We have a Capital Markets Oversight Committee in place to evaluate the outlook for different asset classes and markets through a defined framework that considers a range of fundamental, valuation and technical drivers.
 Stewardship led	Our Stewardship Working Group has developed an approach to theme prioritisation, which considers potential systemic risks through the lens of 'impact cost-effectiveness' alongside issues that may be of direct investor interest.
 Climate scenario led	The development of our approach to climate scenarios considered the broad drivers of climate risk, taking a systemic perspective. Our narrative-based climate scenario methodology considers five separate long-term risk drivers and their interactions in our work and client advice.

We recognise that this approach will lead to areas of overlap. For example, the manifestation of climate-related risks that may be identified through long-term scenario analysis could also be identified in our assessment of capital markets. We monitor financial stress using a bespoke indicator and make use of broader market tools such as the Bank of England Exploratory Scenarios.

Our views are communicated both internally, through regular briefings for consultants, and externally to clients, through our quarterly Capital Markets Update, Monthly Market Update and InflationWatch publications, and via regular dialogue with our consultants. We focus on the following drivers of systemic risk:

Geopolitical risks: We monitor geopolitical events and the impact that policy change may have on both short-term decision-making and long-term policy around sustainability issues. We place value on being able to share our thinking with our clients through a variety of media. Supporting this are various periodic publications, many of which directly focus on stewardship issues.

Artificial intelligence: AI has experienced an explosion in capability and, consequently, attention from investors over recent years. It already threatens to be a disruptive force, creating potential value for investors by also having consequential impacts for people. We've created internal teams focused on our own use of AI tools but are increasingly exploring how AI could affect financial markets through our stewardship efforts.

Climate change & nature: Helping our clients understand climate-related risks and build more resilient portfolios is a core consideration. We continue to build our understanding of how climate change could impact the financial system and how risks may manifest for asset owners, and we develop our advisory services for clients accordingly.

Emerging risks: Beyond our risk management framework lies the consideration of new and emerging risks. Understanding risk lies at the heart of our business, and we frequently share thinking on lesser appreciated issues that may manifest in time.

Climate change

Shifting to a forward-looking emphasis

Asset owners must measure and manage direct portfolio risks; however, without real economic change, those risks may grow significantly and materially affect portfolio returns. Emissions are often used as a proxy for risk, but we believe this approach is too narrow. Looking beyond emissions to understand the macroeconomic dynamics that drive real-world decarbonisation is crucial to manage overall risk and identify investment opportunities.

CASE STUDY:

Facilitating industry engagement on better equity portfolios

We convened a roundtable in September 2025 focused on the role of climate-aware approaches within index equity investing. The discussion brought together asset owners, consultants and index equity specialists to explore how investors are responding to climate risk in passive equity portfolios and where current approaches may fall short.

A central theme was the tension between managing financial risk and addressing systemic climate risk within index-based strategies. Participants noted that while climate tilts and exclusions can influence portfolio characteristics, their ability to materially address system-level risks such as climate change is constrained by the investable universe. The discussion highlighted a disconnect between investors' desire to mitigate long-term climate risk and the limits of what can be achieved through portfolio construction alone.

The discussion also explored the evolving role of stewardship and engagement in index equities. There was broad agreement that stewardship is a critical lever for index investors, but that expectations around outcomes need to be realistic. There was recognition that even strong stewardship may not fully bridge the gap between financial risk management and real-economy impact without wider policy and regulatory alignment.

Finally, the discussion surfaced differing views on investor objectives, noting that some prioritise managing climate-related financial risk within fiduciary constraints, while others are seeking more explicit real-world impact. The roundtable concluded that these objectives are related but not identical, and that greater clarity is needed when designing and assessing climate-aware equity solutions. This reinforced the need for transparent communication about what strategies can and cannot deliver, and for continued dialogue between asset owners, managers and policymakers.

Over the year, we supported a client in the implementation of their new bespoke, rules-based equity fund, a project that we also referenced in our previous stewardship code report. This fund aligned sustainability priorities and enabled full voting choice in line with our client's stewardship policy. It also marked a shift from backward-looking emissions data to forward-looking measures such as transition plans, green revenues and targeted exclusions, all within a defined tracking error budget. Through repeated engagement with our client and other stakeholders, we refined and delivered a cost-effective solution. The £4bn fund was launched in November 2025.

Developing the usefulness of climate scenarios

Asset owners must measure and manage direct portfolio risks; however, without real economic change, those risks may grow significantly and materially affect portfolio returns. Emissions are often used as a proxy for risk, but we believe this approach is too narrow. Looking beyond emissions to understand the macroeconomic dynamics that drive real-world decarbonisation is crucial, to manage overall risk and identify investment opportunities.

We recognise that scenario analysis is a useful mechanism for supporting clients in understanding the uncertainty associated with climate change, particularly in how they frame funding and investment strategy. Through the development of different methodologies, we've helped clients understand the potential financial impacts of climate change, as well as the drivers of change and how they affect each other.

Over the year, we continued to refine our narrative-based analysis, alongside quantitative analysis. Internally, we worked with our investment and actuarial teams to provide training on climate scenarios. Building on the development work undertaken during 2024, over 2025, we worked with around 50 clients to provide actuarial valuations that incorporated climate scenario analysis. To support the understanding of this work and climate risk drivers, we ran around 25 workshops that allowed broader dialogue on climate uncertainty and the risk management decisions that clients can take.

Understanding physical climate risk

We've built our understanding of physical climate risks primarily through climate scenario analysis and TCFD-aligned advisory work, ensuring that physical risks are considered alongside transition risks rather than in isolation. Our scenario frameworks explicitly assess acute risks such as floods, storms and heatwaves, as well as chronic risks including rising temperatures, water stress and changes in long-term productivity. This approach has been embedded in client climate scenario exercises across LGPS and corporate schemes, including training and reporting materials that explain how physical risks can affect assets, liabilities and covenants over different time horizons. We've also used narrative-based scenarios to complement quantitative modelling, recognising that the uncertainty and non-linearity of physical impacts mean that qualitative analysis is essential for informed decision-making.

Alongside scenario work, we've used real-world client reporting and case studies to deepen our practical understanding of physical risks. This includes incorporating physical risk analysis into TCFD reports, where we explicitly distinguish between acute and chronic physical risks and consider how these may interact with funding, covenant strength and operational resilience. Internal discussions and research have explored geographic concentrations of physical risk, such as exposure to heat, flooding and energy-system stress in major economies, and the limitations of current data and modelling tools.

We've engaged with data providers and reviewed emerging approaches, including physical value-at-risk metrics, while being clear about their assumptions and constraints. This work has informed our advice to clients on how to interpret physical risk outputs, how much weight to place on them, and how they can be used to support engagement with asset managers and wider risk management rather than as precise forecasting tools.

We've also invested in internal capability building and governance to ensure physical climate risk is treated consistently across our advice. This includes dedicated internal discussions and training sessions on climate scenarios, physical risk and resilience, and the integration of physical risk considerations into investment and actuarial advice. We've reviewed external guidance, such as recommendations on incorporating acute and chronic physical hazards into scenario analysis, and we've reflected this in our evolving frameworks and templates. More recently, we've focused on how physical risk insights can be translated into practical actions, including horizon scanning, targeted manager engagement and improved questioning of asset resilience, rather than treating physical risk as a purely reporting-driven exercise.

Supporting clients to achieve their goals

We continue to work with our clients to help them meet their own climate goals. Our focus is on supporting clients pragmatically to meet their climate ambitions, with a strong focus on data but incorporating both qualitative and quantitative measures.

CASE STUDY:

Net-zero model portfolio work for an LGPS client

We helped our LGPS client assess progress towards their net-zero goal. The client had an ambitious pre-2050 net-zero target, which they'd set primarily to drive ambition and positive action. We worked with the client on net-zero model portfolios to illustrate the current pathway to net zero as well as the actions needed to speed this up. More importantly, we explored the costs and the potential unintended real-economy consequences of changing, for example, the listed equity portfolio to accelerate portfolio-level decarbonisation. The conclusion was that the ambition was well founded and had already driven meaningful positive action, including allocations to natural capital and climate solutions. This progress can continue to build. However, the world is not currently on a pathway to achieve net zero before 2050, meaning the portfolio ultimately reflects that wider reality.

Our approach with net-zero model portfolio work is to be realistic about where the world is, then bring that into what net zero means to asset owners. This requires honest discussions and a pragmatic mindset, while maintaining a drive for action and encouraging ambition.

CASE STUDY:

Delivering and updating an energy standards assessment for a large asset owner

Three years ago, we designed and implemented a framework to carry out an annual assessment of the energy companies that our client invests in. This feeds into engagement by focusing on each company's strengths and weaknesses in areas reported on. It also informs conversations with the fund's managers about engagement with each holding and possible improvements over the year.

In 2025, as part of their revised climate action plan, we reviewed and updated the client's energy framework. The range of improvements included: moving from more backward-looking assessments to a forward-looking framework aligned with climate transition action plans; using more consistent data sources to allow greater data coverage of companies; and setting more targeted, action-oriented points for engagement with managers to help drive real-world change.



Nature and biodiversity

Biodiversity is one of the four key focus themes set out in our RI Mission Statement, and we seek opportunities to engage with clients and asset managers on this subject, either during informal conversations or formally as part of our engagement process. We reported in detail on our work on this topic in our 2024 report and have continued to evolve our approach in this area over 2025.

Developing strategy

Many clients remain at the early stages of developing their strategic approach to investment in nature, considering either exposure to asset classes such as agriculture and forestry, or a broader allocation to natural capital, all of which offer a sensible starting point for consideration. We've sought to help our clients understand these emerging strategies by considering the different drivers of return from natural capital: the direct use of assets, monetising ecosystem services and investing in technologies supporting natural capital.

Assessing nature-related exposures

Given the rising importance of biodiversity and nature risk, and its interrelation with climate risk, we're supporting clients in monitoring their portfolios' nature exposure. Our process begins with educating clients on exposure to nature risks and how to engage with managers. Our reporting methodology follows the Taskforce on Nature-related Financial Disclosures (TNFD) guidance to approach monitoring by looking at, and targeting, exposures in key risk sectors. We offer this to clients as part of climate-risk reporting or standalone nature reporting. The priority is to ensure clients are well equipped and ahead of the curve to report against TNFD, should the guidance become mandatory in the future.

Our clients who have undertaken nature-risk reporting on their portfolios typically utilise the results to inform their engagement priorities across managers. Our nature-risk reporting and analysis has ensured clients can use the data collected on their portfolios to hold their managers accountable.

External collaboration

We've produced a range of materials on biodiversity and nature, collaborated with external organisations and supported clients exploring nature-related investment approaches. This sits alongside our work on physical climate harms and expanding sustainability reporting. Examples of our collaborative thought leadership from 2025 include:

- [Introduction to Investing in Nature](#) paper published by the IFOA
- [Staying afloat: Why ocean health is relevant to actuaries](#)
- [Big question: are nature markets just smoke and mirrors?](#)

Developing integrated climate and nature reporting

Over 2025, we reviewed our climate analytics and reporting to incorporate elements of our climate transition action plans, seeking to ensure that our advice and reporting is joined up. Recognising the need to focus on a broader range of climate issues beyond just emissions, we've integrated nature-related metrics alongside physical climate risk assessments. Our aim is to ensure our clients are aware of the different climate and nature factors and to help build more resilient portfolios.

Artificial intelligence

Artificial intelligence (AI) is transforming the investment landscape and ESG considerations. We've begun exploring how AI can be incorporated into our engagement and stewardship activity, particularly focusing on governance issues. This will be a key topic within the Hymans Engage programme over 2026, as we introduced in our [Q4 2025 RI News & Views article](#).

More broadly, we've sought to explore the reality of AI within pensions, a topic that was discussed during a [session](#) at our 2025 conference.



Making our voice heard

Our work supports long-term market stability and helps clients prepare for change. But while co-ordinated global action is required to address systemic (market-wide) issues, investment managers – and key nations – sometimes depart from sustainability initiatives. In light of this, asset owners should consider how they're represented by their asset managers in collaborative efforts and policy advocacy. Another good reason for engagement with policy is that investors face material risks – physical risk was a particular focus in 2025. They must step up to represent their interests or select managers that are better aligned with their expectations.

Over 2025, Hymans engaged in multiple policy advocacy opportunities and collaborative initiatives. Key examples relating to our priority responsible investment (RI) themes are listed below.

In our [RI Mission Statement](#), we note that our global economy relies on interlinked social and environmental systems. We believe that policymakers, regulators and those of us in financial services need to do more to recognise these interdependencies if we're to collectively drive change.

We also recognise that policy advocacy is one of the key levers available to asset owners for influencing global government policy. Stable and consistent policies focused on ensuring a rapid but orderly transition to a low-carbon economy are essential for both companies and investors, allowing for long-term investment decision-making and greater certainty of outcomes.

Policy advocacy

Effective stewardship extends beyond engagement with individual companies. It also involves contributing constructively to the policy and regulatory environment that shapes long-term outcomes for savers. During 2025, we continued to play an active role in pensions policy advocacy, using our experience as long-term advisers to help inform public debate and support better system-wide outcomes.

Driving pensions policy

Our policy work focused on improving pension adequacy, strengthening intergenerational fairness and ensuring the UK pensions system supports sustainable economic growth. We engaged through public commentary, published policy papers and participated in industry discussion, with the aim of aligning the interests of savers, employers and the wider economy. This centred on four interconnected themes.

- We consistently called for a more strategic and long-term approach to pensions policymaking. We publicly supported the re-establishment of a pensions commission, arguing that fragmented and short-term reforms risk undermining confidence in the system.
- We advocated for reform of how well-funded defined benefit pension schemes can manage and use surplus assets. We encouraged the pursuit of carefully designed reforms that put member security first while enabling schemes to contribute more actively to the economy.
- We engaged on state pension policy, particularly in response to the state pension age review, focusing on the importance of adequacy, transparency and long-term planning.
- We provided ongoing assessment of wider pensions policy announcements across both defined benefit and defined contribution arrangements, focusing on whether proposals were likely to improve member outcomes, reduce systemic risk and support long-term value creation, rather than simply shifting risk between parties.

This work was led by our pensions policy team, under the direction of Calum Cooper, our head of pensions policy innovation. Calum acted as our principal spokesperson on pensions policy during 2025, supported by colleagues across multiple internal teams. This ensured our advocacy reflected a broad, evidence-based view rather than a single technical perspective.

We approach policy advocacy as a core part of our stewardship responsibility. Our positions are informed by our day-to-day work with trustees, asset owners and employers, and by our understanding of how regulatory settings affect investment behaviour and long-term outcomes. We aim to be constructive and transparent, recognising political constraints while clearly articulating where we believe changes would better serve savers.

While policy change is rarely attributable to a single organisation, we believe our contributions during 2025 helped support momentum behind more strategic pensions policymaking, particularly in relation to the creation of a pensions commission and the debate on surplus reform. Our advocacy also helped bring saver adequacy and intergenerational fairness into discussions that can otherwise focus narrowly on short-term fiscal or regulatory objectives.

Supporting an improved sustainability disclosure/reporting regime

We believe it's appropriate to represent our clients' interests in the development of policy and regulation. Over 2025, we've played an active role in shaping the policy and regulatory landscape via our responses to consultations, supporting a more focused reporting regime.

- **Sustainability Reporting Standards:** We responded to the UK Sustainability Reporting Standards consultation. Our response detailed our views in relation to supporting pension fund trustees' and companies' understanding of climate-related financial risks and opportunities by increased transparency in reporting.
- **Climate Transition Plan:** Investors face limited information on business transitions for decarbonisation and climate resilience. We supported the concept of transition plans, particularly for companies within high-emitting sectors, but noting the need for flexibility and plans to be action oriented.
- **Climate & Nature reporting.** We were supportive of refinements to the Taskforce on Climate-related Financial Disclosures (TCFD) reporting regime in our consultation response. Much of TCFD has focused on metrics rather than taking a wider, more holistic view. We also responded to the Taskforce on Nature-related Financial Disclosures (TNFD) consultation for financial institutions.

Investor Statement on Methane

We signed the [Public Investor Statement on Methane to the EU Commission](#), expressing our support for the EU Methane Emissions Regulation. The regulation looks to reduce methane emissions within the fossil-fuel sector by setting enforceable methane-intensity limits, backed with rigorous reporting and transparency mechanisms. We also encouraged one of our larger clients to sign the statement, recognising its alignment with their own goals.

Industry collaboration

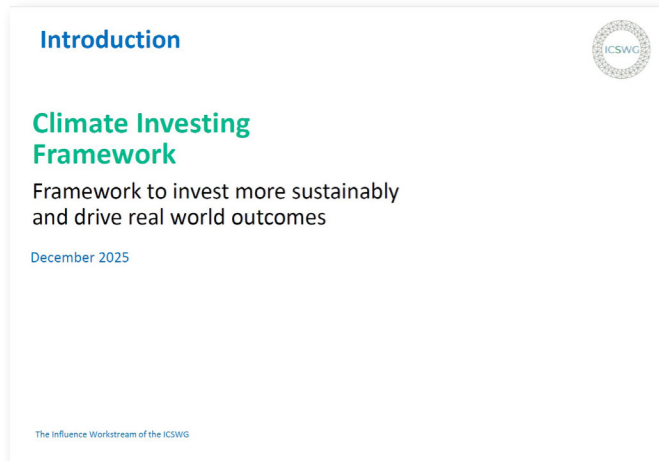
Investment Consultants Sustainability Working Group (ICSWG)

We co-chaired the ICSWG, shaped its annual strategy and supported initiatives including input to the Transition Markets Finance Review and responding to the Vote Reporting Group consultation.

A key strand of the ICSWG's work, via its Influence Workstream, is engaging with policymakers and regulators. Through this engagement, we share our experiences of how current regulations and guidance are working in practice and how they might be improved. We've actively supported this workstream over the course of 2025, including:

- ➔ Regular dialogue with DWP, TPR and FCA, through which we exchange views.
- ➔ Contributions to policy development, including by responding to consultations and through representation on industry working groups.
- ➔ Proactive idea development, such as ways to streamline sustainability reporting while making it more impactful, and how to better support smaller pension schemes on sustainability and stewardship.

One particular involvement was through our work on the Climate Investing Framework, which we led. This framework, which supports asset owners and others in evaluating the extent to which any potential investment will directly impact climate outcomes, was published early in 2026.



Net Zero Investment Consultants Initiative (NZICI)

Throughout 2025, we remained an active and engaged member of the NZICI, with our involvement spanning governance, reporting, technical development and external collaboration, as set out in the NZICI's annual report. We were particularly involved in dialogue around how the initiative should evolve towards more substantive peer learning and collaboration. We also contributed to NZICI's Manager Assessment Working Group, supporting the development of tools intended to improve how consultants assess asset managers' net-zero commitments and capabilities.

Efforts continued internally to meet the commitments of the initiative, and we report against these within Appendix 2 to this report.

Asset Owners Diversity Charter (AODC)

During 2025, we were active members of the AODC Consultant Taskforce, providing a consultant perspective on the practical implementation of the AODC questionnaire and contributing input into the design and functionality of the proposed data platform. We contributed to the formation and onboarding of the consultant taskforce and provided structured feedback drawn from our experience of using the AODC questionnaire with asset managers.

We participated in various taskforce meetings, which focused on understanding where the questionnaire adds value and where it creates friction. We shared our experience of integrating the AODC questionnaire into due diligence, including strong engagement where it's embedded in manager assessments. We also provided feedback on practical challenges, including how consultants and asset owners might use diversity data in practice, informing how the AODC developed its data platform.

Supporting industry initiatives in insurance

Assessing insurers' ESG credentials is an integral element of our evaluation process. In recent years, insurers' approaches to addressing climate and ESG risks have become a consideration for trustees who are pursuing risk transfer solutions. We've made it an element of our own evaluation process and regularly highlight our activity within our annual [Risk Transfer report](#).

Thought leadership

We continue to develop thinking on sustainability issues, focusing particularly on the need for a transition to a lower-carbon economy as we seek to stimulate discussion with clients.

RI News & Views is published quarterly, providing us with a mechanism to share opinions, market developments and activity with our clients. We include detail of forthcoming votes that can be considered by asset owners in scrutinising their asset managers. This is to help our clients create dialogue with their asset managers on voting and engagement issues, as well as to better prepare them to challenge unsatisfactory responses.

Investment Perspectives is our quarterly magazine for asset owners, consolidating our views on capital markets and showcasing our thought leadership. In 2025, we introduced a standing slot for RI articles, producing pieces on exclusions and how to approach them, what fiduciary duty means in a climate where asset managers are reassessing their ESG commitments, how asset owners can better allocate their carbon risk budgets when it comes to listed equities, and our new RI Health Check service, designed to help clients gauge their level of RI integration.

Our podcast series offers commentary on a broad range of investment and other topics. Subjects addressed during the year included biodiversity, renewable energy infrastructure and climate scenarios, with input from industry experts providing additional colour to our discussions.

Particular highlights from 2025 included a December episode discussing effective stewardship in today's shifting investment environment and another episode from September, which covered navigating ESG in investment.



The background of the slide is a close-up, monochromatic blue image of feathers. The feathers are layered and have a fine, textured appearance. Overlaid on this are several diagonal stripes in a slightly lighter shade of blue, running from the top right towards the bottom left. The text is positioned in the upper left corner.

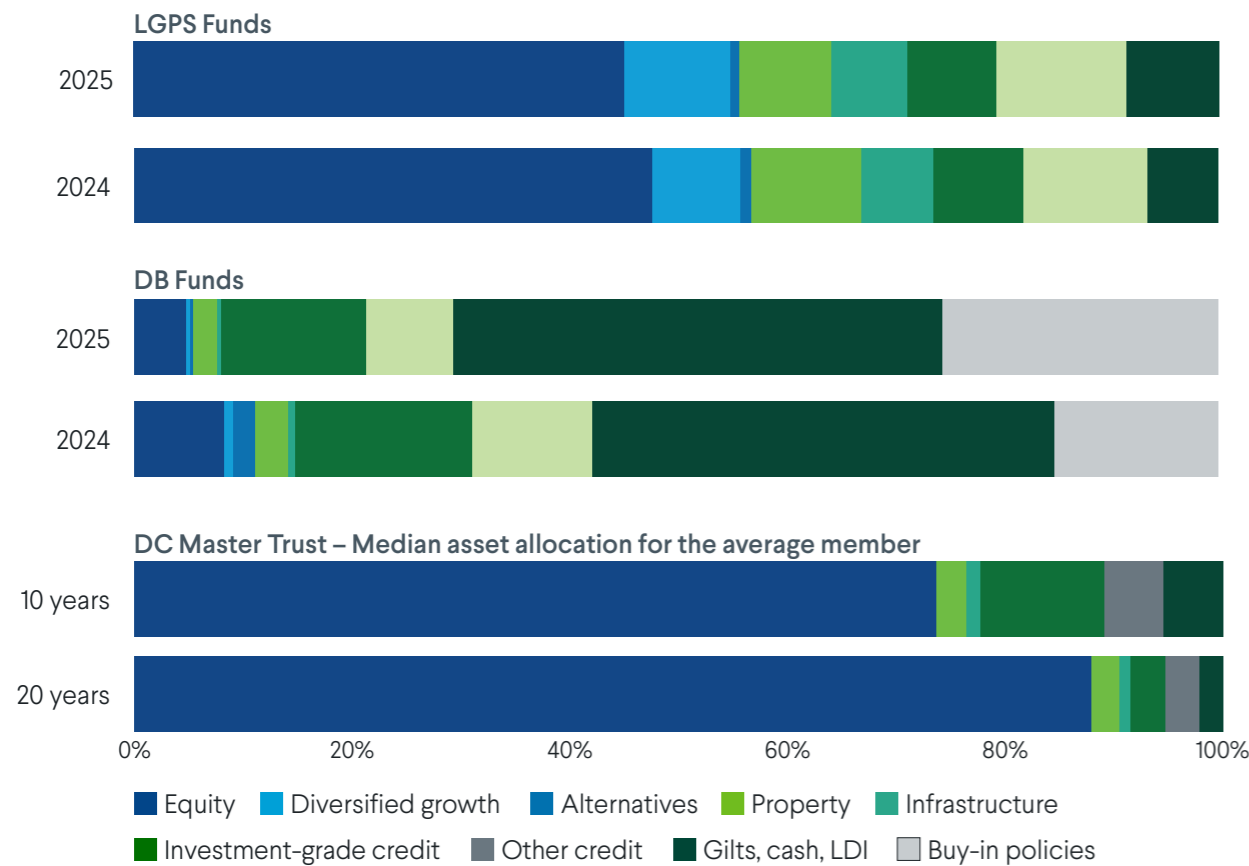
Appendix I: Context & policy disclosures

Our clients

Our clients are the trustees, sponsors, platform providers and committees that govern defined benefit (DB) and defined contribution (DC) pension arrangements. We also work with endowments, insurers and other financial services institutions that are responsible for asset pools.

Our clients are UK domiciled. In total, we provide direct investment advice to DB and DC pension clients with assets totalling £330 billion. While consideration is given to RI issues in all areas of our services, stewardship is most directly exercised over the assets of our institutional client base.

The charts below provide breakdowns as to how our DB clients' assets were invested in 2025 compared to last year, together with an illustration as to how our DC clients' assets are invested:



Source: Hymans Robertson, data as at 31.12 in each year

Our DC clients comprise individual clients implementing their own strategies and providers that are responsible for the entirety of assets invested across their platform, and the asset allocation generally depends on the age of members. In practice, younger members will be invested more heavily in equity and other growth assets, and older members will be invested in a more diversified manner. The chart opposite represents the allocation of the median member. Our advice to clients influences the asset-allocation journey that individuals take, the nature of the default arrangements, the underlying constituent elements, the stewardship of assets and how issues are communicated to members.

How we work with our clients

Our core value of 'partnering' means we take time to understand our clients' needs and work with them to help them achieve their stewardship – and broader – objectives. However, we recognise that our clients' needs will continue to evolve; it's therefore vital that we also develop our approach and skillsets to provide both support and leadership.

Responsible investment issues are considered as a matter of course in client advice and discussions. The relevance to each situation will vary, but equipping our consultants with appropriate knowledge and skills, and ensuring that we provide information that offers context, helps them to exercise judgment. Further, we continue to invest in resource to directly support our clients' requirements, whether this be through client consulting teams or working directly with clients as needed.

We also believe that we can provide leadership, and we've made significant progress over the year, as evidenced within this report. By keeping all our stakeholders informed of our progress, and engaging with other leaders, we continue to serve our clients' needs.

Our approach

We deliver advice to clients aligning with the key pillars of RI that we have identified as priorities, with internal workstreams focused on building our capability across each of these areas. However, our goal is to ensure that these broader considerations are embedded into every aspect of the investment process, and we therefore work to ensure that RI is a consideration throughout our service offerings.

Building knowledge

We educate our clients on RI-related issues ranging from regulation and governance to stewardship and climate scenario analysis. Our research and RI teams develop an understanding of emerging themes and convey this to stakeholders through various channels.

Example

We ensure that climate is integrated across our advisory process, and we actively review how we can support clients in this continually evolving area. By mapping out a client's journey, we're able to better understand and assist clients at different stages to advise on a journey plan most suited to their individual needs.

We've been particularly active in the provision of training on climate issues, where we seek to establish the relevance of climate-related issues. For our LGPS clients, we offer climate training via our LGPS Online Learning Academy (LOLA) platform. LOLA is aimed at fund officers and updated regularly with new content to reflect regulatory change. In 2025, 1,375 people completed courses across 41 LGPS funds. We also added 312 new users over the year.

Framing beliefs, ambition and objectives

We help our clients understand and develop their beliefs on responsible investment and to explore the impact of implementing different policies across a range of ESG factors, bearing these beliefs in mind. We also use this work to help clients set stewardship priorities and develop an appropriate engagement framework.

One area of our client focus has been the development of climate transition action plans (CTAPs). The CTAP captures agreed targets and areas of focus across emissions, climate solutions, transition alignment and engagement, while providing a means for our clients to communicate their strategy to stakeholders. We work with clients to develop and implement these plans, allowing them to prioritise their activity.

Developing and implementing strategy

We evaluate and promote appropriate alternative asset classes for clients, and we undertake climate scenario analysis to inform strategic decisions while taking the time to research appropriate sustainability-linked opportunities. For example, we've worked with clients to develop approaches to screening their portfolios for energy companies and utilising that methodology in setting portfolio red lines and supporting ongoing discussion.

Assessing manager capability

We evaluate managers' overall approach and commitment to sustainability, stewardship and climate through our RI ratings framework, which is reviewed annually to ensure we maintain best practice. Product researchers also test investment processes to ensure that sustainability-related risks and opportunities are properly considered as part of their overall evaluation of the strategies that we recommend to clients.

To build on this evaluation, our manager engagement programme, Hymans Engage, then seeks to challenge managers on their ambition and drive real-world change. Our stewardship allows us to understand alignment but also identify those asset managers who are philosophically open to the idea of using their influence to achieve positive outcomes. We use this to support or supplement our clients' own engagement activities.

Portfolio-level analytics and monitoring

We undertake analysis of individual portfolios to highlight ESG and climate exposures, metrics and trends, aiming to provide decision-useful information and assess progress against targets where appropriate. We also help clients evaluate the alignment of stewardship activity and use the data available to inform their decision-making and challenge their asset managers.

Supporting stakeholder reporting

Where clients have an obligation or a desire to do so, we're happy to offer support on external reporting of activity. We've worked with many asset owners to provide both climate and stewardship code reporting, with all our clients having successfully become or retained their stewardship code reporting status. We work with our clients in various ways on their reporting efforts, ranging from the secondment of personnel to taking full responsibility for drafting reports. We also recognise that there is value in the process of reporting, and we encourage the sharing of feedback gained during reporting exercises to help identify areas for ongoing improvement.

Getting feedback from our clients

Each year, we also undertake a Voice of Client survey, so that we can gather information about the quality of our service and our clients' overall experience. This is essential information, because first and foremost our clients need to trust us and have confidence in our ability to guide and advise them.

The survey data relates directly to our ability to support our clients: they need to see us as their expert, trusted adviser if we're to persuade or influence them to make RI and stewardship a priority.

The findings from our 2025 client survey are:

◆ 96%

of clients would recommend us to their colleagues.

◆ 98%

of clients agree that we understand and take the time to get to know them.

◆ 96%

of clients rate us highly for service quality.

◆ 91%

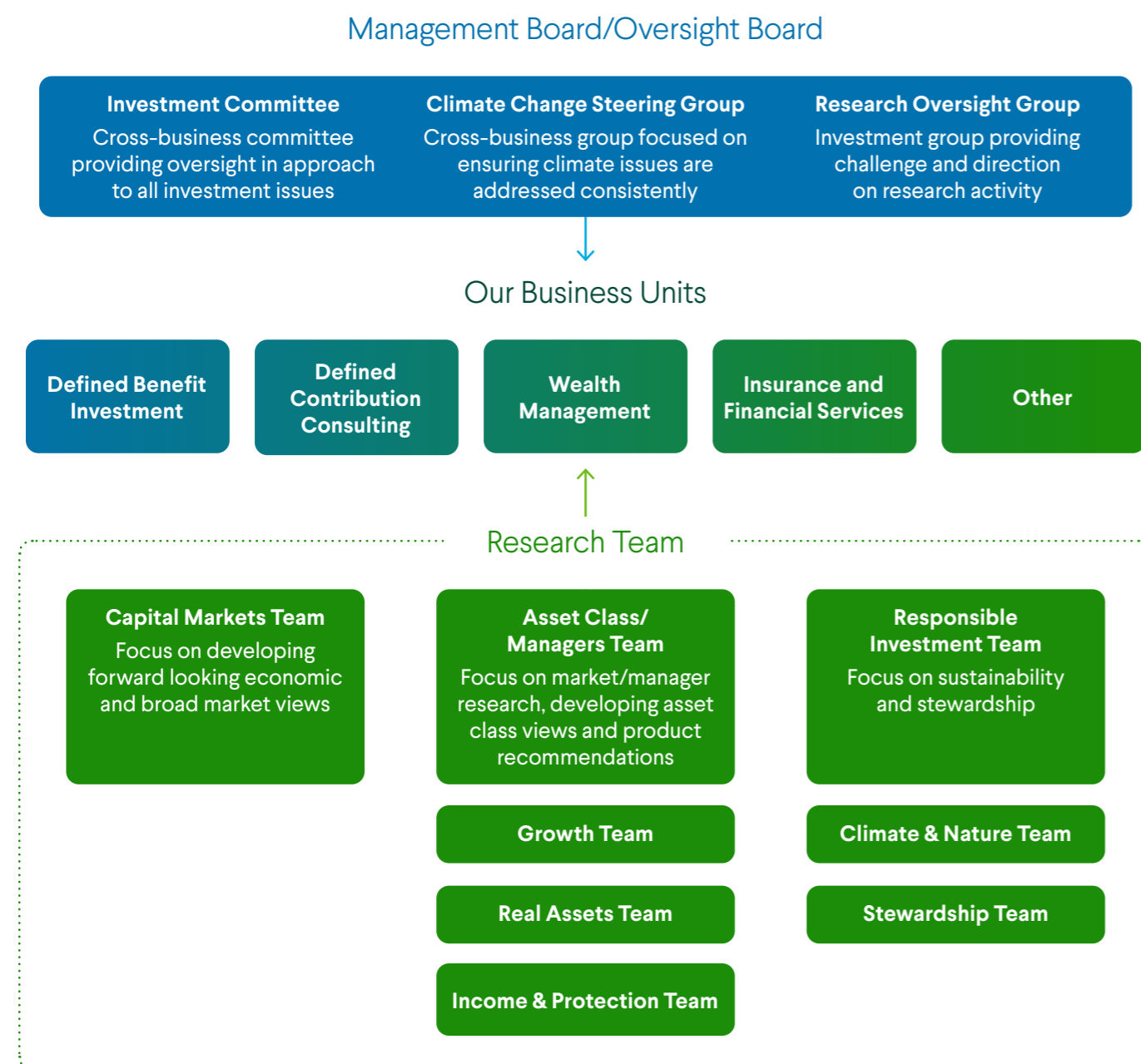
of clients rate us highly for innovation and bringing them new ideas.

We also maintain Guardian Partner roles with around one-quarter of our clients, where a senior member of our firm who sits outside the direct client team meets periodically with clients to gain feedback on all aspects of our service. This feedback is shared with client teams and used to improve our services.

Finally, we also regularly engage with other service providers, particularly PITs as key stakeholders, which is coordinated by our PIT group. Feedback and areas for development are shared and used to inform the evolution of our services. These varied processes feed both directly and indirectly into the development of our propositions and provide an effective means for understanding what our clients value.

Our governance structure

Our Management Board has ultimate responsibility for all our RI and stewardship activities to provide accountability and consistency across business units. Individual business units are then empowered to embed RI considerations into the development and implementation of client-specific advice, with one accountable person within each relevant business unit. This structure is illustrated below.



Over the year, we evolved the structure of our research and responsible investment teams. Our responsible investment team now has two sub-teams, focused on Climate & Nature and Stewardship. The role of each team is to provide both specialist support to clients and client teams on their respective focus areas while also driving forward their own research agenda in collaboration with others in the business.

Our research team maintains three asset-class-focused teams across growth, real assets, and income and protection. We also have a capital markets team, which provides a broader economic outlook and asset class views for clients. All teams collaborate closely to ensure that sustainability issues are properly considered.

Investment Committee

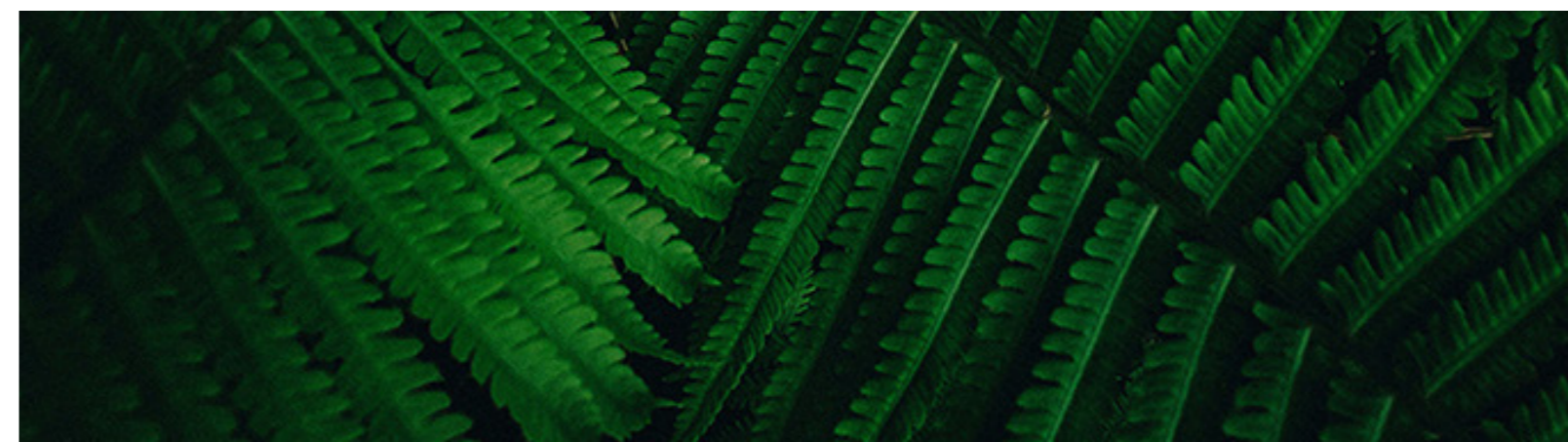
Our Investment Committee is chaired by our Chief Investment Officer, David Walker. The committee met five times during 2025, with sustainability issues discussed including our draft stewardship response, our core investment beliefs, the structure of our investment research team and RI specialist resources and investment ethics considerations for the business.

Research Oversight Group (ROG)

Our ROG is also chaired by CIO David Walker, and met fortnightly over 2025. A standing item on the agenda is Research and RI team responsibilities, provided by the Head of Research. This covers key priorities and the teams' activities. Issues discussed with the ROG included investment opportunities emerging from the climate outlook – particularly from physical risks and technological changes – and refining our RI Ratings framework across the investment and engagement spectrum.

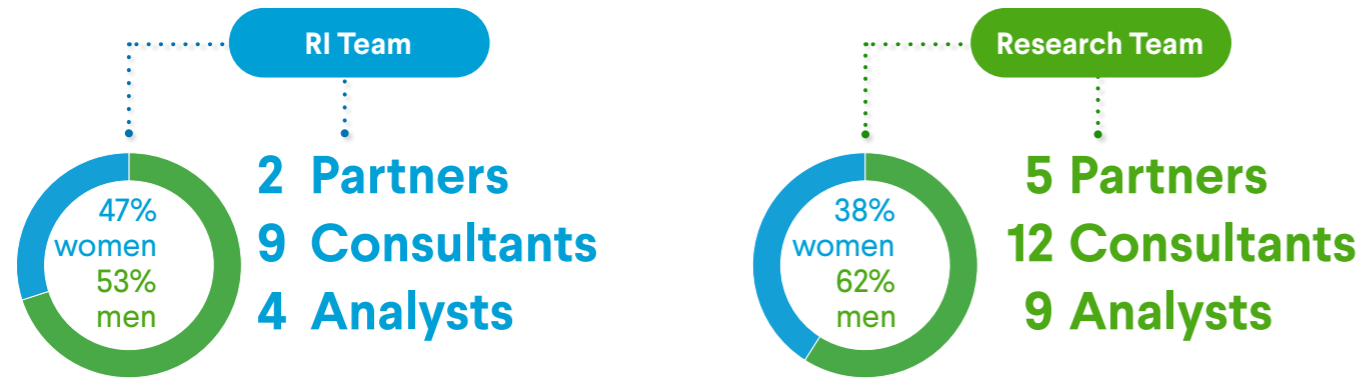
Climate Change Steering Group (CCSG)

Our CCSG is chaired by Lisa Deas. The group met four times during the year, considering issues such as the continued evolution of climate scenario analysis, geopolitical landscape, industry collaborations and developing advice on climate-related issues across the different areas of the business. The group is also responsible for the firm's annual climate competence survey.



Resourcing our RI activity

We resource our activity using specialists from our RI and investment research teams, while educating and providing internal training to all our consultants and analysts across the business. The seniority and diversity of specialist resource available is illustrated below:



Climate & Nature team: 7, Stewardship team: 6

It's imperative that our research and consulting teams can develop their broader skillsets to support our work with clients. We support all our people in their development through formal and informal training, structured development programmes and by encouraging involvement with industry working groups, allowing them the chance to learn from others.

Focusing development and training

Our investment consultants are required to agree appropriate Continuing Professional Development (CPD) objectives that have requisite training hours to demonstrate progress, and which are monitored by our people managers as part of the ongoing evaluation process.

In addition, all staff are encouraged to establish learning and development goals as part of our annual priority-setting exercise – this includes staff not captured by CPD requirements. Where appropriate, staff involved in the firm's approach to sustainability are able to set and progress against relevant goals to further their own knowledge.

To support the development of our staff and to help them meet their CPD objectives over the year, we organise a range of specific training sessions, these following a formal training plan that the team developed for 2025. Training is provided both by our in-house team and by external specialists and asset managers, where appropriate.

We record training sessions available to all staff through our internal learning system, Aspire. We also have a learning and development site, accessible by all staff, which is home to all our training materials and session recordings.

Broad support for learning and development

To keep consultants' knowledge fresh, we deliver updates on developments in the broader market through our regular Investment Consultants' Briefings (ICB). These sessions also highlight client-focused projects, including various case studies referenced in this report. More generally, everyone who joins our investment team receives RI training as part of their formal induction. RI issues are also integrated into our graduate training materials, with programmes run for first- and second-year graduates.

Supporting the next generation of talent

We run an annual intern programme across our business, with 20 students joining the firm during Summer 2025. As part of their eight-week programme, each intern takes on a project, the results of which they then present during the final week of their internship. In 2025, three interns within the Investment business unit carried out projects focused on comparing physical risk metrics for climate reporting, the expected future returns of residential and commercial property managers and investment-data consolidation for climate reporting.

Our policies and processes

Our purpose is to help our clients deal with the challenges and risks they face. We know that our clients need help in understanding these risks, evaluating the solutions that they may employ, and then making changes. Our research and tools are all geared towards providing our clients with better, more relevant information that they can use to make decisions.







We review our progress on stewardship and investment issues on an ongoing basis, to ensure our processes remain fit for purpose and include the latest thinking. Our Investment Committee and ROG both offer mechanisms for scrutiny and the provision of assurance as needed, serving to challenge new areas of activity. In addition, through our membership of different industry bodies, our discussion with other market participants such as professional independent trustees and the scrutiny exercised by our clients, we're regularly able to test the validity of our approach.



Our policy framework

Responsible investment has become an increasingly challenging area, with asset owners required to navigate activism groups, regulatory change, increased reporting requirements and growing public scrutiny. All this while striving to successfully manage environmental, social and governance (ESG) risks.

Our [RI mission statement](#) sets out what we believe our clients want to achieve from their strategies, and what we are doing to help them achieve this. This is based on six core beliefs:

- 
ESG factors can affect investment outcomes.
 ESG factors can have a material financial impact and affect investment outcomes. Asset owners, managers and companies should maintain integrated processes to ensure these factors are built into their decision-making.
- 
Governance matters.
 An effectively governed organisation manages risk more effectively. This makes such organisations more open to scrutiny and challenge as well as more likely to remain accountable to stakeholders. Organisations may need prioritise their efforts in areas of greatest potential impact according to their governance budgets.
- 
Effective stewardship adds value.
 Investors must act as responsible and active owners. Voting and engagement activities can both influence outcomes.
- 
Data counts.
 Better data means better decisions. The more informed we are, the better our choices will be. However, materiality and quality also matter. Not all data has value; poor-quality data may be misleading and reporting has a cost. Investors need to be judicious in their requests for and use of data.
- 
Transparency is essential.
 Organisations can be most effectively assessed if they make as much relevant information available as they can. But organisations can also help stakeholders by being clear and concise in their reporting. The adoption of industry-standard disclosure frameworks should enable better decision-making.
- 
Investors need to evolve with the times.
 The world is changing, and the industry must adapt to survive.

These beliefs are reflected in multiple ways across our Mission Statement and within the actions and outcomes set out in this report. At the core of this lie the three outcome-focused pillars of our [ABC for a better future](#):

Achieving net zero

We recognise that the world must go through a period of systemic change if we're to protect the environment, societies and our economy from climate change and biodiversity loss. The collective goal is that of a low-carbon economy and the pursuit of 'net zero'. Our work here is led by our Climate & Nature team.

Being better stewards

Engagement is a critical part of stewardship that's becoming more important as political and regulatory pressures impact the role of asset owners. Engagement means having active dialogue with asset managers or companies to influence their policies and practices and to improve long-term performance and sustainability.

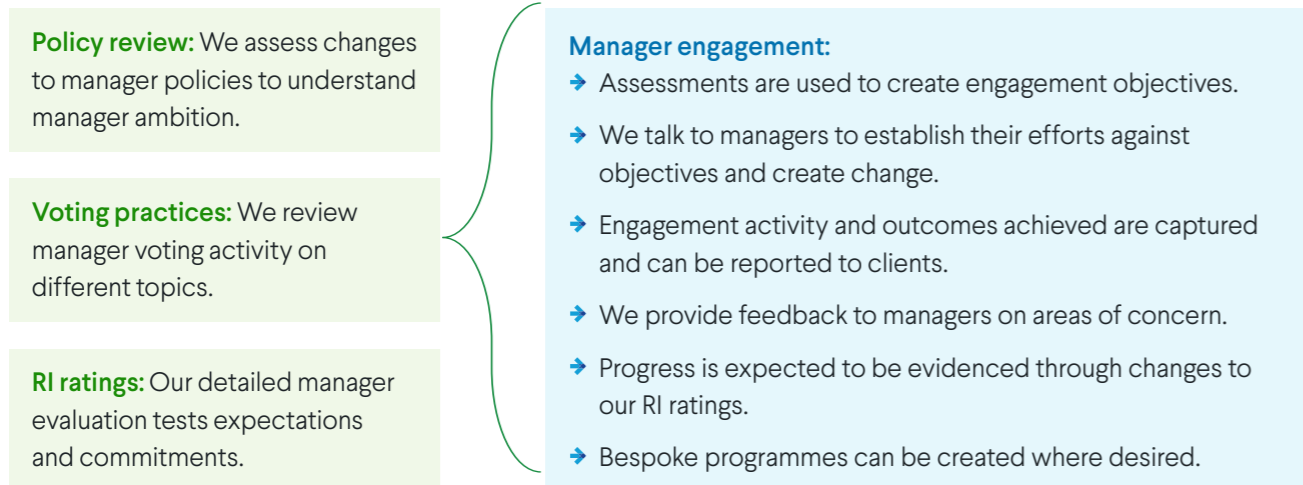
Our work here is led by our Stewardship team, and we believe that by actively engaging, investors can influence behaviour and ensure that good risk-management principles are upheld, even in the face of external pressures. A proactive approach to engagement helps maintain long-term value, preserve asset owners' rights and align investments with expectations.

Hymans Engage is our in-house engagement programme. We help asset managers meet client expectations regarding RI practices, which are ultimately designed to improve financial outcomes. Over 2025, our engagement was driven by the recent actions of managers rescinding their commitments and altering policies. Consequently, our immediate focus was on climate change.

We want to ensure that managers are still focused on the need for long-term transition and holding companies to account. We've pushed managers to be more ambitious, and we've sought tangible evidence that their stewardship leads to meaningful action/results. Our approach to engagement is illustrated below.

Creating positive impact

Assets are invested to generate economic return, but many assets also directly or indirectly affect society and the environment. We help our clients invest and exercise stewardship to create positive real-world impacts. Being clear on the desired outcomes is essential for creating impact. We help our clients better understand how they can have impact through **education** and **goal setting**, building and implementing **strategy** to allocate capital, and exercising stewardship to create positive real-world outcomes, all while continuing to meet their fiduciary responsibilities. We also support our clients in **monitoring** impact outcomes. Our work on impact is integrated across our asset class research teams.



Reviewing our policies and processes

We regularly review our policies and processes although made limited change over the course of 2025. One area of change was made to our RI ratings process, where we refreshed a number of the underlying indicators within our framework and made updates to our expectations of managers. We also refined the way in which we capture data for assessing managers against this framework, adopting a staggered approach so that information will be captured on a two-yearly cycle. Having updated our ratings for climate issues in 2025, our focus in 2026 will be firm and stewardship issues.

Conflicts of interest

It's vital for our business's continued success that we always act in the best interests of our clients. The identification and management of potential and actual conflicts of interest are embedded in the client take-on phase right at the start of our process. We also have measures in place to ensure that conflicts continue to be considered and monitored at all stages of a client lifecycle. In addition, conflicts are a consideration when we develop new services or propositions.

Our conflict management policy

We have a mandatory policy in place that colleagues across all of our group companies are required to follow. This was revised and updated during the year to clarify expectations on upfront disclosure of actual, potential or perceived conflicts of interest. At the heart of this is ensuring that:

- all potential, perceived and actual conflicts are identified and documented as early as possible, and mitigations to manage the conflicts are agreed
- we'll only act where we can do so without inhibition and in the best interests of our clients
- we're open and transparent with our clients
- we work with the relevant parties to agree and implement measures to manage any potential, perceived or actual conflicts (as you would expect, such measures will include ensuring that we're complying with any of our professional/regulatory obligations).

Our internal requirements for the management of conflicts apply not only to client conflicts, but also other areas where conflicts could arise. For example, the selection of suppliers or the potential for conflict between the interests of an individual and the interests of a client and the firm.

Conflicts champion group

We have dedicated conflicts champions for each of our business units, who are responsible for providing their teams with advice, guidance and training on conflicts-related issues. In addition, we have clear escalation points for more complex issues (whether to a member of our management board, senior actuary or our legal team). With a view to continuous improvement, our conflicts champions group meets quarterly to discuss training and best practices of how to manage conflicts of interest. There are representatives from all business areas.

Extended and updated conflicts policy

In 2025, we updated our conflict-check templates and implemented a new process that if a potential conflict is flagged in response to an email, this is now to be independently assessed and decided upon by a dedicated Conflicts Group comprising senior members of the firm, in consultation with the relevant Client Director, with escalation to the Management Board via the Chief Risk Officer if required. In addition to this, we established dedicated contacts for our client take-on process, which applies to all new client wins, whether they are existing clients or not. We conducted mandatory internal training for relevant staff on these updated policies.

Appendix 2: Reporting for the Net Zero Investment Consultants Initiative

Key Performance Indicators

Our clients are UK domiciled. In total, we provide direct investment advice to pension clients with approximately £323 billion of assets, of which £205 billion relates to DB clients and £118 billion relates to DC clients. The following figures refer to these clients and their assets under advice (AUA); no clients have been excluded.

Clients meeting the KPI as at
31 December 2025 (2024)

Key Performance Indicator	By AUA	By number
1. Meaningful net-zero education received	88% (92%)	54% (57%)
2. Baseline emissions data received	93% (83%)	60% (59%)
3. Net-zero ambition declared	76% (78%)	31% (32%)
4. Net-zero target and interim targets set consistent with Paris-aligned method	65% (68%)	25% (21%)
5. Formal goal to increase exposure to climate solutions	90% (89%)	50% (40%)

Our progress against the commitments

Commitment	Comment/Reference
Integrate advice on net zero alignment into all our investment consulting services as soon as practically possible and within two years of making this commitment.	<p>We carry out an annual assessment for all our investment clients, which tells us where they are on their net zero journey and if there are perceived barriers to progress.</p> <p>From the 2024 results, we identified clients that might benefit from an educational refresh and/or a reset of their net zero objectives in light of the policy backdrop.</p> <p>Over the year, we restructured our research team to integrate more formally our climate and nature research teams, bringing a holistic climate and nature approach to our advice. This evolved the previous net zero working group, given the role of that group had been fulfilled to set up the practices now embedded in our business.</p> <p>We work to see an increase in the level of knowledge and confidence across our consultants to integrate net zero to their advice. 10 of our consultants took part in the Alliance Bernstein/Columbia 2025 Climate Change and Investment Academy. We then followed internally with a review of the sessions and implications for our clients.</p> <p>We continue to ensure all our investment team have sufficient knowledge and support to be able to bring net zero advice to their clients. We regularly update the investment business on our NZICI commitments and provide training for client teams on a one-to-one basis if needed.</p>
Work with our institutional asset owner clients to identify the investment risks from climate change, highlight the importance of net zero alignment and, where applicable, support our clients in developing policies that align their portfolios to a net zero pathway.	<p>Our clear methodology to take clients through the steps needed to build a credible net zero strategy continued to prove effective over the year, with several of our clients fully engaged with building their net zero strategy in this way and working through the steps to the tangible output of the process in the form of a climate transition plan.</p> <p>Our narrative scenario work also helps with the richer understanding of climate risk more broadly and supports the pursuit of net zero. Throughout 2024, we developed a workshop approach to deliver this to our clients (across both actuarial and investment clients, and so not limited to our investment only clients). The aim being to help our clients really understand the principles and the approach; to develop their thinking rather than a focus on the number outputs.</p> <p>Over 2025 we took our narrative climate scenario analysis to more than 25 clients.</p>

Commitment	Comment/Reference
Support efforts to decarbonise the global economy by helping our clients prioritise real economy emissions reductions, reflecting the target of 50% global emissions reduction by 2030 or sooner using existing decarbonisation methodologies.	<p>Our focus and our analytics continue to support real-world change. Whether that is through supporting the transition by staying invested in high-emitting sectors or companies, increasing allocations to climate solutions or through incorporating natural capital themes to their strategy.</p> <p>Our model portfolio work across various asset classes has continued to support the progress in this area, as has encouraging our clients to build climate transition action plans. Our case study on page 9 sets out a client example of this work.</p> <p>Recognising policy setbacks during the year, particularly in the US, we spent time educating ourselves and our clients on the state of the transition and the limitations now of emissions as a measure of transition risk. Focusing more on the technology aspect and the momentum already achieved in key technologies. This has led to further exploration of climate solutions, which we continue to build.</p> <p>We co-authored the ICSWG climate investing framework to help investors evolve their climate strategies from portfolio decarbonisation towards real-world outcomes.</p>
Assess and monitor asset managers on the integration of climate risks and opportunities in their investment decisions and stewardship and reflect this evaluation in our client recommendations.	<p>Our manager engagement programme, Hymans Engage, has focused on engagement with our largest asset manager relationships, assessing their climate-related capabilities and stewardship efforts. These discussions are linked to our RI rating frameworks, with a view to improving what is done on our client's behalf.</p> <p>More details on page 14 and 15.</p> <p>Phase 1 of our engagement programme focused on climate change, with the aim of encouraging proactive, ambitious stewardship. We focused on real-world issues, to understand what asset manager stewardship means in practice, in areas where managers have greatest room for improvement.</p> <p>Over 2025 we refreshed and enhanced our assessment of managers in order to increase transparency and help our clients understand more. See page 18 for more detail.</p>
Align with the Net Zero Asset Manager Initiative as soon as practically possible and within two years of making this commitment.	<p>Not applicable for the reporting year. However, we took part in discussions with the Net Zero Asset Manager Initiative to feed into their planned revised commitment.</p> <p>We also were part of the NZICI manager assessment workstream tasked at building a toolkit to support with assessing managers and products on their net zero capabilities.</p>
Set emissions reduction targets across all our operational emissions in line with 1.5°C scenarios.	<p>Our last report provided details of our emissions reduction targets and emissions report for the year 2024/25. Further information can be found in our TCFD and Purpose with Impact reports.</p>

Commitment	Comment/Reference
<p>Where suitable net-zero methodologies do not exist, work collaboratively for the benefit of our clients to address these challenges, seeking harmonised methodologies.</p>	<p>We have continued to work with bodies such as GFANZ and IFoA on projects related to improving net zero thinking and practice.</p> <p>We have also published thought pieces and worked with data providers, managers and trustees on specific asset class issues.</p> <p>As an example, over the year we looked more closely at listed equities and the drawbacks of rules-based approaches. We published a thought piece on this in April 2025. Later in the year, we explored further thinking and appetite for change through a workshop with various parties including index and data providers, managers and clients. This work will continue into 2026.</p>
<p>Engage, independently or as a group, with regulators and policy-makers, to facilitate the transition to net zero carbon emissions, addressing any barriers to our clients adopting and achieving their net zero targets.</p>	<p>We have actively supported the NZICI manager assessment workstream, GFANZ climate transition and nature workstream and continued to support the ICSWG influence workstream in its engagement with policymakers as well as the ICSWG TCFD workstream and influence workstreams.</p> <p>Over 2025, we contributed to work on fiduciary duty and played a key role in helping the ICSWG set a new sustainable investment framework.</p> <p>We also responded to key sustainable investment consultations throughout the year, including on climate transition plans, TCFD review and TNFD requirements for asset owners.</p> <p>Over 2025, we also engaged with several external groups such as the Clean Air Task Force and the Transition Finance Council, covering a number of different topics.</p> <p>We supported the IFoA's sustainability work, including with the publication of a paper on nature investment solutions and supporting work on climate and nature modelling. Our work with the IFoA biodiversity working party will culminate in a new Planetary Solvency paper on Tipping into the wild unknown, due in April 2026.</p> <p>Looking ahead, we'll continue to build our engagement work through various avenues, including manager capabilities and engaging effectively – particularly where our clients have CTAPs in place. We help our clients to develop and implement practical approaches to the agreed targets and areas of focus captured in the CTAP.</p> <p>As with previous years, this will continue through 2026 with the aim of finding effective and meaningful ways for asset owners to engage at policy level.</p>
<p>Report progress by our firm against the commitments made here at least annually in the public domain.</p>	<p>This serves as our report under the NZICI commitments.</p>





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