RAILWAYS PENSION SCHEME®

2025 Annual Report

and Audited Financial Statements

Trustee and Advisers

Professional service	Adviser
Scheme and Investment Administrator	Railpen Limited ('Railpen')
Corporate Trustee	Railways Pension Trustee Company Limited ('RPTCL' or 'the Trustee')
Directors of the Corporate Trustee	
Employer Directors	A Golton F Hassan R Jolly R Jones C Kernoghan A Lakhani R Murray J Wilson
Employee Directors	I Anderson M Cash R Goldson D Gott C Harding P Holden H Kaye G Towse
Investment Manager and Manager of Investment Managers	Railway Pension Investments Limited ('RPIL')

Professional service	Adviser
Actuaries	James Mason, Willis Towers Watson ('the Scheme Actuary') Government Actuary's Department (joint Actuary for the 1994 Pensioners Section and BR Section)
External Auditor	KPMG LLP
Legal Advisers	Sacker & Partners Slaughter and May
Custodian	Bank of New York Mellon
Clearing Banker	National Westminster Bank
Tax Advisers	PricewaterhouseCoopers Deloitte

Where to go for help

Trustee and RPIL

Company Secretary
Railways Pension Trustee Company Limited
7 Devonshire Square
London
EC2M 4YH

T: 020 7330 6800
E: enquiries@railpen.com
W: www.railpen.com

Railpen

Further information about the Scheme and individual entitlements can be obtained from:

Chief Officer, Member Services
Railpen
Stooperdale Offices
Brinkburn Road
Darlington
DL3 6EH

T: 0800 012 1117 (Customer Services Team)
E: csu@railpen.com
W: www.railwayspensions.co.uk

MoneyHelper

MoneyHelper is a consumer-facing service, providing free and impartial money and pensions guidance. This is provided by the Money and Pensions Service, an arm's-length body, sponsored by the Department for Work and Pensions. MoneyHelper can be contacted through any local Citizens Advice Bureau or at the following address:

Money and Pensions Service
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK42 9AB

T: 0800 011 3797

Online enquiry:

www.moneyhelper.org.uk/en/contact-us/pensions-guidance/pensions-guidance-enquiry-form
W: www.moneyhelper.org.uk

Pensions Ombudsman

If MoneyHelper cannot resolve a complaint or dispute, the Pensions Ombudsman can be contacted at the following address:

The Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

T: 0800 917 4487
E: enquiries@pensions-ombudsman.org.uk
W: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator can be contacted at the following address:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF

T: 0345 600 0707
E: customersupport@tpr.gov.uk
W: www.thepensionsregulator.gov.uk

Pension Tracing Service

Information about UK schemes, including a contact address, is provided to the Department for Work and Pensions' ('DWP') Pension Tracing Service. This enables members to trace benefits from previous employers' schemes.

The DWP's Pension Tracing Service can be contacted at the following address:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

T: 0800 731 0175
W: www.gov.uk/find-lost-pension

Railways Pension Scheme ('RPS')
Registration Number: 10203279

Summary of the Core Provisions of the Scheme

The Railways Pension Scheme ('RPS' or 'the Scheme') is a registered scheme under the Finance Act 2004. All railway employees are eligible to join the Scheme if allowed by their contract of employment, or if they have a right stated in paragraph 8 of Schedule 11 of the Railways Act 1993.

Members of each of the sections of the Shared Cost and the Defined Contribution ('DC') Arrangements of the RPS were contracted out of the Additional State Second Pension arrangements ('S2P'), until the option to contract out was abolished. This was from 6 April 2012 for DC schemes, and from 6 April 2016 for defined benefit ('DB') schemes. The Industry-Wide Defined Contribution ('IWDC') Section has never been contracted out of S2P.

Rules Specific to Sections

A broad outline of the main provisions of sections that have adopted the Shared Cost Arrangement is given below. However, some employers' sections have introduced rules specific to that section only, which differ from the summary on page 6. Each section's rules, and each section's Member Guide which summarises the rules, are available in the members' area of the Scheme's website, or upon request.

The main provisions outline the standard situation whereby a section continues with a solvent employer backing the section. In the event of the employers in a section suffering a qualifying insolvency event, the benefits available from that section will depend on the assets in the section. If there are insufficient assets available to secure a minimum level of benefits, the Pension Protection Fund ('PPF') will pay compensation to members. In these situations, the PPF will take over the section's assets and provide the compensation to the section's members from the PPF. In many cases, the compensation provided by the PPF would be lower than the benefits members could have received from the section that entered the PPF.

Industry-Wide Defined Contribution Section

The IWDC Section's participating employers can choose their contribution rates, normal retirement date, and lump sum amount on death in service. Contributions range from upwards of 6% of pensionable pay, and normal retirement ages range from 60 to 65. However, members are only required to start taking their benefits at age 75. In the event of death in service, a lump sum of either one times the amount of pensionable pay, or four times the pensionable pay is typically payable. At retirement, members have the option to either use their accumulated funds to provide an annuity which can be purchased from an insurance company (under an open market option). Alternatively, they can transfer their funds to a specialist drawdown provider. They can also take tax-free cash up to the HMRC limit or take 100% of their funds as a partially-taxed lump sum, directly from the Scheme.

Pension increases

Pensions in the defined benefit sections increased by 1.7% with effect from 7 April 2025. Pensions in payment and deferment in the Scheme are increased in line with Orders laid by the government under the Pensions (Increase) Act 1971. This is based on the CPI inflation figure, which measures changes in the prices of goods and services, as at September 2024.

Members over 65 may not receive the full increase on their pension if any element relates to Guaranteed Minimum Pension ('GMP'). For members who reached State Pension age before 6 April 2016, the government may top up their State Pension to reflect the lower level of increases provided on the GMP.

Active members of Defined Benefit ('DB') sections

Contributions

Contributions are based on section pay which is generally pensionable pay, plus any Pensionable Restructuring Premiums (‘PRPs’) less 1½ times the basic State Pension for a single person. Pensionable pay is basic pay plus pensionable allowances (where appropriate), excluding PRPs.

PRPs are earnings which, as part of an agreement with the employer to restructure pay, become pensionable for future service only from the date that pay was restructured. Pensionable pay and PRPs are re-assessed on the first Monday of July each year, based on the member’s section pay on the previous 1 April. Contribution rates are subject to review at each Actuarial Valuation.

Additional Voluntary Contributions (‘AVCs’)

Current members can pay extra contributions through BRASS and AVC Extra to secure additional benefits.

BRASS is the main AVC arrangement for the Shared Cost sections.

There are limits to the maximum amount that can be paid into BRASS. If members want to pay more than the maximum BRASS limit they can do so by paying the excess into AVC Extra. AVC Extra contributions are invested in the same way as contributions to the IWDC Section.

Death in service

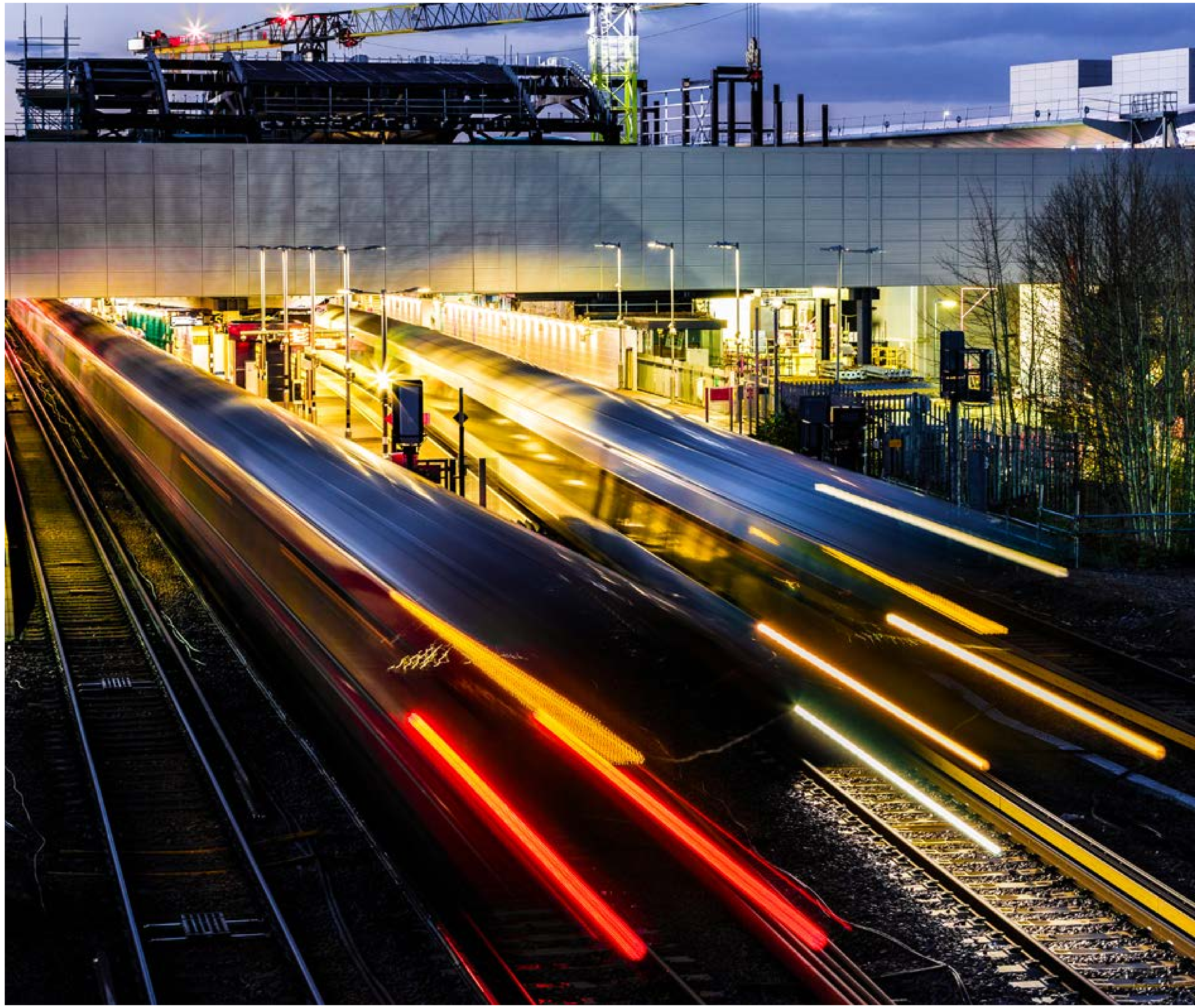
Nominated dependants or personal representatives will receive:

A lump-sum death benefit of four times the final average pensionable pay plus any PRPs.

Plus

A dependant’s pension of one half of the pension the member would have received had he/she retired due to incapacity at the date of death. Pensions for up to two children may also be payable.

Full details of the provisions of the Scheme can be found in the Pension Trust and Rules.



Leavers from DB sections

When a member retires at or after age 60 (or later if Pension Age is later than 60)

They will receive

A pension of 1/60th of final average pensionable pay less 1/40th of the basic State Pension for a single person for each year of pensionable service.

Plus, for members with PRPs, a pension of 1/60th of the PRP for each year, since the PRP was introduced.

Plus a 5% bonus pension on membership before 7 April 1991.

Plus

A tax-free lump sum of 1/40th of final average pay for each year of pensionable service.

For members with PRPs, a lump sum of 1/40th of the PRP for each year since the PRP was introduced.

A 25% bonus lump sum on membership before 7 April 1991.

And on death

A dependant's pension of one half of the member's pension (before conversion of any lump sum). Pensions for up to two children may also be payable.

When a member retires between age 55 (or earlier if a Protected Pension Age applies) and age 60 (or later if Pension Age is later than 60)

They will receive

A pension and lump sum calculated as for retirement but reduced for early payment.

And on death

A dependant's pension of one half of the member's pension (before conversion of any lump sum). Pensions for up to two children may also be payable.

When a member retires because of incapacity

They will receive

A pension and lump sum calculated as for retirement at pension age with no reduction for early payment. The length of service used to calculate the pension may also be enhanced by up to ten years.

And on death

A dependant's pension of one half of the member's pension (before conversion of any lump sum). Pensions for up to two children may also be payable.

When an immediate pension is not payable

They will receive

A preserved pension and lump sum payable from age 60 (or later if Pension Age is later than 60) calculated as for retirement from Pension Age. In some sections, leavers with short service may receive a refund of their contributions.

Or

A transfer value payment payable to another registered pension arrangement.

All transfer values out of the Scheme are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996. Allowance is made in the calculation of transfer values for discretionary benefits payable upon early retirement on the basis of the assumed future experience of members retiring early. There are no other discretionary benefits to be taken into account.

Summary of the Core Provisions of the IWDC Section

Active members

Contributions

Contribution rates are determined by the employer and range from upwards of 6% of pensionable pay. Pensionable pay is as defined by the employer in its deed of participation.

At retirement, members have options to use their accumulated funds to provide an annuity purchased from an insurance company under an open market option, or they can transfer their funds to a specialist drawdown provider. They can also take tax-free cash up to the HMRC limit, or take 100% of their funds as a partially-taxed lump sum, directly from the Scheme.

Additional Voluntary Contributions

Members may be able to 'top-up' their benefits by paying Additional Voluntary Contributions to help increase the value of their Personal Retirement Account ('PRA').

Death in service

Nominated dependants or personal representatives will typically receive:

A lump-sum death benefit, which is typically either one or four times the final average pensionable pay, depending on what the employer has set within its deed of participation.

Plus

The value of the member's Personal Retirement Account.

Full details of the provisions of the Scheme can be found in the Pension Trust and Rules.

Chair's Introduction

2025 was a landmark year for UK rail, as the industry came together to celebrate 200 years of the modern railway.

These celebrations of history and legacy came at a pivotal moment across the UK's rail and pension industries. The creation of Great British Railways ('GBR') is already well underway following the introduction of the Railways Bill in November 2025. Plus, the Government signalled its focus on pensions adequacy and modernising the UK's pension system through the Pension Schemes Bill, which was introduced in July.

Meanwhile, last year was also a year of significant regulatory change, with demands set to increase for many schemes as regulators look to strengthen governance and reporting requirements across pensions and investments.

Against this backdrop of the changing policy and regulatory environment, 2025 was also an important year for the Railways Pension Scheme ('RPS'), as it's a valuation year. This means the Scheme Actuary will use data from 31 December 2025 to assess the latest funding position of over 100 individual Sections that comprise the RPS – a vital process in ensuring the scheme remains affordable, sustainable and secure for members today, and the generations who will join in the future.

Throughout all the changes and challenges of 2025, the Trustee remained focused on delivering:

Strong investment performance in a challenging environment

2025 was a year marked by rising geopolitical risk and volatile investment markets. Despite this challenging investment environment and the Scheme paying out more in benefit payments than it receives in contributions, total assets still grew by over 6%. Assets increased from £30.7 billion to £32.6 billion, driven by £2.9 billion of investment returns, highlighting how important investment returns are for the Scheme, its members and employers.

Enhanced support for members and employers

The Trustee continued to strengthen oversight of the administration, focusing on service quality, data integrity, digital engagement and member experience across the railways pension schemes. Over the last two years, targeted cleansing, tracing and verification activity has successfully re-engaged around 10,000 members across the railways pension schemes with their pensions, while ongoing enhancements to service measurement and member satisfaction frameworks have helped inform the Trustee's member experience and employer support strategies. As a result, member satisfaction rose year-on-year in 2025 to 81.7%, according to the UK Institute of Customer Service's annual satisfaction index survey, placing the railways pension schemes significantly above the UK average of 76.1%.

Strengthened governance, fit for the future

Throughout 2025, the Trustee Board has diligently overseen – and strengthened the governance and oversight of – the operations of the Scheme, guided by our mission to pay members' benefits securely, affordably and sustainably. Alongside this, the Trustee continues its commitment to ensuring the longevity and stability of the Trustee Board by increasing the diversity of experience, skills and perspectives among the Directors, and continuing our engagement with organisations across the rail industry to improve succession planning ahead of future retirement and election cycles, including in preparation for 2026.

Through this robust investment performance, enhanced support for members and employers, and strengthened governance, the Trustee is ensuring an adequate income in retirement for hundreds of thousands of rail workers, so that in the future they can look back on a meaningful career with pride.

It's been my privilege as Chair to oversee the enhancements that will allow us to continue delivering the best possible outcomes for members for years to come.

But now, my time as Chair is coming to an end after four years. It has been such an honour to serve in this role, and I'd like to personally thank my fellow Trustee Directors, colleagues across Railpen, and all the other advisers who have supported me during this time. We expect the new Chair to take over in September, and rest assured that whomever is chosen will no doubt continue with the same passion, dedication and pride in their work as I have. I'll be staying on as a Trustee Director, working closely with the new Chair to ensure a smooth transition.

In the meantime, I'm pleased to present the Annual Report and Audited Financial Statements of the Railways Pension Scheme for the year ended 31 December 2025 on behalf of your Trustee Board.

Christine Kernoghan
Chair, Trustee Company

The Railways Pension Scheme Background

The RPS was created in 1994 after the privatisation of the railway industry and reorganisation of the British Rail ('BR') Pension Scheme.

The RPS was created in 1994 after the privatisation of the railway industry and reorganisation of the British Rail ('BR') Pension Scheme. It is the largest of the four pension schemes managed by the Trustee and one of the largest schemes in the UK. It provides pensions for 142 (2024: 144) companies (represented by 175 (2024: 177) employers) operating within the railway industry.

The RPS comprises six parts:

- the 1994 Pensioners Section, the Shared Cost Arrangement, the Defined Contribution Arrangement, the Defined Benefit Arrangement, the Omnibus Section and the IWDC Section. Employers may participate in more than one arrangement and in more than one section of the Shared Cost Arrangement. There are 107 sections (2024: 107 sections) across the six parts of the RPS as illustrated right:

Railways Pension Scheme

	1994 Pensioners Section	Shared Cost Arrangement	Defined Contribution Arrangement	Defined Benefit Arrangement	Omnibus Section	IWDC Section
sections	1	104	0	0	1	1
employers	1	106			30	38
companies	1	105			29	7
members	71,471	276,555			768	16,144

Advantages of an industry-wide scheme

The industry-wide structure allows the assets to be combined into ‘pooled funds’. These investment funds are significantly larger than would be possible if the sections invested their assets separately, resulting in several advantages for the schemes and sections.

For example, the asset allocation needs of sections can be considered separately from the appointment and monitoring of individual investment managers. The size of the pooled funds also allows all sections to benefit from economies of scale in investment management costs and access to a wide range of investments. Sections wishing to invest in pooled funds in the first instance, where possible, buy pooled fund units from sections wishing to sell, thus avoiding some of the external investment transaction costs.

The industry-wide nature of the RPS can simplify the movement of employees between railway companies, allowing them to change employers while remaining in the same pension scheme.

The Trustee provides high-quality pensions services through its experienced administration, investment, secretariat, pensions policy, communications, and finance teams, benchmarked in terms of quality standards against other providers.

A summary of the core provisions of the Scheme is shown on page 6.

The 1994 Pensioners Section

Pensioners and preserved pensioners in the BR Pension Scheme were transferred into a separate section of the RPS, the 1994 Pensioners Section, on 1 October 1994. On 30 December 2000, pensioners and preserved pensioners of the BR Section were also transferred to the 1994 Pensioners Section. The assets and liabilities of another six closed railways pension schemes were also transferred to the 1994 Pensioners Section in 2007, after agreement between the Trustee and the Department for Transport (‘DfT’).

The Secretary of State guarantees all past service liabilities and pensions in payment of the 1994 Pensioners Section at 1 August 2007, plus any future annual pension increases awarded to the 1994 Pensioners Section members.

The Rules of the Section provide that, in the event of a deficit following a valuation, assets are transferred from the Special Reserve Fund to the general funds. Surplus assets disclosed at future valuations will need to be re-allocated back to the Special Reserve Fund, to the extent required to reflect the above transfer, before there is any surplus available for further distribution to members.

The total assets comprising the Special Reserve Fund, as at 31 December 2022, amounted to £392 million. As a result of the £178 million deficit disclosed in the Actuarial Valuation of the Section as at 31 December 2022, transfers of £1.07 million per month from 1 October 2024 to 30 September 2034, increasing annually in line with the relevant Pensions Increase (Review) Orders, are expected to be made from the Special Reserve Fund to the general funds. These transfers will reduce the anticipated growth of the Special Reserve Fund over time.

The split of assets between any Special Reserve Fund and the general fund is for the purposes of determining how any future actuarial valuation surplus is allocated between members and the employer. It does not affect the way the assets are invested, nor how they are presented in these financial statements.

The audited financial statements show the combined asset value of the general fund and the Special Reserve Fund. Any reallocation from the Special Reserve Fund to the general fund or vice versa has no impact on the net asset value of the audited financial statements.

The Shared Cost Arrangement

A Shared Cost Arrangement means that both employers and active members contribute towards the cost of providing pension benefits. All active members of the BR Pension Scheme were transferred into the Shared Cost Arrangement on 1 October 1994. Transferred members with protected rights under the Railways Act 1993 have a statutory right to remain in the RPS while they continue to be employed in the railway industry.

A separate section within the Shared Cost Arrangement may be created for each designated employer. Originally, as each BR business was franchised or sold, a proportionate share of RPS assets was transferred to a new section of the Scheme. Subsequent sales and transfers of parts of businesses can now result in the creation of or mergers of sections.

At 31 December 2025, 87 of the 104 Shared Cost sections had active members and 34 of these Shared Cost sections remain open to new members. For open sections, employees of the participating employer who are employed in the railway industry may join the Scheme. New members are not protected under the Railways Act 1993 however, so their pension rights may differ from those who have protected rights. A full list of sections and participating employers is given in Note 12 to the Financial Statements.

The Omnibus Section

Employers with fewer than 50 members are eligible to combine in a multi-employer Omnibus Section. Employers may remain in the arrangement if their membership increases above 50. At the end of 2025, 24 employers with active members (2024: 28 employers) were part of the Omnibus Section. A full list of participating employers is given in Note 12 to the Financial Statements.

Defined Contribution Sections, other Defined Benefit Arrangements and the IWDC Section

As with the Shared Cost Arrangement, the Defined Contribution Arrangement and Defined Benefit Arrangements are part of the framework of the RPS and exist as possible alternatives to a section on the Shared Cost Arrangement basis. A handful of Defined Contribution sections were set up by employers, but these moved into the IWDC Section when it was created. No employers have set up sections adopting the provisions of the Defined Benefit Arrangement.

The IWDC Section of the RPS exists for rail employers who want to provide benefits on a DC basis.

The IWDC Arrangement was established on 1 November 2001. The IWDC Arrangement aims to provide employers with a flexible Defined Contribution scheme. At the end of 2025, 38 employers were part of this Arrangement (2024: 39 employers).

At 31 December 2025, there were no members in the Defined Contribution Arrangement as all members in the Defined Contribution Arrangement transferred to the IWDC Section on 14 February 2019. The Trustee may decide to wind up the Defined Contribution Arrangement in the future, as there are not expected to be any further members within it.

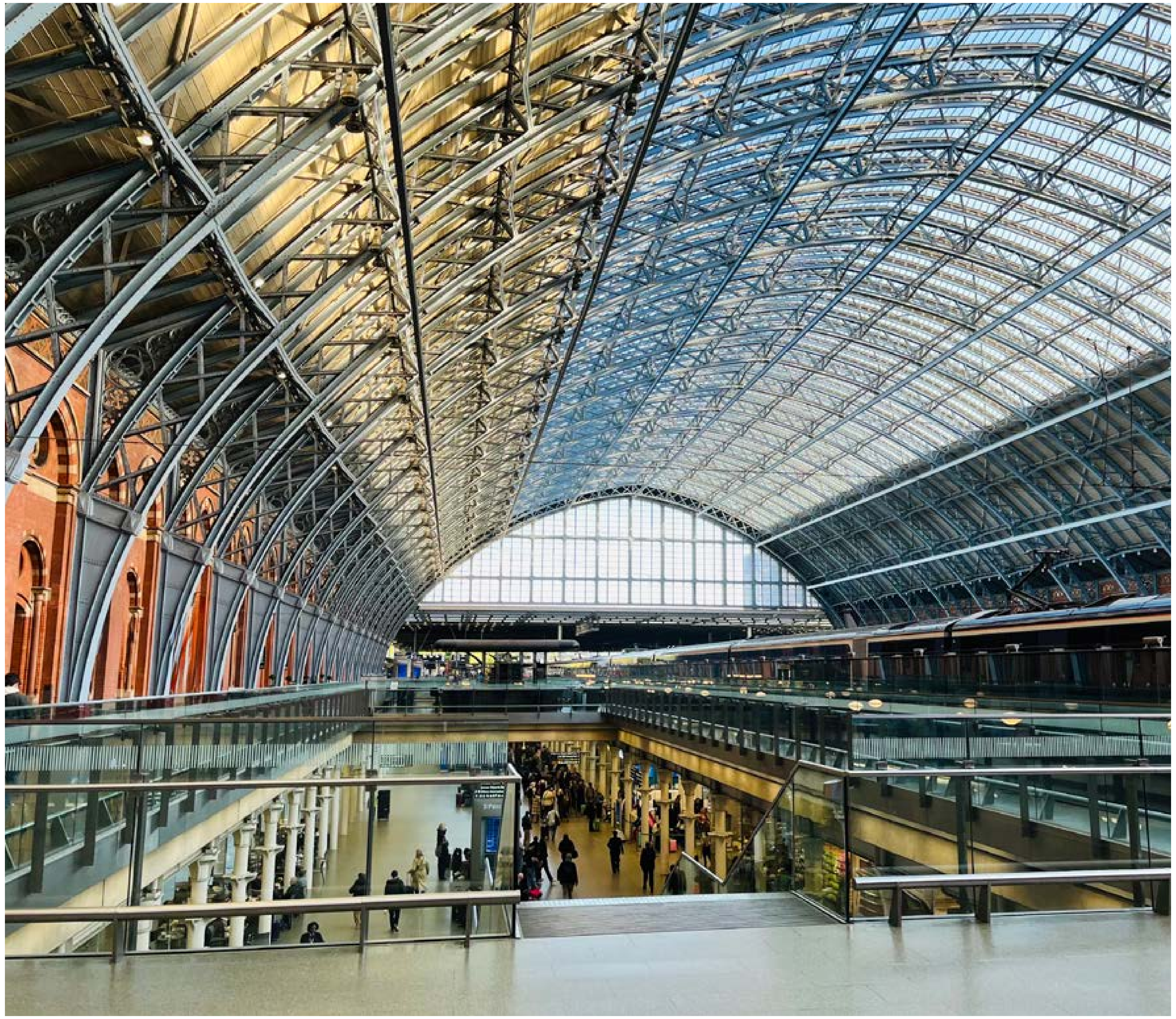
Reporting

There are separate records for each section and each section receives quarterly reports, including accounts, investment and administration performance information. Each Shared Cost Arrangement section is independently valued by the Scheme Actuary.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Pensions Committees

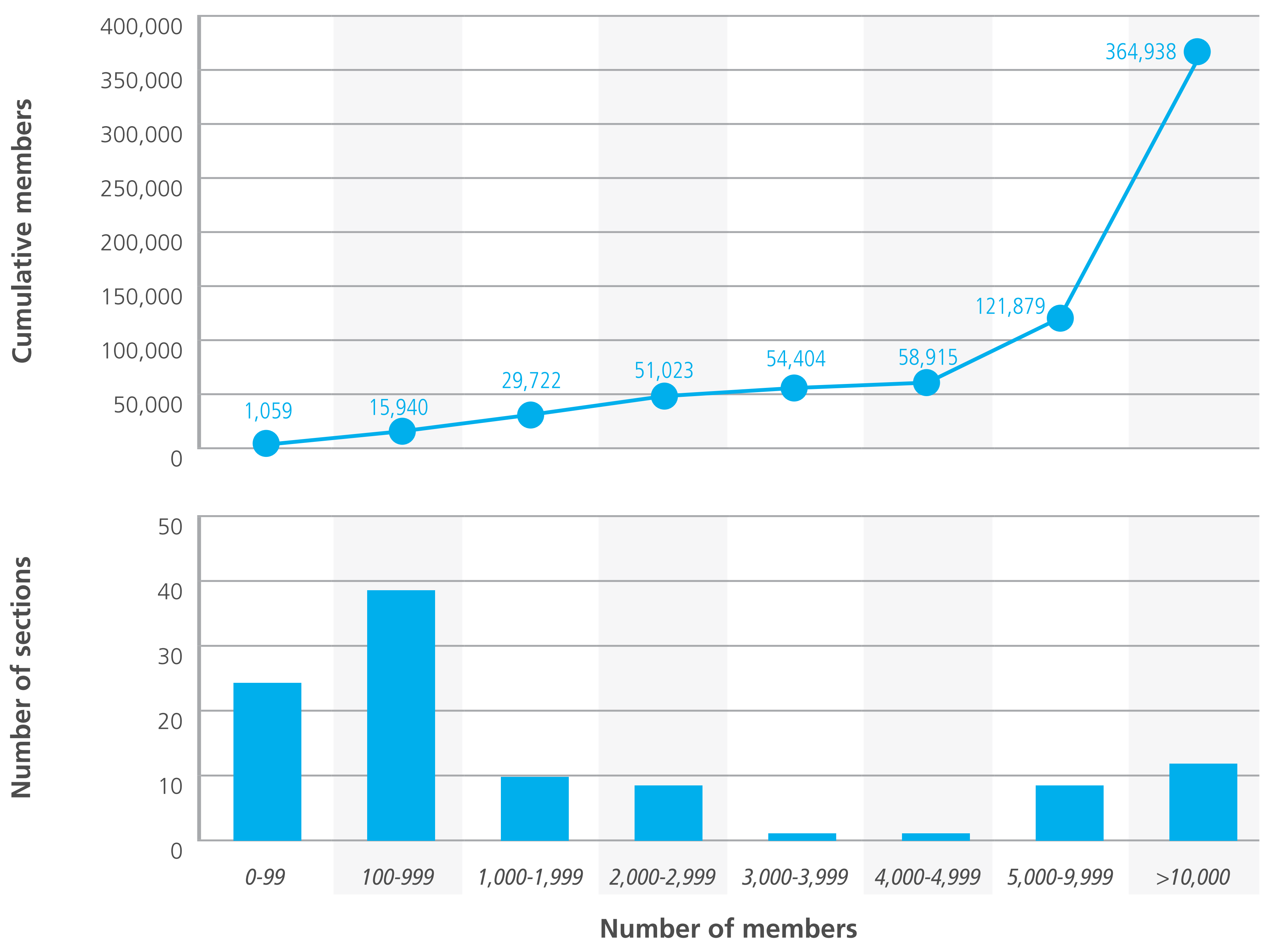
The designated employer of each Shared Cost section may establish a Pensions Committee to which the Trustee will delegate certain powers and duties under Appendix 5 of the Pension Trust. This includes responsibilities such as the determination of incapacity and discretionary benefits. Setting investment strategy can also be vested in the committees under Clause 5G of the Pension Trust, subject to the Trustee's approval. All Pensions Committees have an equal number of employer and member nominees. The Chair of the Committee alternates annually between the employer and member nominees. The Trustee, however, retains responsibility for supervising how the committees exercise their powers and monitors necessary training undertaken by committee members. There are currently 24 sections where the designated employer has established a Pensions Committee. Where a Pensions Committee has not been established, the Trustee itself shall exercise all powers, duties and discretions in respect of that section.



Five-year summary of RPS participation as at 31 December 2025

At 31 December	2025	2024	2023	2022	2021
Sections	**107**	107	107	107	106
Employers	**175**	177	176	184	176
Active membership	**104,506**	100,962	99,381	99,496	99,904
Preserved membership	**110,331**	112,248	113,266	112,050	109,680
Pensioners	**150,101**	149,373	144,900	142,518	140,331
Total membership	**364,938**	**362,583**	**357,547**	**354,064**	**349,915**

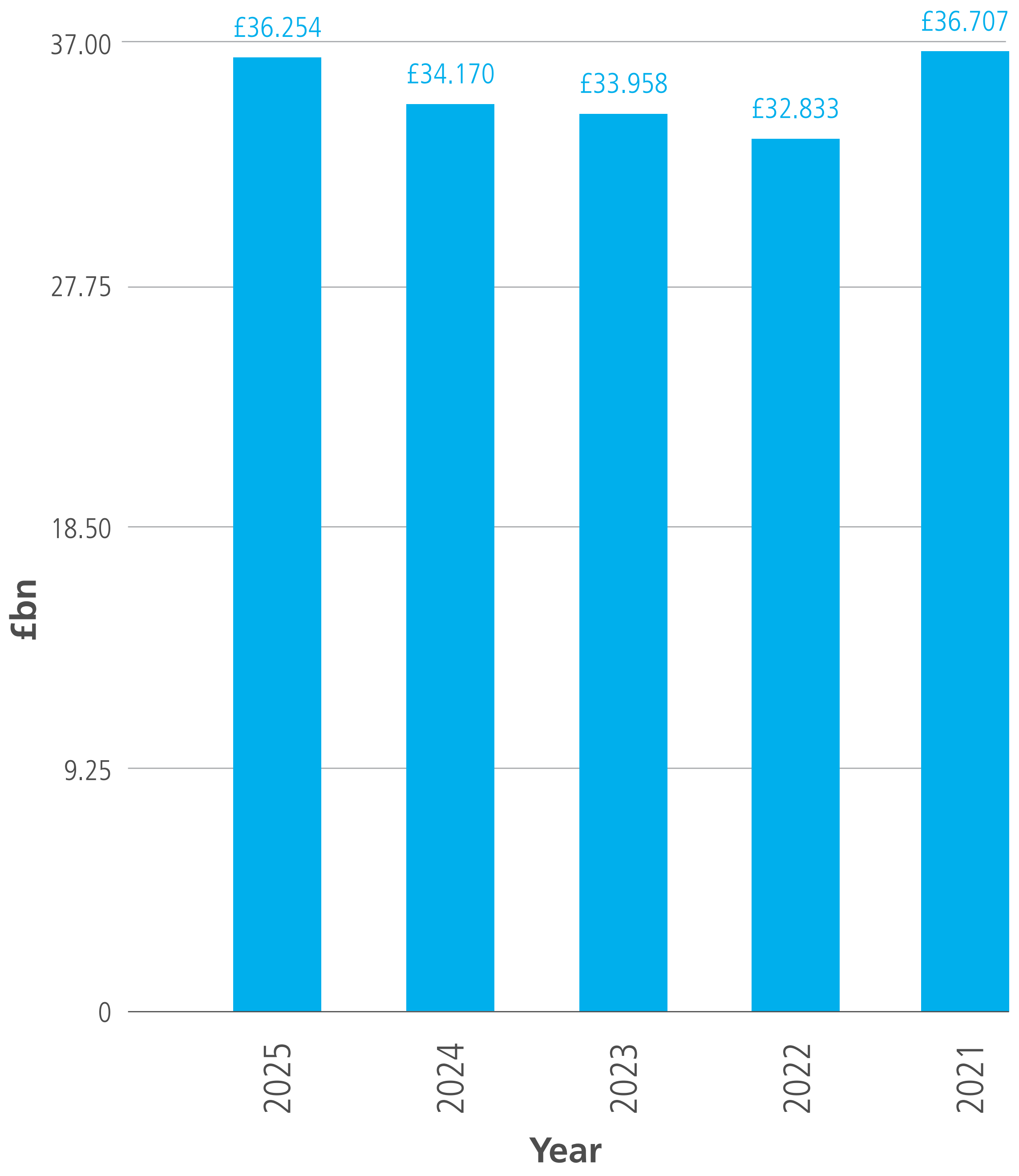
Comparison of membership of sections



Five-year summary of financial statements of the RPS

At 31 December	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Scheme benefits					
Pensions	**(1,193)**	(1,127)	(1,026)	(942)	(900)
Lump sums	**(364)**	(394)	(306)	(333)	(262)
Death benefits	**(41)**	(31)	(35)	(36)	(36)
Total benefits	**(1,598)**	**(1,552)**	**(1,367)**	**(1,311)**	**(1,198)**
Scheme income					
Members' contributions	**437**	405	378	372	362
Employers' contributions	**412**	448	432	423	419
Government support	**11**	12	12	8	8
Other income	**-**	1	-	-	-
Total contributions	**860**	**866**	**822**	**803**	**789**
Net transfer values	**(5)**	(6)	(1)	(20)	(29)
Admin expenses	**(36)**	(34)	(32)	(26)	(24)
PPF levies	**(5)**	(28)	(40)	(52)	(55)
Purchase of annuities	**(8)**	(5)	(2)	(1)	(2)
Taxation where lifetime allowance exceeded	**-**	(1)	(1)	-	(1)
Net investment income	**540**	665	564	521	380
Interest on cash deposits	**11**	10	7	2	-
Change in market value	**2,325**	297	1,175	(3,790)	4,748
Net increase/(decrease) in the Scheme	**2,084**	**212**	**1,125**	**(3,874)**	**4,608**
Net assets of the Scheme	**36,254**	**34,170**	**33,958**	**32,833**	**36,707**

Five-year summary of net assets of RPS



The Trustee Annual Report

Railways Pension Trustee Company Limited ('the Trustee')

The Trustee is the trustee of four railway industry pension schemes. Trust law, the Pensions Acts and the Companies Acts, govern the activities of the Trustee as a corporate trustee. The Trustee has overall fiduciary responsibility for the effective operation of the schemes, including administration of benefits, collection of contributions, payment of pensions, and the investment and safe custody of assets. It must act fairly in the interests of active members, preserved members, pensioners and employers.

Railtrust Holdings Limited ('RHL')

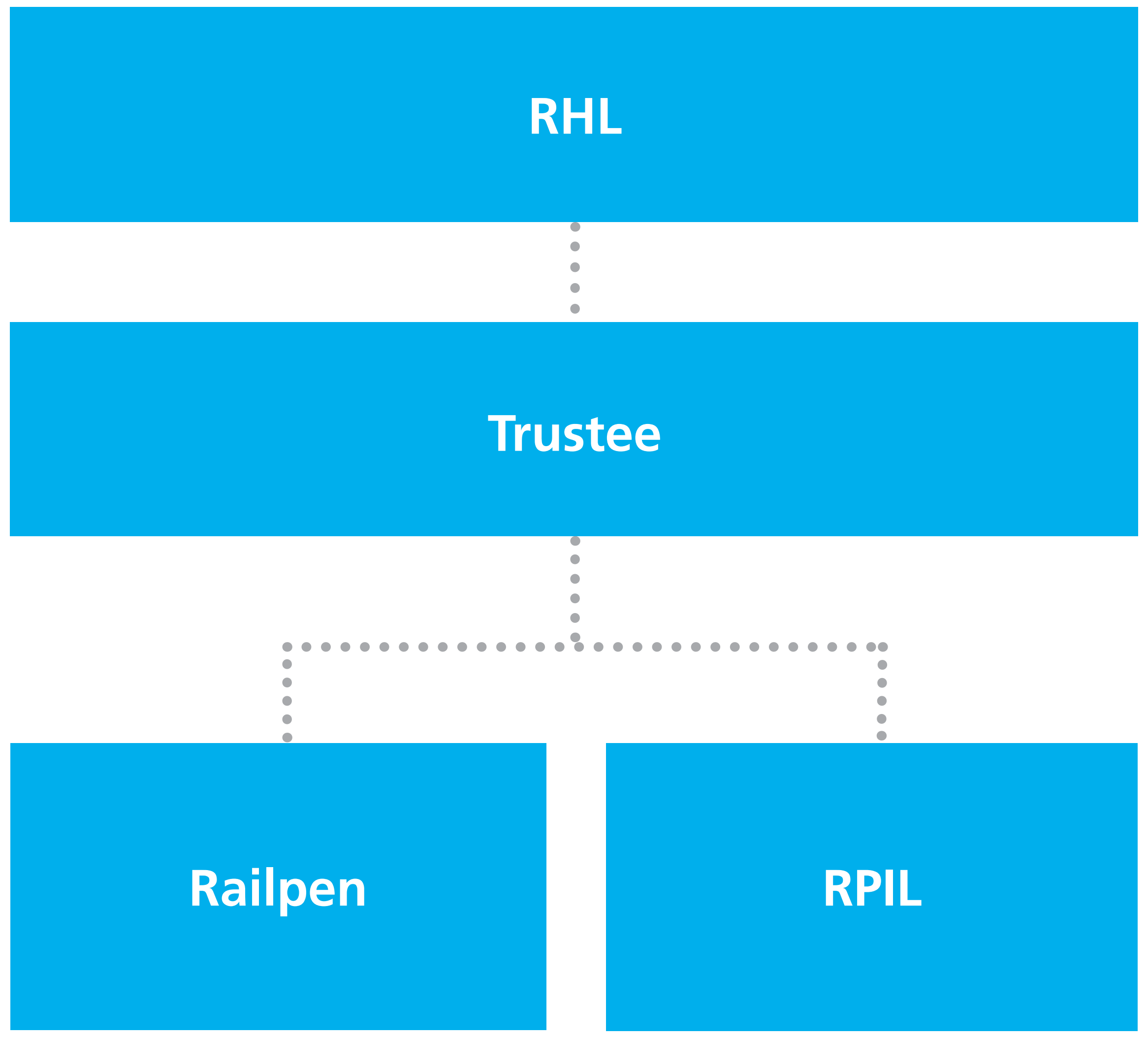
The Trustee is owned by RHL, a company limited by guarantee. Designated employers of sections in the RPS, Omnibus employers in the RPS, IWDC employers in the RPS, and the principal employers of the other schemes of which the Trustee is a trustee, are all required to become a member of RHL. RHL is owned equally by its guarantor members, irrespective of their size. Each member of RHL is committed to contributing a maximum of £1 to its liabilities if it is wound up.

The primary purpose of RHL is to provide governance controls and appoint the directors of the Trustee. The Articles of Association set out the procedure for the appointment of directors. The aim is to achieve a balanced representation of the different employers and the members (or their representatives) of the schemes. The directors of RHL and the Trustee are the same.

There are 16 directors in total, eight elected by the members of RHL ('employer directors') and eight elected on behalf of the members of the railways pension schemes ('employee directors'). Six of the employee directors are nominated on behalf of employees and two on behalf of pensioners (including preserved members). Approximately one-third of the directors retire by rotation every two years. The term of office is six years.

Trustee Directors are non-executive and are entitled to emoluments which are disclosed in the financial statements of RHL.

The structure of the RHL group as at 31 December 2025



Operating Companies

The Trustee has two wholly-owned operating subsidiaries, Railpen and RPIL, to which it delegates the day-to-day operation of the railways pension schemes. Investment management of Scheme assets is carried out by RPIL, which is regulated by the Financial Conduct Authority ('FCA'). All other activities are carried out by Railpen.

A brief description of the governance arrangements for each of the two operating subsidiaries and their activities during 2025 are set out below:

Railpen

Railpen employs around 765 staff across two offices in Darlington and London.

Railpen operates on a mutual basis and carries out activities on behalf of the Trustee, including:

- administration and payment of pensions
- advisory and support services for the Trustee Board, its Committees and Pensions and Management Committees
- commission and oversight of the work of external advisers, such as actuaries and lawyers, and
- preparation of and maintenance of accounts for the companies, schemes, pooled funds and sections

Railpen also supplies personnel and infrastructure to RPIL to enable it to manage the schemes' assets.

Railpen Board

Railpen's activities are overseen by the Railpen Board, whose membership during 2025 and up to the date of signing of the financial statements, was as follows:

Name	Position
Michael Craston (Chair)	Independent Director
Sue Amies-King	Independent Director
Andy Bord	Chief Executive Officer
Alison Burns	Independent Director
Michael Cash	Trustee Director
Fatima Hassan[1]	Trustee Director
Richard Murray	Trustee Director
Nicholas Ranson[2]	Chief Financial Officer
Olubusola Sodeinde	Independent Director
Gary Towse	Trustee Director

1. Fatima Hassan was re-elected in early 2026 for a further six-year term of office to take effect from 1 July 2026.
2. Nicholas Ranson was appointed to the Board on 3 March 2025.

The Mutual Committee reports solely to the Railpen Board to oversee the correct allocation of costs, revenues and distributions between Trustee business and non-Trustee business.

The Benefits Advisory Committee, which used to report solely to the Railpen Board on the strategic initiatives of the Member Services business unit, was disbanded in February 2025 following a review and its duties absorbed by the Trustee's Member Casework and Administration Committee.

The Railpen and RPIL Boards have committees that report to both boards: the Remuneration and Nominations Committee, which oversees pay and reward at Railpen, and sets pay for Executive Directors and senior officers; the Railpen Enterprise Risk Committee, which is to oversee and monitor all enterprise and operational risk for the business on behalf of the RPIL and Railpen Boards, and review the adequacy and application of risk within each entity; and the Audit and Governance Committee, which is to provide the RPIL and Railpen Boards with assurance on the effectiveness of internal controls and the governance framework.

Railpen activities

Railpen's activity continues to be centred around its purpose: to secure our members' future, and the vision shared with the Trustee Board: to be the preferred and trusted pension provider for the whole UK rail industry.

During 2025, Railpen continued to implement the revised Operating Strategy approved by the Trustee Board in December 2024. The strategy sets out the capabilities, operating model and transformation required for Railpen to deliver against the Trustee Board's Strategic Goals over the medium and long term. The Operating Strategy is focused around four key goals: Strive for simplicity, Focus on value, Fit for the future and Enabling our people.

Railpen measures and reports its performance to the Trustee throughout the year using a range of financial and non-financial key performance indicators. These measures reflect Railpen's commitment to deliver high-quality services for members and employers at a sustainable cost, while adopting a strong control discipline and a values-led culture.

Strive for simplicity:

- Delivering for members – since launching its Member First vision and supporting customer charter in 2024, Railpen has made strong progress with improvement across key measures, underpinned by enhanced management information, accelerating digital adoption and strengthened operational foundations. As a result, member satisfaction has continued to rise year-on-year in the UK Institute of Customer Service's annual satisfaction index survey, with the most recent survey (2025) seeing satisfaction at 81.7 out of 100, significantly above the UK average of 76.1.
- Maintaining effective controls – throughout 2025, Railpen has continued to strengthen its operating processes and controls, supporting better long-term outcomes for members.

Focus on value:

- Managing pensions – group services relating to asset management delivered a positive in-year investment performance in 2025 despite difficult market conditions, with improved absolute returns positively contributing to funding levels. All sections maintained up to date valuations and preparatory work for the 2025 RPS valuation progressed well. The market-leading approach was recognised with eight award wins in 2025.
- Achieving value for money – Railpen continues to deliver value for money for its members, with a strong 2025 performance that reflects robust financial discipline. In addition, improvements made to Railpen's forecasting processes have enabled proactive acceleration of planned investment in future priorities where appropriate.

Fit for the future:

- Improving Railpen - Railpen's Operating Strategy is designed to ensure it can adapt as the needs of members, employers and rail industry changes - so it is ready for the future. Throughout 2025, the majority of Railpen's key programmes completed successfully or tracked in line with plans where they span multiple years.
- Advocating for members – Railpen, on behalf of the Trustee, has actively participated in regulatory and policy engagement within the rail, pensions and investment sectors where it can influence for better outcomes for members. During 2025, successes included reductions in the Pension Protection Fund levy, saving DB scheme members and employers £45 million in levy fees.

Enabling our people:

- Enabling our people – Railpen continues to embed its values of Integrity, Community and Alignment into its culture, aiming to attract, develop and retain talented individuals who are passionate about delivering its core purpose and vision. People-related performance remained strong throughout 2025, with highlights including record levels of engagement through the quarterly colleague survey, and enhanced induction and performance culture frameworks.

Execution of its strategy in 2026 and beyond will help ensure Railpen is equipped to respond to rising member expectations, together with anticipated pensions policy and regulatory change and the evolving needs of rail employers.

The external environment continues to evolve rapidly and the Board will continue to monitor these developments closely to ensure Railpen remains prepared and advocates for members so it can deliver its purpose: to secure our members' future.

Remuneration Policy and Railpen employee disclosures

Delivering value for members and employers

The Trustee and Railpen's mission is to pay members' pensions securely, affordably and sustainably. Railpen therefore has a responsibility to ensure that money and resources used in running the Scheme are done so in an efficient manner.

As set out on **page 15**, Railpen carries out activities on behalf of the Trustee and supplies personnel and infrastructure to RPIL to enable it to manage the Scheme's assets. The costs of Railpen colleagues working on administration activities are charged to the Scheme through a per capita charge and are therefore included within Note 6 of the financial statements.

Costs associated with colleagues engaged in investment activities are charged to the pooled funds and are shown within Note 1.4 of Appendix C. The total cost associated with employees provided by Railpen during the year ended 31 December 2025, was £88.3m (2024: £77.0m), an increase of 14.7%.

Reward Principles

Railpen's reward approach is underpinned by the following principles:

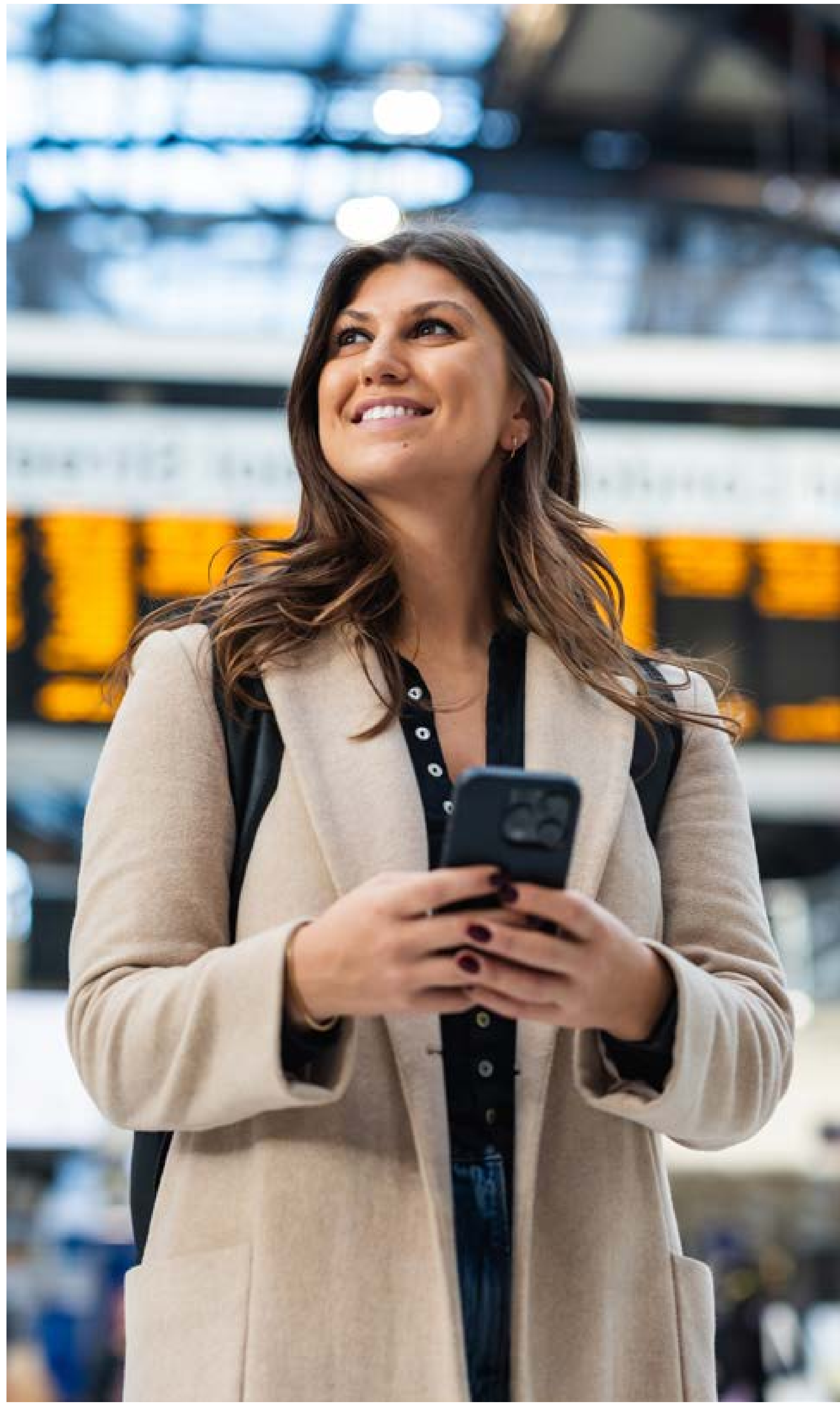
- **Fairness & Consistency:** Ensuring reward decisions are consistent, unbiased, and equitable across roles and demographics.
- **Transparency and Simplicity:** Reward structures and decisions will be clear, understandable and communicated effectively, avoiding unnecessary complexity.
- **Performance and Contribution:** Incentives will be linked to organisation and individual performance, recognising both financial and non-financial contributions, including behaviours aligned with Railpen's values.
- **Market Competitiveness:** Compensation will be benchmarked against relevant market data for relevant sectors (e.g. financial services, pensions and asset management), maintaining a balance between competitiveness and affordability.
- **Total Reward Approach:** Reward will be looked at holistically, offering a balanced and competitive package that includes fixed and variable pay, pension and benefits. Railpen also recognise the importance of non-financial benefits such as flexible working and career development.
- **Governance and Compliance:** All reward practices will comply with regulatory requirements and best practice standards (e.g. SMCR and Consumer Duty). This Policy also takes into account the requirements under Principle 12 of the FCA's Principles for Businesses, which requires Railpen to ensure that colleague incentives, performance management and remuneration structures are designed in a way that is consistent with ensuring good outcomes for retail customers (as defined in the FCA Handbook to include members of some of the Railways Pension Schemes).
- **Sustainability:** Reward practices will be financially responsible and scalable, delivering value for money and mitigate the risk of attrition of critical skills and knowledge.

Railpen adopts a Total Reward approach which reflects our commitment to recognising and supporting colleagues in a way that is fair, consistent, and transparent. They take a holistic view of reward, encompassing all elements of reward – financial and non-financial to reflect the full value of employment.

The Railpen Total Reward offering includes the following core elements:

- **Fixed Pay (base and regular allowances):** Base salary (and any regular allowances) are determined through a structured job evaluation process, by comparing what the job holder is accountable for delivering in Railpen, to what the external market is paying for the same/similar role. Railpen aims to determine salary ranges that enable us to pay within a range informed by the market from where we would recruit the role. Market data is reviewed at a minimum, annually.
- **Variable pay:** Annual bonus or variable pay is used to reinforce the link between performance and reward and to ensure stronger alignment between the colleague and the goals of Railpen. The scheme is designed to reward the relative delivery of individual and business performance and required behaviours. The bonus/variable pay percentages used for bonus for on target performance, is informed by the relevant market from where we would recruit the role. Previously, Railpen operated a long term incentive known as the Long Term Investment Plan ('LTIP'). The construct of this plan was more closely aligned to a deferred bonus scheme, rather than a conventional long term incentive which is typically linked to shares or profits. A recent comprehensive market review was carried out considering both long and short term incentive options. While the review of long term incentives is still ongoing, a decision has been made to replace the previous LTIP with a deferred element of the Annual Bonus, continuing to ensure that a portion of overall reward is deferred and delivered over time, supporting retention of key colleagues and reinforcing alignment with the long-term interests of the Scheme. Existing awards will continue to vest until the end of 2027 and become payable in 2028, and are included in the numbers on the following page.
- **Benefits:** Railpen offers a competitive and inclusive benefits package that supports colleague's financial wellbeing, health and work-life balance. This includes:
  - Defined Benefit Pension Scheme – this scheme is a distinguishing benefit for Railpen that reflects the core purpose of the organisation and the service it provides to our customer. It is a retention tool and helps our colleagues understand our business.
  - Defined Contribution Scheme – available to fixed term colleagues or as an alternative for all other colleagues.
  - Private Medical Insurance.
  - Health Cash Plan.
  - Salary Sacrifice Benefits (including EV leasing & Cycle to Work).
  - Enhanced parental leave.
  - Employee assistance programme ('EAP').
  - Flexible working arrangements.
  - Wellbeing initiatives and resources.
- **Recognition:** Railpen promotes a culture of appreciation through both formal and informal recognition. Recognition schemes include:
  - Peer-to-peer recognition.
  - Railpen Wide Values-based recognition scheme.
- **Learning and Development:** Development is a key component of Railpen's Total Reward approach. Colleagues have access to:
  - Professional development programmes.
  - Support for qualifications and certifications.
  - Coaching, mentoring, and leadership development.
- **Wellbeing and Inclusion:** Railpen's Total Reward approach supports colleague wellbeing and promotes an inclusive working environment. Initiatives are designed to enhance mental, physical, and financial health, and to ensure that all colleagues feel valued and supported. Practices are regularly reviewed to ensure they are fair, accessible, and aligned with Railpen's commitment to diversity and inclusion.

Trustee Board directors and other non-executives receive only the agreed remuneration for their services.



Remuneration in 2024/25

Railpen remain committed to openly reporting the total remuneration of the Trustee Board directors, key management personnel and highly paid colleagues (who are typically the investment managers). Remuneration disclosure goes significantly beyond what legislation requires and reflects Railpen's commitment to transparency. The table below shows total remuneration (base salary plus bonuses plus pension benefits) of 'high earners' (colleagues earning more than £150,000 total remuneration), including key management personnel, all of whom are employed by Railpen.

Range	2025	2024
	Number	Number
£1,050,000 - £1,099,999	1	-
£700,000 - £749,999	-	1
£650,000 - £699,999	1	-
£600,000 - £649,999	-	1
£550,000 - £599,999	-	1
£500,000 - £549,999	3	2
£450,000 - £499,999	-	1
£400,000 - £449,999	5	6
£350,000 - £399,999	4	6
£300,000 - £349,999	14	11
£250,000 - £299,999	18	17
£200,000 - £249,999	29	25
£150,000 - £199,999	44	40
Total	119	111

The above table includes the remuneration expense re-charged to the railways pensions schemes in respect of base salary, bonuses and pension benefits. These are included in 'pensions administration costs' within administration expenses. This cost includes a significant proportion of LTIP bonuses or deferred elements of the Annual Bonus, which are deferred for up to four years. Such bonuses are allocated by individual and are revalued annually until they are paid. Estimates of future investment performance and eligible staff turnover are used in the calculation. The direct costs associated with employing a team of highly skilled investment professionals, in a very competitive financial services market, are much lower than the embedded fees that would otherwise be charged by external managers.

The table below shows the total combined remuneration of the high earners shown above, and key management personnel. It reconciles amounts earned during the financial year to amounts paid (including taxable benefits received) during the year.

Remuneration for the year ended 31 December 2025	High earners £m	Executive Directors £m	Trustee Directors £m	Total key management personnel £m
Salary and benefits	19.0	0.8	0.4	20.2
Annual bonus (2025 Award)	8.1	0.4	-	8.5
Deferred bonus (2025 Award)	1.9	0.4	-	2.3
Total compensation earned in 2025	**29.0**	**1.6**	**0.4**	**31.0**
Less:				
Deferred bonus (2025 Award – will be revalued end of 2028 and paid in 2029)	(1.9)	(0.4)	-	(2.3)
Add:				
Long Term incentives from 2021 paid in the year	1.3	-	-	1.3
Total compensation paid in 2025	**28.4**	**1.2**	**0.4**	**30.0**

Deferral / Long Term Investment Plan awards

As noted above, Railpen previously operated a long term incentive referred to as the LTIP, the construct of which was more closely aligned to a deferred bonus scheme, and going forward this is to be replaced by a deferred element of the Annual Bonus. Existing awards will continue to vest until the end of 2027 and become payable in 2028, and awards granted in 2021 and paid in April 2025 are included in the numbers above. Additionally a notional amount of the 2025 Annual Bonus award is deferred and amounts eventually payable depend on the performance and service conditions explained earlier in this report. 48 Deferred Bonus awards were made in the current year with a notional value of £1.9m, of which two related to Executive Directors with a notional value of £0.4m.

RPIL

RPIL is authorised by the FCA to carry out investment management and related activities on behalf of its client, the Trustee. An Investment Management Agreement between the Trustee and RPIL sets out the terms of the Trustee's delegation to RPIL. RPIL does not employ its own staff. Staff and other resources are procured from Railpen. RPIL's access to these resources is set out in secondment letters for key individuals and in a service agreement between the two companies.

Activity of RPIL

During 2025, and up to the date of signing the financial statements, the membership of the RPIL Board was as follows:

Name	Position
Michael Craston (Chair)	Independent Director
Sue Amies-King	Independent Director
Andy Bord	Chief Executive Officer
Alison Burns	Independent Director
Michael Cash	Trustee Director
Fatima Hassan[1]	Trustee Director
Richard Murray	Trustee Director
Nicholas Ranson[2]	Chief Financial Officer
Olubusola Sodeinde	Independent Director
Gary Towse	Trustee Director

1. Fatima Hassan was re-elected in early 2026 for a further six-year term of office to take effect from 1 July 2026.
2. Nicholas Ranson was appointed to the Board on 3 March 2025.

RPIL, with the support of its committee – the Railpen Investment Oversight Committee ('IOC') – is responsible for managing the investments of the pooled funds, into which scheme assets are grouped. The IOC has an independent chair with investment experience, and there are now two further independent investment advisors who sit on the Committee to provide RPIL with strategic investment-related advice on the pooled funds, macro-environment, investment plan, and investment risk and oversees RPIL's fiduciary management activities. The Growth Pooled Fund, which represents approximately 62% of Scheme assets, has a long term investment objective of maximising risk-adjusted returns whilst targeting 70% of the total market risk of public equity. Other pooled funds have investment objectives tailored to their roles in meeting the needs of stakeholders. Further details on the pooled funds can be found in Appendix C.

RPIL delegates the day-to-day management of the pooled funds to the executive team. The Fiduciary and Investment Management function was relaunched as the Pensions and Investment Management ('PIM') function, to highlight a shift in focus to a full client to portfolio service on behalf of Railpen's single client, the Railway Pension Scheme.

The Chief Officer, Pensions Investment Management, is responsible for the investment of all assets in the pooled fund range and for recommending the high-level investment strategy, assessing the needs, and risk appetite of the schemes. As part of Railpen's objective to develop and adopt value-driven investment strategies, the RPIL Board endorsed the PIM operating model which continues to maintain a hybrid investment strategy, balancing internal investment expertise with external investment services to deliver members value for money.

Trustee Company Employer Director appointment procedure

The appointment procedure for Employer Directors is based on industry sub-sector constituencies. The nominating electoral groups and the number of directors to be appointed by each electoral group are set out in the table below:

Electoral Group	Number of Directors
Passenger train operating companies	3
Network Rail	2
Freight train operating companies and support services	2
All employers	1

The voting arrangements for the electoral groups reflect the schemes' membership, while giving the most emphasis to active members. If there are more nominations than vacancies, voting within the electoral groups is on the basis of the number of employee members, preserved members and pensioners associated with each employer.

Each member of RHL has one vote for each active member and half a vote for each pensioner and preserved member in its schemes and sections. Voting in the 'All Employers' group is on the basis of one employer, one vote.

The table below shows the Employer Directors during 2025 and up to the date of signing the financial statements, their date of retirement by rotation, and appointing Electoral Group:

Name	Electoral Group	Date of retirement by rotation (1st July)
Christine Kernoghan (Chair)	Passenger train operating companies	2028
Adam Golton[1]	Passenger train operating companies	2032
Fatima Hassan[2]	Network Rail	2032
Richard Jolly	Network Rail	2030
Richard Jones	All employers	2028
Anjali Lakhani	Freight train operating companies and support services	2028
Richard Murray	Passenger train operating companies	2030
John Wilson[3]	Freight train operating companies and support services	2026

1. Adam Golton was re-elected in June 2026 for a further six-year term of office to take effect from 1 July 2026.
2. Fatima Hassan was re-elected in early 2026 for a further six-year term of office to take effect from 1 July 2026.
3. John Wilson is due to retire from the Trustee Board on 1 July 2026.

Trustee Company Employee Director appointment procedure

Nominations for each of the six Employee Directors to be appointed by the active members are sought from all of the railway trade unions, the British Transport Police Federation, and Pensions and Management Committees.

Nominations for each of the two Employee Directors to be appointed by the pensioners (including preserved members), are sought from the British Transport Pensioners' Federation, the Retired Railway Officers' Society, the railway trade unions and the British Transport Police Federation.

In all cases, if there are more nominations than vacancies, a secret ballot is held for all active members or pensioners (including preserved members), as appropriate, in the railways pension schemes. The successful nominees will be those with the most votes.

The table below shows the Employee Directors during 2025 and up to the date of signing the financial statements, their date of retirement by rotation, and nominating organisation:

Name	Nominating Constituency	Date of retirement by rotation (1st July)
Iain Anderson	Transport Salaried Staffs' Association	2030
Michael Cash	National Union of Rail, Maritime and Transport Workers	2028
Richard Goldson[1]	Retired Railway Officers' Society	2032
David Gott	National Union of Rail, Maritime and Transport Workers and the Management Committee of the British Railways Superannuation Fund	2030
Charles Harding[2]	Confederation of Shipbuilding and Engineering Unions	2032
Peter Holden[3]	British Transport Pensioners' Federation	2026
Howard Kaye	Associated Society of Locomotive Engineers and Firemen	2028
Gary Towse	Management Committee of the British Railways Superannuation Fund	2028

1. Richard Goldson was re-elected in early 2026 for a further six-year term of office to take effect from 1 July 2026.
2. Charles Harding was re-elected in early 2026 for a further six-year term of office to take effect from 1 July 2026.
3. Peter Holden is due to retire from the Trustee Board on 1 July 2026.

Governance

The Trustee places great emphasis on maintaining high standards of fiduciary governance. Governance means having the people, structures and processes in place to provide the foundation for the efficient operation and effective decision-making of the Trustee Board.

All Trustee Directors must complete a Fit and Proper Person check prior to their appointment. This takes into account the individual's honesty, integrity, financial soundness, competence, and conduct in line with guidance issued by the Pensions Regulator, for schemes that are authorised master trusts. Directors make an annual declaration of their fitness and propriety. The formal checks are repeated every three years and on reappointment to the Trustee Board.

The experience and skills of Trustee Directors are the cornerstones of the Board's effective ways of working. Directors attended up to 18 scheduled Board and Committee meetings in 2025, in addition to various workshops, strategy events, and training seminars. Attendance is reported to the Board and published on page 24.

Trustee Directors have a comprehensive training programme on appointment and throughout their tenure. They complete a Training Skills Analysis and a programme of training and workshops are provided, designed to support individuals, the Board as a whole, and to facilitate effective succession planning based on the Board's Skills Matrix. All Trustee Directors must achieve a minimum standard of Trustee Knowledge and Understanding which meets the Pensions Regulator's requirements. They're also required to complete the Trustee Toolkit prior to their appointment and at 3-yearly intervals. A wide range of training is offered by external providers and Railpen, including training on the unique characteristics and complexity of the railways pension schemes. To further support Trustee Directors, information relevant to their role is easily accessible to them electronically in one convenient place, alongside all Board and Committee papers.

Exposure of investments

The railways pension schemes' assets are invested in a number of pooled investment vehicles that operate as internal unit trusts. These offer the schemes the ability to invest in a wide range of investments, including UK and foreign equities, bonds, private equity, property and infrastructure.

Each type of investment has its own associated risks. Taking a Total Portfolio Approach means managing all investments as one integrated whole – making decisions based on how they interact with each other and how they collectively support the pension schemes' objectives, rather than treating them as separate parts. It combines a clear long-term strategy with flexible day-to-day investing, focusing on the underlying drivers of risk and return to ensure the overall portfolio is balanced, resilient, and appropriately rewarded for the risks it takes. The asset classes that the schemes are invested in are closely monitored to ensure assets are not exposed to unnecessary risk, as a result of investment choices. Further details of pooled fund investment exposures can be found within the consolidated pooled fund accounts in Appendix C.

Pension Protection Fund ('PPF')

The PPF became operational on 6 April 2005 and impacts upon most defined benefit schemes in the UK which have to pay levies to the PPF. The PPF will pay compensation to members of eligible defined benefit schemes when there is a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover PPF levels of compensation.

Sections with a Crown Guarantee are ineligible to join the PPF and therefore do not pay the PPF levy. A Crown Guarantee means that, where a section has an insolvent employer and becomes underfunded, the government will meet the liabilities of the section or the employer in respect of the whole or part of the section.

Insolvent employers

There are some participating employers within the RPS that are no longer trading or who are in administration. Further details are given in Note 12 of the Audited Financial Statements.

Membership and activities of Board and principal committees during 2025

The Trustee Board maintains oversight of the railways pension schemes and has delegated certain functions to five principal committees.

Attendance at the Trustee Board is shown in the table below.

Member	Number of meetings attended	Number of meetings eligible to attend
Christine Kernoghan (Chair)	4	4
Iain Anderson	4	4
Mick Cash	3	4
Richard Goldson	4	4
Adam Golton	4	4
David Gott	4	4
Charles Harding	4	4
Fatima Hassan	4	4
Peter Holden	4	4
Richard Jolly	4	4
Richard Jones	4	4
Howard Kaye	4	4
Anjali Lakhani	4	4
Richard Murray	4	4
Gary Towse	4	4
John Wilson	4	4

In addition to the above scheduled Trustee Board meetings, there were also several Trustee Workshops, a Strategy Day, and Trustee training events, as well as eleven dedicated sub-committee meetings relating to an ongoing project and various additional meetings of Trustee Working Groups focused on specific issues that some Trustee Directors gave their time to.

A short summary has been prepared on each of the Trustee Board's principal committees below which provides an overview of the main activities of each committee during the year. The summaries also list all meetings that committee members were eligible to attend. All Trustee Directors may attend meetings of the Trustee's committees in addition to those of which they are formally members.

Trustee fee disclosures

The core fee for a Trustee Director is £18,492. Additional payments are made for extra responsibilities, such as Chairing committees. RPTCL pays these fees, and they are not recharged to the Scheme.

The total fees paid in respect of Trustee Directors were as follows:

	2025	2024
Salaries and fees	£399,680	£410,690
Employer NI contributions	£33,300	£32,714
Expenses	£58,881	£32,966
Total	**£491,861**	**£476,370**

The total fees paid during 2025 and 2024 fall within the following bandings:

Range	2025	2024
£80,000 - £90,000	1	1
£30,000 - £40,000	4	4
£20,000 - £30,000	4	4
£0 - £20,000	7	7
Total	**16**	**16**

Audit and Risk Committee ('ARC')

The ARC comprises six directors of the Trustee Board and includes members with appropriate accounting qualifications and experience. External auditors and the Railpen Internal Audit team attend meetings at the invitation of the ARC, and relevant directors and officers of Railpen also attend as appropriate.

Membership and attendance during 2025 are shown in the following table:

Member	Number of meetings attended	Number of meetings eligible to attend
Richard Goldson	4	4
Adam Golton	4	4
Charles Harding	4	4
Anjali Lakhani	3	4
Gary Towse	4	4
John Wilson	3	4

The key responsibilities of ARC are outlined in a formal Terms of Reference ('ToR') which is regularly reviewed and updated, and includes:

- recommending the appointment of the external auditor, approving their scope and planned programme of work and reviewing the effectiveness of the external auditor;
- reviewing the adoption of accounting principles and policies;
- reviewing all aspects of the annual accounts of Railtrust Holdings Limited ('RHL'), the Trustee Company, railways pension schemes, and pooled funds;
- consulting with Internal Audit on the scope and planned programme of work of Internal Audit. Receiving periodic reports on the progress against the annual plan and key Internal Audit findings; and
- overseeing the internal control and risk management matters of the Trustee (Trustee and Scheme risks), including the agreement and monitoring of key risk indicators.

The ToR requires the ARC to meet at least three times a year to discuss, consider and review the audit work of the external auditors, financial reporting arrangements, the work of the Railpen Internal Audit team and general internal control and risk management issues. In practice, four meetings are scheduled, at one of which the ARC reviews the Annual Report and Audited Financial Statements prior to Trustee Board approval. In December, the Trustee Board approved recommended changes to the ARC ToR, to reflect the new The Pensions Regulator ('TPR') Code of Practice and to strengthen the ARC's oversight.

During 2025, ARC met on four occasions. It considered the Annual Report of Internal Audit covering its internal audit and assurance activities during 2024, received reports on the progress of the 2025 audit plans, and considered the Report of the External Auditor.

The ARC co-ordinates and monitors the risk management process, ensuring that it is effective in identifying, evaluating and managing the key risks faced by the Trustee. During 2025, the ARC received regular reports from the Chief Risk and Compliance Officer ('CRCO') on the status of Trustee and Scheme key risks, an annual review of the appetite statements and key risk indicators, and an update on the Emerging Risk Register. The ARC was provided with regular updates on the implementation of the General Code of Practice, as the ARC will be providing oversight of the arrangements in place, to ensure that the requirements of the General Code are met. The CRCO also provided the ARC with an update on Group Enterprise Risk and the Trustee and Scheme Risk Appetite Dashboard, along with the Trustee Executive Risk Committee ('TERC') minutes for review. The TERC is the executive-level committee which has responsibility for oversight and challenge of Trustee and Scheme Risks.

Financial reporting matters considered by the ARC in 2025 included the Annual Report and Financial Statements of RHL and the Trustee, the railways pension schemes and pooled funds and the operating companies. The ARC also received a Financial Controls Update, which included a 2024 audit performance review; a report by the External Auditor on the 2024 Financial Statements and a general update on the external audit planning, benchmarking considerations and Section Audit Highlights Memos.

Other matters considered by the ARC included an update and review of adequacy of Trustee Insurance Arrangements; the Own Risk Assessment ('ORA') and scheme register; risks associated with Trustee Tax Obligations; Property and Special Purpose Vehicle ('SPV') Oversight; and the annual review of the Fraud response policy and response plan. The ARC also reviewed the data on Trustee Hospitality and Gifts. As part of the training schedule, the ARC was presented with a number of deep-dive outcome reports, comprising Regulatory Risk; Funding Shortfall; Oversight of Investment Management; Risks and mitigations to legal related risks; and Oversight of Member Services Administration Services.

The ARC receives reports of any significant security incidents or frauds and will consider any governance issues arising from external or internal reports via the Whistleblowing Policy. At each meeting of the ARC, private discussions are held in a closed session with the external auditors, the Chief Risk and Compliance Officer and the Chief Internal Auditor.

The ARC is satisfied that it has received sufficient, reliable and timely information to satisfy itself that the control and risk management systems are operating effectively.

Integrated Funding Committee ('IFC')

The Committee manages and decides on integrated funding matters for the British Transport Police Force Superannuation Fund ('BTPFSF'), the British Railways Superannuation Fund ('BRSF'), and individual sections of the RPS, incorporating consideration of employer covenant, investment strategy and funding issues. The Committee also makes decisions relating to the implementation of investment strategies where these are escalated to it by Railpen and decides on changes to benefit structures.

The membership and attendance of the Committee during 2025 is shown in the following table:

Member	Number of meetings attended	Number of scheduled meetings eligible to attend
Adam Golton (Chair)	5	5
Iain Anderson	4	5
Fatima Hassan	4	5
Peter Holden	5	5
Howard Kaye	5	5
Richard Murray	5	5
Gary Towse	5	5
John Wilson	5	5

Valuation

The latest actuarial valuations were carried out as at 31 December 2022, covering 105 sections of the RPS. Each section is treated as a separate entity with its own valuation results and, where required, agreement on the valuation results is reached with each sponsoring employer before the valuation for each section is finalised. All 31 December 2022 valuations of RPS sections have now been completed. The next valuation of each section of the RPS is due as at 31 December 2025 and the IFC is preparing to issue draft results by the end of June 2026.

A report from the RPS Scheme Actuary is included on pages 59 to 61 which provides a summary of the results of the 2022 valuation and sets out details of the actuarial methods and significant actuarial assumptions used. The individual actuarial certificates of the latest completed valuation for each section have not been included in the annual report, but are available upon request from Railpen at the address on page 4.

Employer covenant

A key factor when considering each valuation is the strength of the sponsoring statutory employer, and the IFC has the task of assessing this for all the sponsoring employers in the RPS. In undertaking this work, the IFC continues to be advised by Railpen's team of experienced employer covenant professionals, supplemented by external advisers as appropriate.

The IFC has agreed a range of covenant enhancement proposals with certain employers to improve the employer covenant of the relevant section. These include a range of guarantees, loan subordination agreements, and other security-enhancing arrangements.

As well as assessing employer covenant strength for valuation purposes, the IFC also considers the impact of various corporate transactions and, where appropriate, agrees mitigation or covenant support arrangements with the employers.

Rule changes

During the year, the IFC agreed a range of benefit and contribution changes for individual sections of the RPS. After review by Pensions Committees (where applicable), each proposal from an employer is considered in detail and the impact on funding and contributions is addressed. Where such proposals are approved, changes are normally reflected in the rules of the section.

Investments

The IFC reviews section-specific investment strategy and allocations to pooled funds. As part of the integrated funding approach, the IFC considers strategy within a framework which allows for individual section characteristics, such as maturity, strength of employer covenant and tolerance for illiquidity to be taken into account when deciding the appropriate asset allocation. Investment strategies are thus considered as part of overall valuation proposals.

Member Casework and Administration Committee (‘MCAC’)

The Member Casework and Administration Committee is a committee of the Trustee Board, established to ensure that the administration of the railways pension schemes continues to deliver high-quality, member-focused services. The Committee’s purpose is rooted in placing members’ needs at the forefront of decision making, overseeing the effective delivery of administration services by Railpen Limited, and ensuring that the Trustee meets its statutory and regulatory obligations relating to pensions administration.

Member	Number of meetings attended	Number of meetings eligible to attend
David Gott (Chair)	5	5
Charles Harding	5	5
Richard Jolly	5	5
Richard Jones	5	5
Howard Kaye	5	5
Anjali Lakhani	5	5

Throughout 2025, the MCAC continued to carry out its responsibilities as set out in its Terms of Reference. This included:

- Monitoring the performance of Railpen’s administration function and ensuring services remained compliant, timely, and aligned to member expectations. The Committee also strengthened oversight of administration-related policies to ensure alignment with best practice and regulatory expectations.
- Establishing clear administration objectives for Railpen and overseeing their delivery, reinforcing expectations on service quality and ensuring accountability for outcomes.
- Driving service improvement, with enhanced oversight aimed at identifying areas where performance, efficiency, and consistency could be further strengthened. The Committee reviewed a targeted service improvement plan, designed to deliver value and reinforce a member-first approach.
- Reviewing and determining individual member cases where decisions were not delegated to Railpen or Pension/Management Committees (‘PC’ or ‘MC’). This included decisions relating to benefits, discretionary entitlements, and matters requiring detailed judgement in line with the trust deeds and rules.
- Ensuring compliance with the Trustee’s statutory and regulatory duties relating to pensions administration, including relevant aspects of the Pensions Regulator’s Code of Practice (‘CoP’). While matters relating to the authorised master trust fall outside the MCAC’s remit, the Committee worked collaboratively with other Trustee committees where issues overlapped.

Where topics spanned multiple areas of governance, the MCAC worked closely with other Committees or escalated issues to the Trustee Board when of strategic significance, ensuring consistency and alignment in decision making.

At the discretion of the Committee Chair, and where appropriate following consultation with the Trustee Chair, the MCAC considered additional matters deemed relevant to its purpose and scope.

In 2025, the Committee continued to strengthen the governance framework supporting member administration. This included enhanced oversight of policy, a sharper focus on strategic administrative objectives, and more structured scrutiny of service improvements. Decision making on individual cases remained timely and balanced, with appropriate attention given to fairness, rule compliance, and member-centric outcomes. Oversight of administration services demonstrated the Committee’s continuing focus on service quality and improving member experience.

Looking ahead, the MCAC will maintain its core focus on delivering strong administrative oversight, fair outcomes for members, and robust governance of casework activity. In partnership with other Committees and Railpen teams, it remains committed to promoting operational excellence and ensuring the high standard of service members expect.

Defined Contribution Committee ('DCC')

The Defined Contribution Committee is responsible for the effective management and governance of the Additional Voluntary Contribution arrangements ('BRASS' and 'AVC Extra') and the IWDC Section of the Railways Pension Scheme (together, the 'DC arrangements'). This includes ensuring the IWDC Section continues to meet the requirements of master trust authorisation. The DCC also helps to develop and articulate the Trustee's policy on DC matters.

The membership and attendance of the DCC during 2025 are shown in the table below:

Member	Number of meetings attended	Number of meetings eligible to attend
Richard Jones (Chair)	4	4
Mick Cash	4	4
Richard Jolly	4	4
Richard Goldson	3	4
Howard Kaye	4	4
Richard Murray	3	4

The Trustee Board has delegated oversight of the DC arrangements to the DCC to ensure they deliver good outcomes for members at retirement.

The DCC's mission is to provide DC arrangements that are designed for the long term and offer good value for members. This includes default investment strategies that are suitable for the majority of members throughout their Scheme membership, and an appropriate range of fund choices for those who wish to self-select. Members are provided with clear information and support to help them achieve the best possible outcomes at retirement. The DCC and the Trustee agree mission and vision statements for the DC arrangements, which were last reviewed in December 2025.

As an authorised master trust, the Pensions Regulator ('TPR') supervises the IWDC's governance, systems and processes, and the fitness and competence of the Trustee. The DCC ensures that master trust accreditation is maintained effectively. Each year, an updated Business Plan and Continuity Strategy are approved by the Committee and provided to TPR in line with its supervisory requirements.

Each year, the DCC undertakes a comprehensive assessment of the extent to which the IWDC Section offers good value to members. The conclusions of the latest assessment are included in the Defined Contribution Chair's Statement attached to this report. This requirement, introduced by legislation in 2015, applies to the IWDC Section only and is intended to give members and employers confidence in the quality of its DC provision. For 2025, the assessment was undertaken with the support of independent consultancy Gallagher, and it concluded that the IWDC Section provides 'good' value to members.

The DCC receives regular reports on the administration of the DC arrangements and updates to the Trustee pension administration report were made in 2025, with further enhancements planned for 2026. The Committee also reviews Railpen's administration service levels, core financial transaction control reporting and monitors the timeliness of employer submissions of contributions and data. In addition, the DCC sets and oversees delivery of the Communications Strategy for the DC arrangements and approves Railpen's Guide to Services for the IWDC Section. The 2024–26 Communications Strategy was approved in December 2023, and the content standards framework was refreshed in 2025 which will be used to review member communications throughout 2026.

All DC members have access to the same suite of investment funds and lifestyle strategies. Each arrangement has a default lifestyle strategy designed to reflect how members are expected to take their benefits at retirement. The DCC defines and reviews the characteristics of all investment options, including the default strategies, and monitors investment performance at its quarterly meetings. It refers matters to the Trustee Board for approval when appropriate.

Legislation requires an in-depth review of the investment strategy and performance of the IWDC default arrangement at least every three years. The most recent investment strategy review was completed in 2023 and covered all of the DC arrangements. This included considering the default lifestyle arrangements, the alternative lifestyle arrangements and the self-select fund range to assess whether the overall investment offering remained appropriate for members. The next review will take place during 2026.

The DCC oversees how updates and changes relating to investments in the DC arrangements are communicated to members, and ensures tailored communications to encourage them to make the best decisions for their circumstances, and to plan for their future, are in place.

The Statement of Investment Principles ('SIP') is provided as an appendix to this document. The SIP sets out the investment principles governing decisions about investments, with Schedules 2 and 3 relating to the Additional Voluntary Contribution arrangements and the IWDC Section respectively.

A number of enhancements have been made to the DC proposition, supporting earlier engagement, improving member understanding and placing greater focus on member first measures (outcomes not just service levels). The DCC has overseen these developments and provided direct support to several initiatives. Members continue to demonstrate strong use of digital services, with many now registered on the member website, including over 56% of the IWDC Section membership. Of these members registered, over 99% of investment switch activity takes place online, which supports the view that members make use of online options when they are available. New functionality continues to be introduced, including a single death-benefit nomination form covering different periods of service and gamified communication features designed to increase engagement. The paper retirement form was simplified in Q4 2025 and work is underway to launch a digital version later in 2026.

Pre-retirement support has also been strengthened over the Scheme year, with further improvements planned, particularly for members who are less comfortable with digital channels. Members can access a range of tools, self-service features and guidance to help them plan for retirement.

Since April 2021, IWDC Section members have had access to a high-quality, value-for-money drawdown option through the Legal & General Investment Management ('LGIM') Master Trust, supported by advice from Liverpool Victoria ('LV'). Committee members assisted in assessing potential solutions and approving the preferred approach. The DCC continues to oversee both services and will assess their ongoing value as part of the next formal review, scheduled to take place as part of the normal governance cycle.

The DCC has continued to assess the DC arrangements against the requirements of TPR's General Code of Practice and supporting guidance, to ensure ongoing compliance with legislation and regulatory expectations. The Committee has also received regular updates on DC-related consultations and wider statutory and regulatory developments. We will continue to engage with policymakers through consultation responses and will review, as appropriate, the operation of the railways pension schemes to help ensure they remain both compliant and attractive to employers and members.

Nominations and Governance Committee ('NGC')

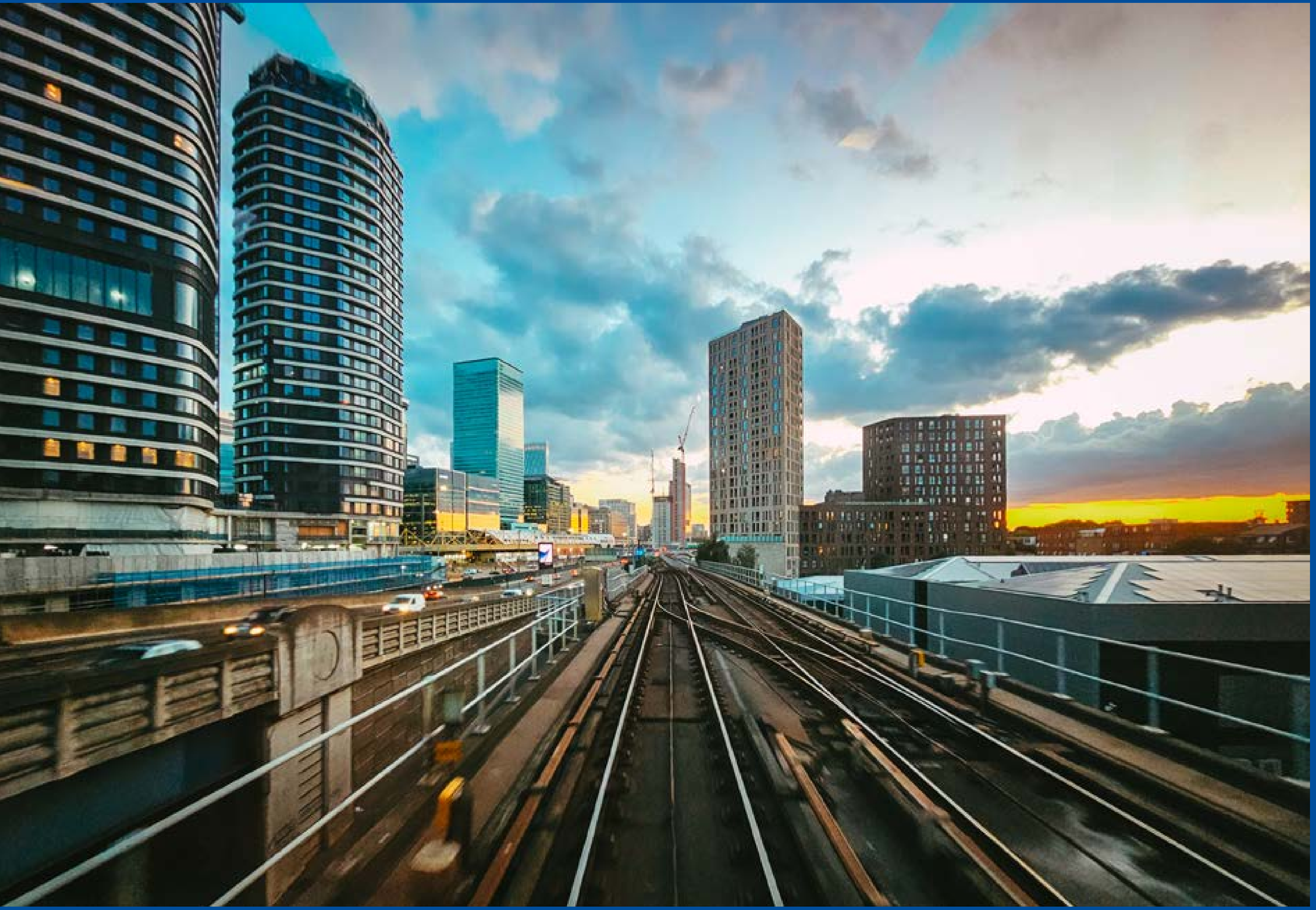
The purpose of the NGC is to ensure the Trustee has the necessary skills and appropriate procedures in place to meet its strategic goals to operate the railways pension schemes effectively, with robust governance, and the right capabilities to fulfil its duties.

The membership and attendance of the Committee during the year are shown in the following table.

Member	Number of meetings attended	Number of meetings eligible to attend
Christine Kernoghan (Chair)	3	3
Gary Towse	3	3

The key tasks of the NGC are to recommend the appointment of Chairs to the Trustee's Committees and to appoint their members. It oversees the processes for nomination, election, induction, training, skills assessment, and succession planning for Trustee Directors, including their annual reviews. It is responsible for governance policies that set out the Trustee's expectations for how the Trustee and Trustee Directors should behave.

The Trustee Investment Report



Introduction

The Trustee is responsible for ensuring that suitable investment strategies are agreed for all sections of the RPS. The policies that guide how the assets of each section of the RPS are invested are set out in the Statement of Investment Principles ('SIP'), which is shown in Appendix B. The Trustee has produced the SIP in accordance with section 35 of the Pensions Act 1995 (as amended) and subsequent legislation, including The Occupational Pension Schemes (Investment) Regulations 2005 (the 'Investment Regulations'). No investments have been made over the year which are not in accordance with the SIP. A copy of the SIP is available on the member website: **www.railwayspensions.co.uk/knowledge-hub/about-the-scheme/scheme-documents**

The mission of the Scheme is to pay members' pensions securely, affordably and sustainably. To achieve these aims, the assets of the Scheme are invested to generate appropriate returns over the long term.

Investment strategy for each section is set taking account of, amongst other factors, the specific liability profile of that section. The Trustee has a committee, the IFC, responsible for carrying out this work, sometimes working with a Pensions Committee, where established, with delegated investment responsibilities.

The Trustee has two wholly-owned operating subsidiaries, Railpen and RPIL, to which it delegates the day-to-day operation of the Scheme.

Investment management arrangements

The assets of the Scheme are invested in a number of pooled investment funds managed by RPIL, each with a different risk and return profile. These funds are managed as internal unit trusts, and each pooled fund is approved by HMRC. Each section holds units in some or all of the pooled funds. Sections may also hold annuity contracts with an insurance company regulated by the Prudential Regulation Authority. The use of these pooled funds enables sections to hold a broader range of investments more efficiently than is possible through direct ownership.

The range of pooled funds allows tailoring to the needs and particular circumstances of individual sections, whilst also allowing Scheme assets to be invested as much as possible, as if they belonged to a single pension fund.

In many cases, the pooled funds are multi-asset, where the mix of asset classes can be varied according to market conditions and opportunities. They enable RPS sections to hold a managed portfolio of assets, rather than a fixed allocation. This should result in a less volatile return profile.

Each pooled fund has a return comparator and risk parameters, within which returns are targeted. Within the pooled funds, RPIL can make use of internal and external fund management capabilities and employs both active and more passive implementation styles.

External fee structures for public markets have increasingly moved to flat fees with fewer performance related payments. In private markets, fees are being reduced through an increase in co-investments and bespoke arrangements. The combination of these factors has resulted in a significant reduction in expenses.

The Growth Pooled Fund underwent some changes over the year, in particular the internally managed equity portfolios following a periodic review. Although the overall allocation to equities at the year end was similar to that at the end of 2024, the number of underlying cash equity strategies had been reduced from nine to two. The five quantitative single factor equity strategies were consolidated into one multi-factor strategy and the four fundamental equity strategies were reduced to one fundamental growth portfolio. The synthetic equity strategy also underwent some changes, with the strategy to allocate to global equity index futures rather than a combination of regional equity index futures. Allocations to Government bonds, property and diversifying assets were slightly reduced over the year, allowing an increase to the allocation to credit and improving the diversification of the Fund. Leverage, which is used to improve risk-efficiency, was broadly unchanged within the Fund and remains well within guidance. Over 2025, the Trustee agreed to remove exposure to long-dated illiquid assets, such as property and infrastructure, from the Growth Pooled Fund and transfer these assets to the Illiquid Growth Pooled Fund. This change is expected to be implemented in 2027.

Within the Illiquid Growth Pooled Fund, distributions over 2025 exceeded capital deployed. The year saw a continued recovery in transaction activity across asset classes as looser lending conditions boosted deals supporting exit values to surpass the low bar set over 2024, but remained below the high activity levels in 2021-2022. The in-house team continued to manage distributions from legacy investments in the Private Equity Funds. The Trustee agreed to transition the property and infrastructure assets from the Growth Pooled Fund into the Illiquid Growth Pooled fund, as well as some of the long-lease property and infrastructure assets from the Long Term Income Pooled Fund. This change is expected to be implemented in 2027.

The Long Term Income Pooled Fund continued to generate income from existing investments as well as the sale of existing investments. The fund had not made any purchases over the year with the focus remaining on building safety remediation works relating to the residential ground rents portfolio. The Trustee agreed to the creation of two sub-funds to facilitate the re-opening of the fund to trading. One sub-fund will hold the residential ground rents portfolio and some backing assets with all other assets to be held in a separate sub-fund which will be re-opened for trading. This change is expected to be implemented in 2026.

The De-Risking Fund Platform has a range of sub-funds with specific characteristics. These include the Government Bond Fund, Non-Government Bond Pooled Fund, Long Duration Index Linked Pooled Fund, Short Duration Index Linked Pooled Fund and a Short and a Long Maturing Matching Fund. The Trustee agreed to close the Government Bond Fund as it no longer had any investors and was not anticipated to be required to implement the different schemes' and sections' investment strategies.

The Trustee recognises its legal duty to consider factors that are likely to have a financially material impact on investment returns over the period during which benefits will need to be funded by the schemes' investments. These factors include, but are not limited to, environmental, social and governance ('ESG') factors, including climate change. The Trustee requires ESG factors to be taken into account in the selection, retention and realisation of investments. The Trustee also requires that the quality of stewardship and ESG integration (including climate change), are taken into account when selecting Fund Managers, and to monitor relevant Fund Managers' stewardship and ESG integration (including climate change) during the investment period.

Non-financial matters may be considered on a case-by-case basis in relation to the selection, retention and realisation of investments where the Trustee has reasonable cause to believe that members would share concerns that such matters would be inconsistent with the values or good reputation of the schemes and would not involve a significant financial detriment to the schemes.

Investment strategy

The IFC is the body that sets investment strategy for all sections without a Pensions Committee, and reviews and approves strategies requested by Pensions Committees. In setting investment strategies for sections, their liability and maturity profile are taken into account, along with their funding position and covenant strength, as part of an integrated risk management approach to funding.

Furthermore, the Trustee sets principles for the key aspects of section investment strategy, taking into account the maturity of pension liabilities, covenant strength and funding level. The IFC uses these principles in assessing and agreeing the investment strategy for each individual section. Railpen works with the IFC to agree investment strategies for sections.

Economic commentary

Global equity markets delivered another strong year driven by continued global growth, ongoing optimism around the potential of artificial intelligence (‘AI’) and further central bank interest rate cuts. Performance for the FTSE World Index (100% Developed Markets hedged to GBP) for the year ended 31 December 2025 was 20.7%. Emerging markets outperformed developed markets in an exceptional year propelled by technology stocks in China, Korea and Taiwan, a rotation by investors to more attractively valued equities as well as continued US dollar weakness.

In the US, it was a tumultuous start to the year following President Trump’s tariff rollout which caused equities to drop sharply as investors reassessed global growth prospects and the potential impact of heightened trade tensions. These policy changes disrupted the Federal Reserve’s (‘Fed’) path to easing monetary policy given the uncertainty regarding the full impact of tariffs on inflation. The Fed ended up lowering rates by a quarter-point on three occasions from the third quarter given a softening labour market with unemployment rising. The year finished with the benchmark lending rate at a range of 3.50%-3.75%. Lower interest rates certainly helped investors to shrug off the impact of a prolonged US government shutdown, weakening consumer sentiment and persistent trade policy concerns as US equities rallied over the year with the S&P 500 index recording a c.18% gain. Technology stocks represented most of the index’s gains as investor enthusiasm around AI continued especially due to the unanticipated surge in AI-related capital spending. This sentiment did not extend to the US dollar which experienced its worst performance since 2017, weakening against every other G10 currency with investors concerned about long term inflation risks and potential currency debasement as gold and silver prices posted the largest annual rise since 1979.

In Europe, the European Central Bank (‘ECB’) lowered its main deposit rate four times over the year to 2.0%, another 1% decrease from the previous year. Falling inflation, sluggish growth and a potential trade war with the US prompted the lowering in interest rates. This provided a more positive market sentiment and coupled with Germany’s fiscal stimulus and investors diversifying away from US equities, contributed to higher inflows to European equities. The supportive backdrop also ensured political fragilities in France, with the government’s failure to secure agreement on a budget, did not drag significantly on returns.

In the UK, the Bank of England (‘BoE’) lowered its base rate four times over the year to finish the year at 3.75%, down from 4.75%. The BoE maintained its gradual approach to lowering rates but signalled the pace of rate cuts may slow further in 2026 as the final meeting of the year saw a narrow vote, with concerns around weakening growth and rising unemployment outweighing stubborn inflation which remains above the BoE’s 2% target. The Consumer Price Index (‘CPI’) inflation measure rose by 3.4% over the 12 months to December 2025, above the central bank’s 2% target. The year saw a meaningful amount of buying interest return to UK equities as concerns around US exceptionalism in the face of uncertainty of US trade policy prompted investors to rotate into the more competitively valued UK market.

UK government bond yields remained elevated over the year as the UK’s vulnerable fiscal position and stagnating growth with sticky inflation, proved a challenge for the BoE in managing monetary policy and drove concern among investors. Gilt yields were volatile in the run up to the November Budget as persistently high inflation and slowing growth continued to erode the fiscal headroom, however this subsided as the Chancellor announced a larger than expected fiscal headroom and less than expected gilt issuance.

Global bond markets performed well, with divergent performance underlying this, as developed economies lowered interest rates multiple times. Overall, the UK 10-year government bond yield fell slightly to 4.5%, from 4.6% at the end of 2024, whilst the US 10-year government bond yield also fell to 4.2%, from 4.6%.

In early 2026, conflict in the Middle East increased geopolitical and economic risks. The assets of the RPS are well diversified across asset class, geography and sector with limited direct exposure to the Middle East and the oil and gas sectors. The conflict in the Middle East is not expected to have a material impact on overall investment outcomes. More broadly, geopolitical risks are monitored as part of the Trustee’s investment governance framework, with diversification helping to mitigate the impact of region-specific events.

Investment performance

The Growth Pooled Fund, the largest of the pooled funds managed by RPIL, invests in a diversified mix of predominantly growth-focused assets. The asset allocation of the Growth Pooled Fund is flexible and will vary, taking into account changing market valuations, consistent with the Trustee's investment beliefs. The investment objective is to maximise risk-adjusted returns over the long term, whilst targeting 70% of the total market risk of public equity. The largest portfolio allocation in the Growth Pooled Fund is to global equities and over the year, the allocation was fairly unchanged at c.70%, however the composition of the underlying equity strategies changed following the consolidation of the equity portfolios carried out over the year. Other asset classes held within the Growth Pooled Fund include government bonds, credit, property and diversifying assets. The Growth Pooled Fund return in 2025 was 13.4%. Over a 3-year period, the Growth Pooled Fund returned 9.9% per annum, and over 5 years 6.3% per annum.

The Passive Equity Pooled Fund is invested in line with a global index weighted by market capitalisation, and produced a return of 20.6% in 2025, 21.2% per annum over 3-years, and 12.9% per annum over 5 years. The Global Equity Pooled Fund has fixed weights in major geographic regions and produced a return for the year of 20.9%, 16.5% per annum over 3 years, and 11.1% per annum over 5 years.

The Private Equity Pooled Fund provides exposure to a highly diversified range of private market investments. It is made up of a series of sub-funds, each representing a different vintage year of private equity investment. In aggregate, the Private Equity Pooled Fund returned 11.0% in 2025, 0.9% per annum over a 3-year period, and 9.0% per annum over 5 years. The Private Equity Pooled Fund is closed to new investments and the Funds are at a mature stage, steadily generating cash as investments exit. New investments in private markets are predominantly made within the Illiquid Growth Pooled Fund.

The Illiquid Growth Pooled Fund delivered a return of -1.1% for the year, 0.5% per annum over a 3 year period, and 10.5% per annum over 5 years.

The Long Term Income Pooled Fund delivered a return of -1.3% for the year, -12.8% per annum over a 3-year period, and -8.3% per annum over 5 years. Performance includes additional provisions made by Railpen in 2024 for expected costs associated with the remediation of properties for building safety defects, within the Ground Rents portfolio. The majority of assets within the fund are performing as expected.

For the Private Equity, Illiquid Growth, and Long Term Income Pooled Funds, the unquoted nature of the underlying investments means there is often a significant time lag for revised information on underlying investments to flow through to the Pooled Fund valuation.

The Non Government Bond Pooled Fund is managed on a buy and maintain basis by an external fund manager and returned 7.1% for the year, 6.4% per annum over a 3-year period, and 0.4% per annum over 5 years.

The Long Duration Index Linked Pooled Fund invests in UK inflation-linked government bonds and is managed internally by RPIL on a buy and maintain basis. The Fund returned -0.3% for the year, -8.0% per annum over a 3-year period, and -15.1% per annum over a 5-year period.

The Short Duration Index Linked Pooled Fund is managed internally by RPIL on a buy and maintain basis. The Fund returned 3.0% for the year, 3.0% per annum over a 3-year period and 2.0% per annum over a 5-year period.

The Short Maturing Matching Fund invests in fixed and inflation-linked UK government bonds and derivatives. This is a defensive fund, seeking to match the impact of changes in interest rate and inflation expectations on a comparator measure which is based on a representative section's liability sensitivities. The Fund returned -2.4% for the year. A longer performance metric is not available, as assets were first invested in December 2023.

The Long Maturing Matching Fund invests in fixed and inflation-linked UK government bonds, with a greater duration than the Short Maturing Matching Fund, and derivatives. This is a defensive fund, seeking to match the impact of changes in interest rate and inflation expectations on a comparator measure which is based on a representative section's liability sensitivities. The Fund returned -3.5% for the year. A longer performance metric is not available, as assets were first invested in February 2024.

Information on the returns of all pooled funds can be found in Appendix C.

Section returns

There is a diverse range of different investment strategies amongst RPS sections, reflecting differences in terms of section liability profiles and employer covenants. In 2025, the investment return produced by section assets broadly ranged between -1% and 14%, net of fees and costs. This range reflected the diversity of returns seen in the major asset classes over the year.

Over a 3-year period, the investment returns of RPS sections broadly ranged from -7% to 9% per annum, while over a 5-year time horizon, the range of returns was broadly -8% to 7% per annum. Over a 10-year time horizon, the range of returns was broadly -1% to 8% per annum.

Voting and engagement

Voting rights are exercised and engagement activities undertaken in accordance with the global voting policy and current best practice, including the UK Stewardship Code. The Trustee believes that companies with robust corporate governance structures are more likely to achieve superior long term financial performance and manage their risks and opportunities effectively.

The global voting policy sets out expectations for issuers. Constructive engagement with portfolio companies and policy makers, alongside thoughtful voting, supports the Trustee's investment objectives.

Acting on the Trustee's behalf, RPIL is currently focused on the following stewardship priorities: climate change, workforce treatment and voice, responsible use of technology, and supporting more sustainable financial markets. The Trustee believes that these issues are stewardship priorities because they are financially material to all, or a significant proportion of, the schemes' investments.

Relationship with asset managers

The investment of the assets within each pooled fund, including day-to-day investment decisions, is delegated under an Investment Management Agreement to RPIL, the internal manager for the railways pension schemes, or to external fund managers appointed by RPIL. The Investment Management Agreement sets out the parameters and policies within which RPIL operates.

The investment performance of each pooled fund is measured against an agreed objective. The objective and investment guidelines for each pooled fund are set out in the pooled fund policy document and pooled fund directive document. The investment arrangements are overseen by a Railpen Committee, the Investment Oversight Committee ('IOC'), which ensures adherence to the Trustee's views. Additionally, the Trustee reviews the performance of the pooled funds against their agreed return objectives on a quarterly basis.

Investments within the pooled funds are considered in terms of the most efficient way to access desired return-drivers. As part of this process, the Trustee recognises that control of costs is important in contributing to good investment returns, and regularly reviews performance and costs, both internal and external (including transaction costs), in conjunction with net of fees performance figures for the pooled funds. Investment fund managers are encouraged to take a long term approach to investing, in order to align with the Trustee's investment beliefs.

The IOC monitors the performance of Scheme assets against long term performance objectives and compliance with operating parameters, to ensure the investment approach aligns with the Trustee's beliefs. RPIL is responsible for monitoring the performance of the internal and external fund managers against long term performance objectives and compliance with operating parameters.

RPIL also regularly reviews and monitors the contractual arrangements with external fund managers, to ensure that each arrangement meets the investment objective, aligns with the Trustee's investment views and role as a responsible investor. This includes the fund managers' approaches to stewardship and ESG integration, including climate change. Investee companies are also engaged with to improve their performance. For external fund managers, portfolio turnover is assessed on a strategy basis, to ensure it is in line with expectations. Fees, including incentive fees (where appropriate), are negotiated and performance is assessed net of fees.

RPIL and the external fund managers have discretion in timing the realisation of investments within parameters stipulated in the relevant appointment documentation.

Securities lending

Securities lending forms part of the arrangements sanctioned by the regulatory authorities to maintain an orderly and more liquid securities market. Subject to the agreements in place and the constraints on certain portfolios, the custodian is able to make a proportion of securities they hold available for lending to securities houses with short-term requirements. The lending does not impact on the fund managers' investment activities. In place of the lent securities, the pooled funds receive collateral in the form of other securities and/or cash that meet standards set on behalf of the Trustee. For any cash received as security, the Agent Lender arranges for these to be reverse repurchased, and replaced by the appropriate securities.

As a result of operating these securities lending arrangements, the pooled funds receive revenues. The custodian also operates indemnification programmes which protect the pooled funds against defaulting borrowers. The pooled funds retain economic exposure to the lent securities, for example by receiving dividends, but lose voting rights temporarily. The Trustee retains the right, however, to recall securities if an important vote is scheduled. A permanent restriction is in place, that ensures that shares held in companies that are sponsoring employers of the Scheme, are not included in the lending programme.

Government support

The Transport Act 1980 provides financial support for the British Railways Board's ('BRB') historical obligations. These obligations are met partly in cash and partly by means of substitution orders from the government.

Self-investment

The Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 require investments to be diversified, so that the failure of one does not affect the security of members' benefits as a whole. Investments in employers' businesses are also restricted to avoid the prospect of the employees losing their jobs and part of their pensions at the same time, should their employer's business fail.

The RPS is in a special position. It is a multi-employer Scheme for non-associated employers, with actuarially independent sections. The rules for self-investment therefore apply on a section-by-section basis.

Investment decisions on the purchase and sale of employer-related investments are taken by investment managers acting within discretions given to them by the Trustee. Railpen regularly monitors investment manager activity to ensure that statutory limits on self-investment are not breached.

Additional Voluntary Contribution ('AVC') arrangements (excludes IWDC Section)

The Scheme's AVC investments in the DC Pooled Funds as at 31 December 2025, were £1,764.6m (2024: £1,609.0m).

The total value of these pooled funds, which are available to the RPS and other schemes for which the Trustee is responsible, as at 31 December 2025, was £1,773.1m (2024: £1,616.5m).

The AVC arrangements for the Scheme, known as 'BRASS' and 'AVC Extra', are administered by Railpen. BRASS is open to all contributing members of the Shared Cost Arrangement and the Omnibus Section. AVC Extra is the second contribution top-up arrangement for contributing members of the Shared Cost Arrangement (except those in the Network Rail Section) and the Omnibus Section.

In addition to these, there is also a historic with-profits arrangement operated by an external manager, which was the precursor to the current BRASS arrangement.

The Trustee recognises that individual members have differing investment needs and these may change during the course of their working lives. It also recognises members have differing attitudes to risk, and, in setting the range of investment options, the Trustee took into account that members face various risks in retirement provision and planning.

The overall objective of the Trustee is to provide a range of funds and Lifestyle strategies suitable for members to invest their AVC contributions.

The Trustee has made three Lifestyle strategies available to members. One of the Lifestyle options operates as a default vehicle, should a member not wish to make their own selection from the available fund range, and is designed to be appropriate for a typical member.

These Lifestyle options offer a changing asset mix over time, designed to meet a typical member's perceived changing financial needs as they move through their working life and approach retirement. This is achieved by switching from a return-seeking fund, which aims for long term growth in excess of inflation, to lower-risk funds as a member approaches their Target Retirement Age ('TRA'). The Lifestyle options available are the Target Flexible Drawdown, the Target Lump Sum and the Target Annuity strategies.

The Target Lump Sum Lifestyle strategy is the default option for BRASS, while the Target Flexible Drawdown Lifestyle strategy is the default option for AVC Extra.

Seven self-select funds are also available: the Global Equity Fund, Long Term Growth Fund, Socially Responsible Equity Fund, Corporate Bond Fund, UK Government Fixed-Interest Bond Fund, UK Government Inflation-Linked Bond Fund, and the Deposit Fund.

From time to time, the Trustee may change the range of funds made available to the members.

The current investment comparators for the investment funds in the fund range are shown in the table below:

Fund	Comparator
Long Term Growth Fund	UK CPI plus 4% p.a.
Global Equity Fund	FTSE World Index (developed market investments currency hedged into UK Sterling)
Socially Responsible Equity Fund	MSCI WORLD SRI Select Reduced Fossil Fuel Index
Corporate Bond Fund	Bloomberg Barclays Global Aggregate Corporate Index (overseas investments currency hedged into UK Sterling)
UK Government Fixed-Interest Bond Fund	FTSE Actuaries UK Conventional Gilts Over 15 years Index until 12th September 2024, and the FTSE Actuaries UK Conventional Gilts Up To 5 Years Index thereafter.
UK Government Index-Linked Bond Fund	Bloomberg Barclays UK Government Inflation-Linked Over 15 years Index
Deposit Fund	1 Month Sterling Overnight Index Average (SONIA)

RPTCL 2025 Taskforce on Climate-related Financial Disclosures ('TCFD') Report

In line with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021, the Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2021, and the Occupational Pension Schemes (Climate Change Governance and Reporting) (Amendment, Modification and Transitional Provision) Regulations 2022, the latest available TCFD Report for the RPS can be found within the RPTCL TCFD Report, available at **www.railpen.com/insights/reports/**.

The RPTCL TCFD Report 2025 is a report containing climate-related financial disclosures relating to the railways pension schemes (including the RPS). It is produced in line with relevant statutory guidance and the recommendations of the Taskforce on Climate-related Financial Disclosures. If for technical reasons a copy of the report can't be accessed online, please email **press.office@railpen.com**.

Custody arrangements

The Trustee has a legal duty to protect and safeguard the Scheme's assets. This duty comes from trust law and is reinforced by the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005. To meet these requirements, the Trustee appoints custodians to hold the Scheme's assets, including cash, within the portfolios managed by the Scheme's investment managers (including RPIL). The law requires the Trustee, not the employer, fund manager or any other party, to make these appointments.

The custodians are responsible for the administration and safekeeping of the assets. Safekeeping can be defined as the preservation of assets under a system of control, that ensures assets are only released with proper authorisation. It also ensures that the custodian's clients' investments are legally segregated from those of the custodian.

Core administrative functions performed by the custodians include the following:

- settlement of transactions
- registration and safekeeping
- collection of income (dividends and interest) arising from investments
- tax recovery
- processing corporate actions, including proxy voting where applicable
- reporting
- cash management
- foreign exchange, and
- appointing and operating through sub-custodians in overseas markets

Other arrangements which seek to ensure asset safety, and to protect evidence of title, are in place for certain asset classes, such as property. In the case of property, freehold and leasehold property is normally registered at HM Land Registry, where appropriate, and copies of all title documents are held by the Trustee's property lawyers.

In the case of investments managed by US fund of hedge fund managers, the Trustee has appointed an independent fund administrator to ensure that underlying hedge fund entitlements are properly monitored and accounted for, through effective and rigorous reporting and controls.

As part of the services provided to the Trustee, RPIL reviews the effectiveness of custody arrangements on a regular basis. This includes monitoring the efficiency of transaction settlement, income collection, tax recovery, foreign exchange performance and the appointment and management of overseas sub-custodians. The verification of assets is also conducted by reference to independent records held by the custodians. Great emphasis is placed on asset safety.

Sustainable Ownership

The Trustee, on behalf of the Scheme, has a long history as an active and engaged shareholder, with a strong heritage in sustainable ownership. Trustees of UK occupational pension schemes are required by law to address in their SIP how they consider factors that are likely to have a financially material impact on investment returns, including environmental, social and governance ('ESG') factors. This includes the policy directing the exercise of rights attached to investments including voting rights as well as engagement with issuers of debt and equity.

Sustainable ownership is Railpen's approach to incorporating material sustainability and governance considerations into the investments managed on behalf of the scheme. This is underlined by the Trustee's related Investment Belief:

"Incorporating and acting upon climate risk and other environmental, social and governance factors is a significant driver of investment outcome and part of our fiduciary duty. Environmental, social and governance ('ESG') factors affect corporate financial performance, asset values and asset-liability risk."

Railpen's sustainable ownership activities in 2025 spanned three key areas:

- ESG integration
- active ownership, and
- climate and nature

Integration in portfolio management

The Trustee and Railpen believe that material sustainability and governance factors have a bearing on investment outcomes. Such factors can affect business fundamentals and, as a result, asset values. It is important for investment managers to consider the magnitude, nature, timing, and likelihood of the sustainability and governance risks associated with an asset or portfolio of assets through rigorous analysis and cross-team collaboration.

Railpen's investment processes integrate material sustainability and governance issues into the portfolios managed on behalf beneficiaries. This is a joint endeavour for the Sustainable Ownership and Investment Management teams. Analysis of a particular company can result in a number of decisions:

- to invest (or not) in the company
- to hold and engage to improve ESG performance, or
- to sell a security, where the ESG risk proves to be unmanageable

Incorporating material ESG considerations into Railpen's investment process increases our chances of achieving our mission to pay members' pensions securely, affordably and sustainably.

Active ownership

As a responsible asset owner, we believe that companies with robust corporate governance structures are more likely to achieve superior long-term financial performance and will manage their risks and opportunities effectively. Thoughtful voting alongside constructive engagement, either directly or collectively, with portfolio companies supports the Trustees objective of enhancing the long-term investment returns for our beneficiaries.

The global voting policy reflects Railpen's four key corporate governance themes:

- corporate culture and purpose
- board composition and effectiveness
- remuneration
- shareholder rights, risk and disclosure

It also outlines the expectations for portfolio companies on core and material sustainability themes, including cybersecurity, workforce engagement and voice, climate disclosure and board effectiveness, and how Railpen consider voting where our expectations are not met.

Railpen is a lead participant in a range of investor networks, alliances and trade bodies, such as the UK Investor Forum, Pensions UK, the International Corporate Governance Network ('ICGN') and Climate Action 100+. Railpen also work towards creating a supportive regulatory and policy environment for sustainable ownership. By working with policymakers and other leading investors, including bondholders, Railpen can exert more influence on the issues that are important to the schemes.

The climate transition

As long-term investors, we monitor risks and opportunities over the timeframe we will be paying members' pensions. We expect the companies we invest in to also take a long-term strategic view of potential risks and opportunities. In particular, we recognise that this long-term investment horizon exposes members' savings to the impacts of climate change. In 2025, Railpen worked to update its Net Zero Plan, to better support decision-making, including allocation and engagement with companies, to help achieve its net zero commitment by 2050 or sooner.

More detail on Railpen's sustainable ownership activities is contained in the Sustainable Ownership Review, which can be found at **www.railpen.com/insights/reports/sustainable-ownership-member-review-2024/**.

Pooled fund equity holdings

The largest 10 direct equity holdings within the pooled fund investments as at 31 December 2025 were as follows:

	£m
Microsoft Corp	422
Taiwan Semiconductor Manufacturing Co Ltd	330
Alphabet Inc	288
Nvidia Corp	234
Broadcom Inc	218
LVMH Moet Hennessy Louis Vuitton	210
Thermo Fisher Scientific Inc	192
Amazon.com Inc	191
ASSA Abloy AB	185
Meta Platforms Inc	175

For and on behalf of the Trustee:

Christine Kernoghan
Chair, Trustee Company
30 June 2026

Statement of Trustee's Responsibilities for the Financial Statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

(i) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

Independent Auditor's Report to the Trustee of the Railways Pension Scheme for the year ended 31 December 2025

Opinion

We have audited the financial statements of Railways Pension Scheme ("the Scheme") for the year ended 31 December 2025 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2025 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over the Scheme's ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Independent Auditor's Report to the Trustee of the Railways Pension Scheme for the year ended 31 December 2025 *continued*

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee and the Audit and Risk Committee and inspection of policy documentation, as to the Scheme's high-level policies and procedures to prevent and detect fraud, including the Railpen internal audit function, and the Scheme's channel for "whistleblowing", as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board, Audit and Risk Committee and other Committee meeting minutes and the Scheme's breach log.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee and there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Scheme-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and any unusual posting with an effect on cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment, including the Scheme's procedures for complying with regulatory requirements, and reading the minutes of Trustee meetings

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation, data protection legislation and other relevant areas of indirect laws and regulations, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report to the Trustee of the Railways Pension Scheme for the year ended 31 December 2025 *continued*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report and the Report on actuarial liabilities. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 38, the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of our audit work and to whom we owe our responsibilities

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

Nadia Dabbagh-Hobrow
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

2 July 2026

Fund Account for the year ended 31 December 2025

	Notes	2025 DB £m	2025 DC £m	2025 Total £m	2024 DB £m	2024 DC £m	2024 Total £m
Contributions and benefits							
Members' contributions	4	415	22	437	386	19	405
Employers' contributions	4	391	21	412	428	20	448
Government support		11	-	11	12	-	12
Individual transfers in		9	-	9	9	1	10
Other income		-	-	-	1	-	1
		826	**43**	**869**	**836**	**40**	**876**
Pensions		(1,193)	-	(1,193)	(1,127)	-	(1,127)
Lump-sum retirement benefits		(359)	(5)	(364)	(390)	(4)	(394)
Death benefits		(38)	(3)	(41)	(29)	(2)	(31)
Purchase of annuities		(3)	(5)	(8)	(1)	(4)	(5)
Taxation where Lifetime or Annual Allowance exceeded		-	-	-	(1)	-	(1)
Individual transfers out		(4)	(7)	(11)	(10)	(4)	(14)
Group transfers out	5	(3)	-	(3)	(2)	-	(2)
		(1,600)	**(20)**	**(1,620)**	**(1,560)**	**(14)**	**(1,574)**
Administrative expenses	6	(36)	-	(36)	(34)	-	(34)
PPF levies		(5)	-	(5)	(28)	-	(28)
Total withdrawals		**(1,641)**	**(20)**	**(1,661)**	**(1,622)**	**(14)**	**(1,636)**
Net (withdrawals)/additions from dealings with members		**(815)**	**23**	**(792)**	**(786)**	**26**	**(760)**
Returns on investments							
Change in market value of investments	7	2,290	35	2,325	282	15	297
Net investment income	7	535	5	540	660	5	665
Interest on cash deposits		11	-	11	10	-	10
Net returns on investments		**2,836**	**40**	**2,876**	**952**	**20**	**972**
Net increase in the Scheme during the year		2,021	63	2,084	166	46	212
Net assets at the start of the year		33,863	307	34,170	33,697	261	33,958
Net assets at the end of the year		**35,884**	**370**	**36,254**	**33,863**	**307**	**34,170**

The notes numbered 1 to 13 on pages 44 to 58 form an integral part of these audited financial statements.

Statement of Net Assets (Available for Benefits) as at 31 December 2025

	Notes	2025 DB £m	2025 DC £m	2025 Total £m	2024 DB £m	2024 DC £m	2024 Total £m
Investment assets							
Pooled funds	7	32,552	363	32,915	30,737	300	31,037
BRASS and AVC Extra	7	1,765	-	1,765	1,609	-	1,609
Substitution orders	7	1,084	-	1,084	1,041	-	1,041
Annuities	7	289	-	289	288	-	288
Cash and cash instruments	7	228	6	234	225	6	231
		35,918	**369**	**36,287**	**33,900**	**306**	**34,206**
Current assets	8	36	2	38	37	2	39
Current liabilities	9	(70)	(1)	(71)	(74)	(1)	(75)
Net assets at the end of the year	**12**	**35,884**	**370**	**36,254**	**33,863**	**307**	**34,170**

The notes numbered 1 to 13 on pages 44 to 58 form an integral part of these audited financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee on an aggregate basis. This is because the RPS is a multi-employer Scheme with financially ring-fenced sections.

They do not take account of the obligations to pay pensions and benefits which fall due at the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities. This is summarised on pages 59 to 61, and should be read in conjunction with these financial statements. Benefits payable for the 1994 Pensioners Section and the BR Section are backed by Crown Guarantees.

Approved by the Directors of the Trustee Company on 30 June 2026.

Christine Kernoghan
Chair, Trustee Company

Richard Goldson
Director and Chair, Audit and Risk Committee

Notes to the audited financial statements for the year ended 31 December 2025

1. Basis of preparation

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

The Trustee considers the going concern basis to be appropriate and these financial statements have been prepared on this basis. In considering going concern, the Trustee has reviewed the capital liquidity and the financial position of the Scheme, including future plans.

The assessment was completed with reference to the Scheme's investment and contributions income, benefits paid and return on investments, as well as the requirement for the Scheme in the future, even in the event of some further nationalisation. The Scheme receives investment income from underlying pooled fund investments which are structured in a way that mitigates the risk of exposure to significant market volatility. The Scheme incurs costs mainly in relation to benefits paid to members. These costs are largely covered by contributions into the Scheme and are modest in relation to the total Scheme assets.

Railpen, which acts as the Scheme administrator, has been separately assessed as a going concern. The Trustee is confident that both the Scheme and Railpen will have sufficient funds to continue to meet their liabilities as they fall due, for at least twelve months from the date of approval of the financial statements. Additionally, the Trustee has confirmed that it will make the necessary funding available to Railpen should it be unable to meet its liabilities for any reason. On this basis, the financial statements have been prepared on a going concern basis.

2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included on page 4.

3. Accounting policies

The financial statements have been prepared on an accruals basis. The functional and presentation currency of the Scheme is Sterling. The principal accounting policies of the Scheme are as follows:

Investments

Investments are included in the financial statements at the year end at fair value (except where explicitly stated), using the following valuation bases:

- The majority of the assets of the Scheme are invested in a portfolio of pooled funds, which operate as internal unit trusts for those railways pension schemes under the control of the Trustee. Pooled fund unit holdings are valued on the basis of the unit prices of the units held by the Scheme in each pooled fund at the year end. Unit prices reflect the fair valuations of the underlying assets held by the pooled funds and include income receivable on investments held.
- Substitution orders are statutory instruments intended to substitute legacy pay-as-you-go commitments from the Government into a pre-defined funding mechanism for the 1994 Pensioners Section based on deferred payments due under the Transport Act 1980. They represent an asset to the 1994 Pensioners Section, as they set out the circumstances and amounts that are payable by the Secretary of State for Transport (DfT). The substitution orders are valued annually, as at 31 December, by the joint Actuaries, James Mason, of WTW, and the Government Actuary. The valuation methodology includes consideration of interest and inflation up to the valuation date; expected future returns and discounting are not applied.
- Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined by WTW, the Scheme Actuary, using the most recent Scheme Funding and valuation assumptions.

3. Accounting policies *continued*

Change in market value

Change in market value mainly comprises gains and/or losses on investments arising in the year and reinvested investment income.

Investment income arising from the underlying investments of pooled funds is reinvested within the pooled funds, reflected in the unit prices and reported within change in fair values.

Transaction costs arising from the underlying investments of the pooled funds are reflected in the unit prices and reported within the change in market value.

Realised and unrealised gains and losses on underlying investments, including income receivable, are dealt with in the pooled fund accounts in the year in which they arise and are reflected in the pooled fund unit prices.

Investment income

Investment income comprises income arising from underlying investments of pooled investment vehicles which is not reflected in change in market value.

Interest on cash deposits

Interest is accrued on a daily basis.

Contributions

Contributions are expressed as a rate of pensionable pay. Member and employer normal contributions are accounted for when deducted from members' pay.

Members' Additional Voluntary Contributions and BRASS matching employer contributions are accounted for when deducted from members' pay.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedules of Contributions and Recovery Plan under which they are being paid.

Employer s75 debt contributions are accounted for when a reasonable estimate of the amount due can be determined.

Payment to members

Payments under the Transport Act 1980 are accounted for as they become payable. Amounts receivable to extinguish future liabilities under the Transport Act 1980 are accounted for when the future liability is discharged.

Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken. Or, if there is no member choice, they are accounted for on the date of retirement or leaving.

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the Lifetime or Annual Allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

Under auto-enrolment, employers may auto-enrol or contractually-enrol eligible employees into the Scheme. The employees can then opt out of the Scheme if they wish to, within one month of being enrolled. Opt-outs are accounted for when the Scheme is notified of the opt-out.

Administrative expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration. Direct costs are charged to the section to which they relate. Indirect costs are allocated between sections based on an allocation methodology agreed by the Trustee.

Pension Protection Fund levies

PPF levies are accounted for in the year in which they fall due.

Transfer values

Transfer values, including PPF transfers, are determined on the advice of the Scheme Actuary and, where applicable, the PPF. Individual transfers - in or out - are accounted for when received or paid, which is normally when member liability is accepted or discharged. Group transfers are accounted for in accordance with the terms of the transfer agreement. TUPE and other intra-RPS transfers are settled by a mixture of pooled fund units and cash pro rata to the asset mix of the transferring section.

Tax

The RPS is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is, therefore, exempt from taxation except for certain withholding and capital gains taxes relating to overseas investment income and capital gains. Tax charges are accrued on the same basis as the investment income to which they relate.

4. Contributions receivable

	2025 DB £m	2025 DC £m	2025 Total £m
Members' contributions			
Normal	241	15	256
Additional Voluntary Contributions	173	7	180
Deficit funding	1	-	1
	415	**22**	**437**
Employers' contributions			
Normal	346	21	367
Deficit funding	18	-	18
Additional funding	21	-	21
BRASS matching	4	-	4
Augmentation	2	-	2
s75 debt	-	-	-
	391	**21**	**412**
Totals	**806**	**43**	**849**

	2024 DB £m	2024 DC £m	2024 Total £m
Members' contributions			
Normal	235	15	250
Additional Voluntary Contributions	147	4	151
Deficit funding	4	-	4
	386	**19**	**405**
Employers' contributions			
Normal	331	20	351
Deficit funding	56	-	56
Additional funding	29	-	29
BRASS matching	5	-	5
Augmentation	6	-	6
s75 debt	1	-	1
	428	**20**	**448**
Totals	**814**	**39**	**853**

Included within members' normal contributions is £215m (2024: £206m) that represents salary sacrifice contributions paid in by the employer.

Deficit funding contributions are payable into the Scheme by both members and employers, in accordance with the Schedules of Contributions and Recovery Plans to improve the funding position of sections of the Scheme.

Employers' additional funding contributions include a one-off payment of £20m to the DB Cargo Section in April 2025 as part of a corporate transaction. This was not a requirement under the Schedule of Contributions in force at the time of the contribution.

During 2025, there were 291 instances of late payment of contributions with a total value of £8.7m. This represents 1.03% of contributions payable under the Schedules of Contributions. The largest individual amount was £1.4m, which was paid one day after the due date. Of the 291 instances of late payment, none were required to be reported to The Pensions Regulator.

5. Group transfers out

Group transfers out includes £3.6m (2024: £nil) transferred to the PPF following realisation of some of the assets of sections that have previously transferred to the PPF, offset by a £0.4m (2024: £2m) revaluation adjustment relating to RPS assets of sections previously transferred to the PPF.

6. Administrative expenses

	2025 £m	2024 £m
Pensions administration	16	16
Actuarial fees	5	5
Trustee governance	6	6
Legal fees	4	3
Other professional fees	4	3
Audit fees	1	1
	36	**34**

'Pensions administration' charges cover the processing of member transactions and preparation of financial statements and other reports. These activities are carried out by Railpen and are allocated in line with the per capita charge.

Administration expenses do not include investment management fees and costs, which are deducted from the unit prices of pooled fund investments.

7. Investments

(a) Value of investments

DB Sections	Value at 31 December 2024 £m	Purchases at cost £m	Sales proceeds £m	Change in market value £m	Value at 31 December 2025 £m
Pooled funds					
Growth	18,152	-	(732)	2,375	19,795
Illiquid Growth	3,311	-	-	(49)	3,262
Long Duration Index Linked Bond	3,088	117	(136)	(10)	3,059
Matching	1,458	364	(77)	(35)	1,710
Private Equity	1,572	-	(200)	154	1,526
Short Duration Index Linked Bond	1,158	100	(90)	36	1,204
Long Term Income	866	-	-	9	875
Non Government Bond	572	53	(46)	40	619
Global Equity	337	-	(144)	51	244
Passive Equity	152	8	(34)	28	154
Cash	63	56	(19)	4	104
Infrastructure	8	-	(8)	-	-
Government Bond	-	-	-	-	-
	30,737	**698**	**(1,486)**	**2,603**	**32,552**
BRASS and AVC Extra*	1,609	360	(385)	181	1,765
Substitution orders	1,041	8	-	35	1,084
Annuities	288	12	(17)	6	289
	33,675	**1,078**	**(1,888)**	**2,825**	**35,690**
Cash and cash instruments	225				228
	33,900				**35,918**

IWDC Section	Value at 31 December 2024 £m	Purchases at cost £m	Sales proceeds £m	Change in market value £m	Value at 31 December 2025 £m
DC Pooled Fund	300	59	(36)	40	363
Cash and cash instruments	6				6
	306				**369**

* The BRASS and AVC Extra arrangements are invested within the DC Pooled Fund.

The Long Term Income Pooled Fund valuation has been impacted, as at 31 December 2025, as a result of an ongoing exercise to evaluate expected remediation works cost estimates. This is required to address fire safety issues associated with its ground rents investments. As a result of these issues, the Long Term Income Pooled Fund is currently closed for client trading.

The Government Bond Pooled Fund closed during the year, therefore as at 31 December 2025, there were no units in issue.

7. Investments

(a) Value of investments *continued*

Income from pooled fund investments is capitalised within the price of the pooled fund units and reflected within the fair values of investments. Although income is not distributed, the pooled fund regulations allow the Scheme to extract its share of pooled fund income at no cost, by selling units at zero spread. The income withdrawn from the pooled funds in this way can then be used to pay benefits.

Investment administration activities include the cost of selecting and monitoring the investment managers and custodians and the preparation of pooled fund accounts. These activities are carried out by RPIL and the costs are reflected in the unit prices.

The percentages of the pooled fund assets that relate to RPS investments are shown in the table below.

The total value of the pooled funds used in the percentage calculations only include Scheme investments in the pooled funds and exclude cross-held investments owned by the Growth and DC pooled funds.

	% of pooled fund owned by the RPS 31 December 2025	% of pooled fund owned by the RPS 31 December 2024
Pooled Funds		
Passive Equity	100.00	100.00
Non Government Bond	100.00	100.00
Matching	100.00	100.00
Global Equity	100.00	95.00
Cash	97.20	94.50
Private Equity	95.60	95.60
Infrastructure	95.30	95.30
Growth	94.70	94.40
Long Duration Index Linked Bond	93.70	96.00
Illiquid Growth	93.40	93.40
Short Duration Index Linked Bond	90.60	89.60
Long Term Income	89.50	89.50
Government Bond	-	83.20

7. Investments *continued*

(b) Concentration of investment

Scheme investments include the following which represent more than 5% of the total value of the net assets of the Scheme:

	2025 £m	% of total net assets	2024 £m	% of total net assets
Growth Pooled Fund	19,795	54.6	18,152	53.1
Illiquid Growth Pooled Fund	3,262	9.0	3,311	9.7
Long Duration Index Linked Bond Pooled Fund	3,059	8.4	3,088	9.0

(c) Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set, taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the Investment Management Agreement with RPIL which sets out the terms of the Trustee's delegation to RPIL for the management of the pooled fund investments which includes the management of investment risks. These are monitored by the Trustee through regular reviews of the investment portfolios.

The Scheme is exposed to direct credit risk from the pooled fund investments it holds in the common investment funds. Pooled fund investment arrangements used by the Scheme are collective investment funds for UK tax purposes, which are formally recognised and approved by HMRC.

The pooled fund investments in which the Scheme invests are unrated.

7. Investments

(c) Investment risks *continued*

A summary of risk exposure for the pooled funds is provided below:

Strategic asset class groupings	2025 £m	2024 £m	Credit risk	Market risk		
				Interest rate risk	Currency risk	Other price risk
Growth Pooled Fund	19,795	18,152	🟡	🟡	🔴	🔴
Illiquid Growth Pooled Fund	3,262	3,311	🟡	🟡	🔴	🔴
Long Duration Index Linked Bond Pooled Fund	3,059	3,088	🟡	🔴	🟢	🔴
BRASS and AVC Extra	1,765	1,609	🟡	🔴	🔴	🔴
Matching Pooled Fund	1,710	1,458	🔴	🔴	🟢	🔴
Private Equity Pooled Fund	1,526	1,572	🟡	🟡	🔴	🔴
Short Duration Index Linked Bond Pooled Fund	1,204	1,158	🟡	🔴	🟢	🔴
Long Term Income Pooled Fund	875	866	🟡	🟡	🟢	🔴
Non Government Bond Pooled Fund	619	572	🔴	🔴	🟡	🟡
Defined Contribution Pooled Fund	363	300	🟡	🔴	🔴	🔴
Global Equity Pooled Fund	244	337	🟢	🟢	🔴	🔴
Passive Equity Pooled Fund	154	152	🟢	🟢	🟡	🔴
Cash Pooled Fund	104	63	🟡	🟡	🟢	🟢
Infrastructure Pooled Fund	-	8	🟡	🟢	🟢	🟢
Government Bond Pooled Fund	-	-	🟡	🟢	🟢	🟢
	34,680	**32,646**	🟡	🟡	🔴	🔴

🔴 Significant exposure
🟡 Some exposure
🟢 No exposure

In addition to the investments held in the pooled funds, the Scheme also holds annuity policies and the substitution orders.

The Scheme is exposed to direct credit risk through the annuity policies as these assets rely on the creditworthiness of the insurers to meet financial obligations as they fall due. This risk is mitigated by the financial strength of the institutions providing the policies.

Additionally, the Scheme is exposed to direct credit risk through the substitution orders. However, this risk is mitigated because the payments are guaranteed by the UK Government.

(d) Investments fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets and liabilities that the entity can access at the measurement date.

Level 2: Inputs other than the quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

A fair value measurement is categorised in its entirety on the basis of the lowest level input, which is significant to the fair value measurement in its entirety.

7. Investments

(d) Investments fair value hierarchy *continued*

The Scheme's investment assets and liabilities fall within hierarchy categories as follows:

DB Sections as at 31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Pooled funds				
Growth	-	19,795	-	19,795
Illiquid Growth	-	-	3,262	3,262
Long Duration Index Linked Bond	-	3,059	-	3,059
Matching	-	1,710	-	1,710
Private Equity	-	-	1,526	1,526
Short Duration Index Linked Bond	-	1,204	-	1,204
Long Term Income	-	-	875	875
Non Government Bond	-	619	-	619
Global Equity	-	244	-	244
Passive Equity	-	154	-	154
Cash	-	104	-	104
Infrastructure	-	-	-	-
Government Bond	-	-	-	-
	-	**26,889**	**5,663**	**32,552**
BRASS and AVC Extra	-	1,765	-	1,765
Substitution orders	-	-	1,084	1,084
Annuities	-	-	289	289
Cash and cash instruments	228	-	-	228
	228	**28,654**	**7,036**	**35,918**

DB Sections as at 31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Pooled funds				
Growth	-	18,152	-	18,152
Illiquid Growth	-	-	3,311	3,311
Long Duration Index Linked Bond	-	3,088	-	3,088
Private Equity	-	-	1,572	1,572
Matching	-	1,458	-	1,458
Short Duration Index Linked Bond	-	1,158	-	1,158
Long Term Income	-	-	866	866
Non Government Bond	-	572	-	572
Global Equity	-	337	-	337
Passive Equity	-	152	-	152
Cash	-	63	-	63
Infrastructure	-	-	8	8
Government Bond	-	-	-	-
	-	**24,980**	**5,757**	**30,737**
BRASS and AVC Extra	-	1,609	-	1,609
Substitution orders	-	-	1,041	1,041
Annuities	-	-	288	288
Cash and cash instruments	225	-	-	225
	225	**26,589**	**7,086**	**33,900**

IWDC Section as at 31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
DC Pooled Fund	-	363	-	363
Cash and cash instruments	6	-	-	6
	6	**363**	**-**	**369**

IWDC Section as at 31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
DC Pooled Fund	-	300	-	300
Cash and cash instruments	6	-	-	6
	6	**300**	**-**	**306**

The above analysis has been performed with reference to the underlying investments of the pooled funds.

8. Current assets

	2025 £m	2024 £m
Amounts due from employers	36	31
PPF levies paid in advance	-	6
Administration expenses paid in advance	1	2
Investment debtor	1	-
	38	**39**

At the year end, £850 (2024: £175) of contributions due under the Schedules of Contributions, were not paid by their due date. Of this amount, £850 (2024: £175) has since been paid and £nil (2024: £nil) remains outstanding as at the date of signing these financial statements.

Included within the above figures is £2m (2024: £2m) relating to the DC section.

Of the £36m (2024: £31m) of contributions due post year end, all have now been paid, but £37,681 (2024: £10,317) was paid after the due date, as per the Schedule of Contributions.

9. Current liabilities

	2025 £m	2024 £m
Benefits payable	28	24
Assets payable to the PPF	27	27
Taxation and social security	9	16
Administration expenses	7	6
Investment creditor	-	2
	71	**75**

Included within the above figures is £1m (2024: £1m) relating to the DC section.

10. Related party transactions

The Trustee and its subsidiaries, Railpen and RPIL, provide services to the Scheme (explained on pages 14 to 25). The charges payable, and those of external service providers, are detailed in Note 6 on page 46. As at 31 December 2025, administration expenses within current liabilities included a liability of £7.3m in respect of these charges (2024: £5.2m) whilst current assets included an asset of £0.6m in respect of these charges (2024: £1.7m).

As at 31 December 2025, 11 directors of the Trustee were members of the Scheme. One of these directors was also a Non-Executive Director of Railpen. No Executive Directors of Railpen were members of the Scheme. Contributions received in respect of Trustee Directors who are members of the Scheme have been made in accordance with the Pension Trust Deed and Rules. All directors receive benefits on the same basis as other members of the Scheme. Certain directors of the Trustee and its subsidiaries receive remuneration, which is disclosed in the financial statements of those companies. The Scheme bears its share of this remuneration through recharges, which are included within the Trustee governance line in Note 6 on page 46.

11. Employer-related investments

As at 31 December 2025, investments in employers amounted to no greater than 5% of the assets of the Scheme, and, for any single section, the investment in its sponsoring company was not greater than 5% of the assets of the section. £850 of overdue contributions at the Scheme year end constitute employer-related investments, although they are exempt from counting towards the statutory restrictions. Investment securities issued by HM Government are excluded from the definition of employer-related investments for the purposes of these audited financial statements.

12. Net assets at the end of the year

The net assets of each section of the Scheme at 31 December 2025 are shown below:

Section	Employer	Total membership as at 31 December 2025	Net assets as at 31 December 2025 £m
1994 Pensioners*	The Secretary of State for Transport	71,471	2,757
Shared Cost Arrangement			
Abellio	Transport UK (Operations) Limited	56	14
East Midlands	Transport UK East Midlands Limited	6,064	567
AECOM	AECOM Infrastructure & Environment UK Limited	209	45
Alpha Trains	Alpha Trains (UK) Limited	28	8
Alstom Railways	Alstom Transport UK Limited	2,096	175
Alstom Signalling	Alstom Transport UK Limited	82	31
Alstom UK	Alstom Engineering and Services Limited	1,094	115
Alstom UK C2C	Alstom Engineering and Services Limited	155	15
Alstom UK Signal	Alstom Engineering and Services Limited	358	42
AMCO	Amalgamated Construction Limited	15	2
Amey Rail	Amey Services Limited	2,256	195
Angel Trains	Angel Trains Limited	239	79
Anglia Railways	GA Trains Limited	1,214	164
AtkinsRéalis	AtkinsRéalis UK Limited	842	229
AtkinsRéalis Rail & Transit	AtkinsRéalis Rail & Transit Limited	324	63
ATOC Limited	ATOC Limited	1,133	88
Atos	**ATOS IT Services UK Limited** Atos UK International IT Services Limited	1,054	197
Babcock Rail Ltd	Babcock Rail Limited	2,109	215

12. Net assets at the end of the year *continued*

Section	Employer	Total membership as at 31 December 2025	Net assets as at 31 December 2025 £m
Balfour Beatty	Balfour Beatty Group Employment Limited	2,867	282
BAM Nuttall	BAM Nuttall Limited	9	1
BR*	**The Secretary of State for Transport** BRB (Residuary) Limited DfT Operator Limited London & Continental Railways Limited London Underground Limited National Highways Limited Scottish Ministers	926	141
British Transport Police	British Transport Police Authority	6,307	298
BT	**British Telecommunications PLC** EE Limited Openreach Limited	298	11
BUPA Occupational Health	Occupational Health Care Limited	97	9
C2C Railway Limited	C2C Railway Limited	2,213	187
Caledonian Sleeper	Caledonian Sleeper Limited	390	17
Carlisle Cleaning Services	Carlisle Cleaning Services Limited	51	2
Chiltern Railway Company Limited (Maintenance)	The Chiltern Railway Company Limited	374	47
Clientlogic	Clientlogic (UK) Limited	61	4
Colas Rail	Colas Rail Limited	2,065	166
Crossrail	Crossrail Limited	949	88
CSC Computer Sciences	CSC Computer Sciences Limited	10	2
DB Cargo (UK) Ltd	**DB Cargo (UK) Limited** DB Cargo (UK) Holdings Limited DB Cargo International Limited Engineering Support Group Limited	10,012	1,310

Section	Employer	Total membership as at 31 December 2025	Net assets as at 31 December 2025 £m
East Coast Main Line	London North Eastern Railway Limited	10,393	875
Eurostar	Eurostar International Limited	5,378	632
Eversholt Rail Limited	Eversholt Rail Limited	110	36
First Great Western	First Greater Western Limited	16,274	1,609
Freightliner	**Freightliner Limited** Freightliner Group Limited Freightliner Heavy Haul Limited Freightliner Maintenance Limited	4,511	527
GB Railfreight	GB Railfreight Limited	377	78
Gemini Rail Services	Gemini Rail Services UK Ltd	66	4
Global Crossing	Lumen Technologies UK Limited	222	41
Govia Thameslink Railway	Govia Thameslink Railway Limited	8,462	776
Govia Thameslink Railway (Southern & Gatwick Express)	Govia Thameslink Railway Limited	12,054	1,154
Great Eastern Railway	GA Trains Limited	2,511	347
GTS Elizabeth Line	GTS Rail Operations Limited	1,432	151
Hitachi Rail Europe	Hitachi Rail UK Limited	476	65
Hitachi Rail GTS	Hitachi Rail GTS UK Limited	1,837	266
HS1	HS1 Limited	33	9
Hull Trains	Hull Trains Company Limited	150	18
Intelenet Global BPO (UK) Limited***	Teleperformance Global BPO UK Limited	6	-
Island Line	South Western Railway Limited	123	13
ISS Transport Services	ISS Facility Services Limited	189	7
Jacobs UK	Jacobs U.K. Limited	239	48

12. Net assets at the end of the year *continued*

Section	Employer	Total membership as at 31 December 2025	Net assets as at 31 December 2025 £m
London and North Western Railway	London and North Western Railway Company Limited	68	14
London Eastern Railway (West Anglia)	GA Trains Limited	1,217	171
London Overground	Arriva Rail London Limited	2,947	356
London Underground	London Underground Limited	42	2
Merseyrail	Merseyrail Electrics 2002 Limited	3,381	309
MITIE Facilities Services	MITIE Limited	35	1
National Express Services Limited	National Express Services Limited**	135	3
Network Rail	**Network Rail Infrastructure Limited** LCR Limited	57,358	9,957
New Cross Country	XC Trains Limited	5,648	685
Northern (ex North East)	Northern Trains Limited	8,891	910
Northern (ex North West)	Northern Trains Limited	7,380	786
Omnibus****	ABM Technical Solutions Limited Alstom Engineering and Services Limited Belmond (UK) Limited Bridgeway Consulting Limited CAF Rail UK Limited Capgemini UK PLC Churchill Contracts Services Limited Computacenter (UK) Limited DHL Services Limited EB Central Services Limited Elior UK PLC Gate Gourmet Support Services UK Limited Harsco Rail Limited Integral UK Limited Loram UK Limited Lorne Stewart PLC Mitie Cleaning & Environmental Services Limited Mitie FM Limited Mitie Technical Facilities Management Limited OCS UK&I Limited Rail Operations (UK) Limited Telent Technology Services Limited The Arch Company Services Limited TIALIS Essential IT PLC TTEC (UK) Solutions Limited Vinci Construction UK Limited Voestalpine Turnout Technology UK Limited VolkerRail Specialist Businesses Limited Weedfree Limited Xeiad Limited	768	108
Owen Williams Railways	Amey Services Limited	321	56
Porterbrook	**Porterbrook Leasing Company Limited** Porterbrook Maintenance Limited	199	54
Qjump	Qjump Limited	122	4
Rail Gourmet UK Limited	Rail Gourmet UK Limited	384	24
Railpen	Railpen Limited	1,642	128
Resonate Group (Link)	Resonate Group Limited	197	27
Resonate Group (Rail)	Resonate Group Limited	267	57

12. Net assets at the end of the year *continued*

Section	Employer	Total membership as at 31 December 2025	Net assets as at 31 December 2025 £m
Resonate Group (TCI)	Resonate Group Limited	122	21
RSSB	Rail Safety and Standards Board Limited	688	120
ScotRail	Scotrail Trains Limited	11,989	1,211
SE Trains Limited	SE Trains Limited	12,369	1,240
SERCO	SERCO Limited	506	59
Siemens	Siemens Mobility Limited	85	13
Socotec UK Limited	**Socotec UK Limited** Socotec Asbestos Limited	291	25
South Western Railway	First MTR South Western Trains Limited	14,465	1,448
Specialist Computer Centres	Specialist Computer Centres PLC	28	3
Stadler Greater Anglia	Stadler Rail Service UK Limited	50	4
Stadler Rail	Stadler Rail Service UK Limited	181	11
Swirl Service Group***	ISS Facility Services Limited	7	-
Systra Limited	Systra Ltd	537	56
Thales Information Systems	Thales UK Limited	24	6
The Chiltern Railway Company Limited	The Chiltern Railway Company Limited	2,237	244
The QSS Group Limited	**The QSS Group Limited** RIQC Limited	71	8
Torrent Trackside Limited	Torrent Trackside Limited	11	1
TransPennine Express (Former Arriva Trains Northern)	TransPennine Trains Limited	1,575	194
TransPennine Express (Former North Western Trains)	TransPennine Trains Limited	1,584	119
Transport for Wales	**Transport for Wales** Seilwaith Amey Cymru / Amey Infrastructure Wales Limited	41	6
Transport for Wales (Rail)	Transport for Wales Rail Ltd	6,470	656
Unipart Rail - NRS	Unipart Rail Limited	576	64
Unipart Rail - Railpart	Unipart Rail Limited	331	52
Unisys	Unisys Limited	30	4
UPS	UPS Limited	308	28
Voith	Leadec Limited	18	1
Wabtec Rail Limited	Wabtec UK Limited	9	2
West Coast Partnership	First Trenitalia West Coast Rail Limited	10,530	1,122
West Coast Traincare	Alstom Transport UK Limited	974	169
West Midlands Trains	WM Trains Limited	8,364	828
Westinghouse Rail Systems	Siemens Mobility Limited	868	235
Worldline IT Services UK Limited	Worldline IT Services UK Limited	156	57
Wrexham, Shropshire & Marylebone Railway Company	Wrexham, Shropshire & Marylebone Railway Company Limited**	26	2
Shared Cost Arrangement Total		**277,323**	**33,126**

12. Net assets at the end of the year *continued*

Section	Employer	Total membership as at 31 December 2025	Net assets as at 31 December 2025 £m
Industry-Wide Defined Contribution Section			
	AECOM Infrastructure & Environment UK Limited	16,144	371
	Seilwaith Amey Cymru / Amey Infrastructure Wales Limited		
	Babcock Rail Limited		
	Caledonian Sleeper Limited		
	Colas Rail Limited		
	Eversholt Rail Limited		
	First Greater Western Limited		
	Freightliner Group Limited		
	Freightliner Heavy Haul Limited		
	Freightliner Limited		
	Freightliner Maintenance Limited		
	Freightliner Railports Limited		
	GA Trains Limited		
	GTS Rail Operations Limited		
	GB Railfreight Limited		
	Govia Thameslink Railway Limited		
	Hull Trains Company Limited		
	London North Eastern Railway Limited		
	Network Rail Consulting Limited		
	Northern Trains Limited		
	Pentalver Cannock Limited		
	Pentalver Transport Limited		
	Porterbrook Leasing Company Limited		
	Porterbrook Maintenance Limited		
	Rail Gourmet UK Limited		
	Rail Safety and Standards Board Limited		
	Railpen Limited		
	South Western Railway		
	Swietelsky Construction Company Ltd		
	Systra Ltd		
	The Chiltern Railway Company Limited		
	Tram Operations Limited		
	TransPennine Trains Limited		
	Transport for Wales Rail Limited		
	Transport UK East Midlands Limited		
	UK Bulk Handling Services Limited		
	Unipart Rail Limited		
	XC Trains Limited		
		364,938	**36,254**

For those sections that have more than one participating employer, the designated employer is shown in **bold**.

*Denotes sections with a Crown Guarantee
**Denotes employers that were in administration or no longer trading as at 31 December 2025
***Denotes sections with assets less than £0.5m
****List only includes Omnibus participating employers as at 31 December 2025

13. Contingent liabilities

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. A further judgment was handed down on 20 November 2020 in relation to equalisation of historic transfer values paid out. The issues determined by the judgments arise in relation to many other defined benefit pension schemes. Under the rulings, schemes are required to backdate benefit adjustments and top up historic transfer values paid out in relation to GMP equalisation and provide interest on the backdated amounts. The Trustee's professional advisers have confirmed that the required increase in pension obligations is not material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

The Scheme holds five buy-in policies with Legal & General, valued at £76m. The Scheme also holds two buy-in policies with Just Retirement, valued at £213m. Under the terms of the agreements, an unadjusted final premium, namely a true-up, is payable following a data cleanse exercise. The determinations of the true-ups are currently in progress and will be accounted for when determined.

Report on Actuarial Liabilities
(forming part of the Trustee Annual Report)

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the relevant Employer and set out in a Statement of Funding Principles, which is available to Scheme members on request.

Most of the Sections of the Railways Pension Scheme are subject to the Pensions Act 2004, the exceptions to this being the 1994 Pensioners Section and the BR Shared Cost Section. Nevertheless, the valuations for these two Sections are also carried out in a consistent manner with the requirements of the Act.

The results of the most recent full Actuarial Valuation, formally completed for each section at the time of writing, are summarised below:

Date of valuation	Number of sections	Composite value of the sections' Technical Provisions £m	Composite value of the sections' assets £m
31 December 2022	105	27,327	32,053

In addition, one section has fully secured its liabilities with an insurer and, during 2024, has triggered the process of winding up. This section has been excluded from the table to the left.

Method

The method and assumptions adopted for determining the technical provisions for each section are consulted on by the Scheme Actuary and ultimately agreed between the Trustee and relevant employers. While "standard" methods and assumptions are adopted as far as possible, as summarised below, some sections have different assumptions. All assumptions adopted are set out in each section's Statement of Funding Principles.

The actuarial method used in the calculation of the technical provisions is the Projected Accrued Benefit Method.

Significant actuarial assumptions

The "standard" actuarial assumptions that have been proposed (and, where relevant, agreed) by the Actuary and Trustee, for valuations as at 31 December 2022, are as follows:

Discount rates:

- For sections which are open to new entrants (excluding those sponsored by employers classified as Train Operating Companies): dual discount rates which differ depending on the Covenant Category of the section. The nominal discount rates assumed for each covenant category are summarised in the following table:

Covenant category	Pre-retirement discount rate % per annum	Post-retirement discount rate % per annum
Other Covenant Category 1 sections	7.52	6.39
Open Covenant Category 2 sections	7.01	5.78

- For sections which are closed to new entrants: a flexible discount rate structure, to allow any long term investment plans that may be in place for particular sections to be reflected explicitly, so that each closed section has an individual discount rate structure. This reflects a funding approach that converges with a basis reflecting a possible long term goal and has an initial discount rate based on the section's current investment strategy, allowing for any recent de-risking. Discount rates are expressed in terms of a margin relative to the yields available on UK government bonds. The discount rate is assumed to change annually in equal steps from the initial to an ultimate discount rate over an appropriate transition period.

Valuations have been prepared for sections sponsored by employers classified as passenger Train Operating Companies, using a single nominal discount rate of 5.88% pa.

For sections which are open to new entrants:

Future Retail Price Index Inflation (RPI): 3.40% per annum. Following expected RPI reform in 2030, RPI is assumed to be in line with CPI and therefore 2.40% per annum nominal.

Future Consumer Price Index Inflation (CPI): 2.40% per annum.

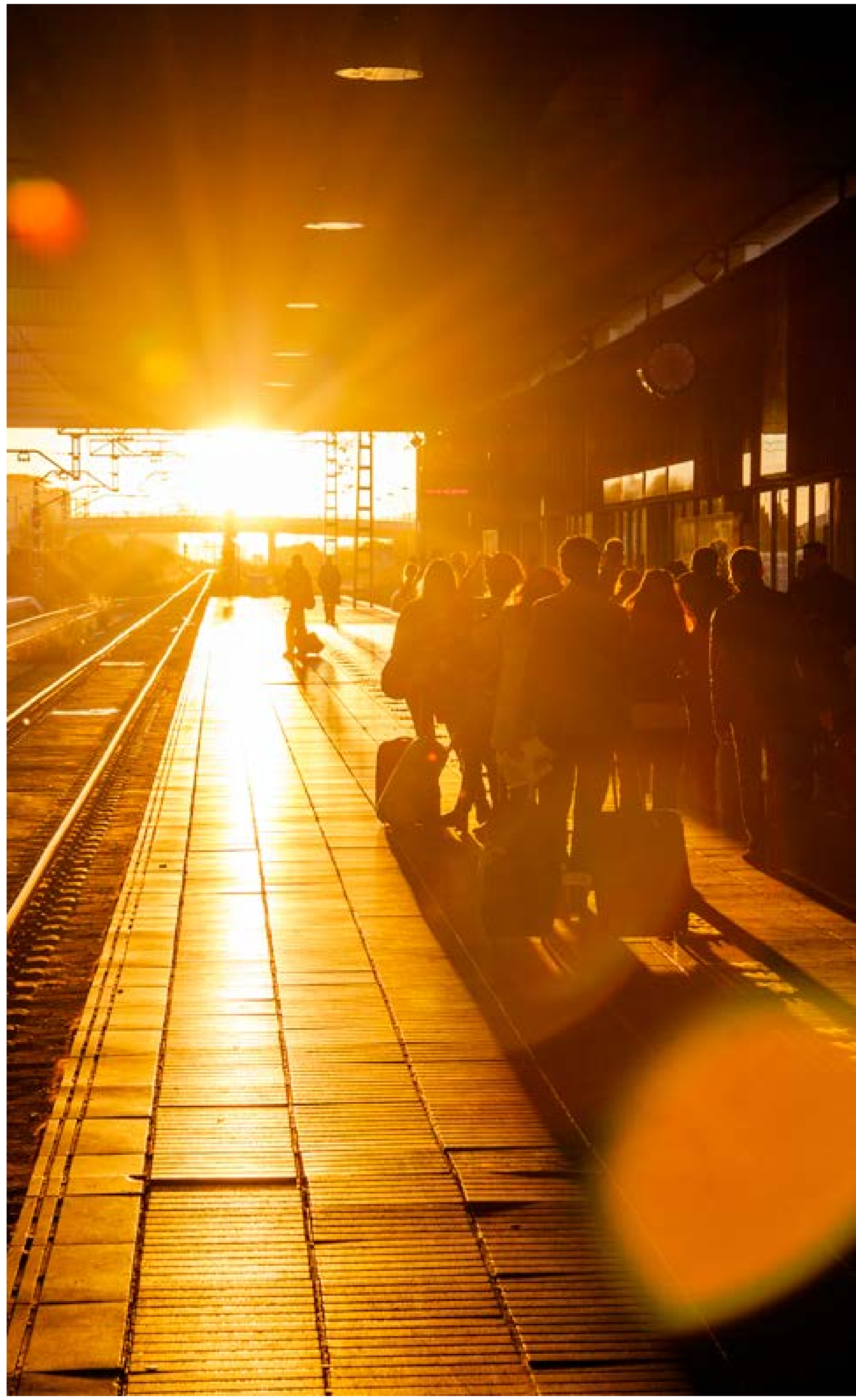
Pay increases: general pay increases in line with CPI plus 1.00% per annum, subject to any applicable cap. Promotional pay increases of 0.4% per annum.

For sections which are closed to new entrants:

Future Retail Price Index Inflation: in line with breakeven inflation derived from the difference between the yields available on fixed interest and index-linked gilts.

Future Consumer Price Index Inflation: in line with breakeven RPI less 1.00% pa until 2030 and equal to RPI thereafter.

Pay increases: general pay increases in line with CPI plus 1.00% per annum, subject to any applicable cap. Promotional pay increases of 0.4% per annum.



Mortality base tables

To set the mortality base tables, members have been segmented into groups that are expected to experience similar levels of mortality depending on category of member, postcode and pension amount. The base table assumptions (including resulting cohort life expectancy) for each mortality group are summarised below:

Category	Combined group by postcode/ pension amount	Mortality base table	Base table multiplier	Expected age at death for 65 year old at 31 December 2022
Male pensioners	A	S3 normal males very light	108%	88.8
	B	S3 normal males light	108%	88.0
	C	S3 normal males medium	108%	86.3
	D	S3 normal males heavy	105%	84.7
	E	S3 normal males heavy	117%	83.9
	F	S3 normal males heavy	132%	83.0
Female pensioners	A	S3 normal females heavy	99%	88.4
	B	S3 normal females heavy	116%	87.2
Widows	A	S3 dependant females light	107%	88.9
	B	S3 dependant females	110%	87.8
	C	S3 dependant females	126%	86.8
Male ill-health pensioners		S3 ill-health males	147%	81.3
Female ill-health pensioners		S3 ill-health females	155%	84.7
Widowers		S3 dependant males	108%	83.9

Notes:

- S3 refers to the Self-Administered Pension Schemes ('SAPS') mortality tables published by the CMI in December 2018 based on their mortality investigation over the period 2009-2016.
- The SAPS "heavy", "medium", "light" and "very light" tables are based on mortality experience for pensioners and dependants with relatively low to relatively high pension amounts.
- "Normal" refers to pension scheme members who did not retire on grounds of ill-health.
- The base table multipliers include a 5% upwards adjustment to allow for heavier than expected mortality in 2022, reflecting both the enduring effect of COVID-19 and other factors.
- The life expectancies shown in the table above reflect the base table assumptions specified with allowance for future improvements as set out below.

The overall resulting life expectancy assumed for each section depends on the proportion of members in each mortality group, which differs significantly between sections.

Future mortality improvements

Allowance for future improvements in mortality, from 1 January 2019 onwards, has been made in line with the 2021 version of the "CMI core projection" model published by the Institute and Faculty of Actuaries, assuming a long term improvement rate of 1.5% pa and extended parameters set to their core values. For the period 1 January 2013 to 31 December 2018, allowance for future improvements in mortality has been made in line with the 2018 version of the "CMI core projection" model, assuming a long term improvement rate of 1.5% pa and extended parameters set to their core values.

Glossary of Common Terms

Abbreviation	Description
AAF	Audit and Assurance Faculty
AMC	Annual Management Charges
ARC	Audit and Risk Committee
AVC	Additional Voluntary Contributions
AVC Extra	AVC arrangement for RPS
BRASS AVC	AVC arrangement for RPS
BRB	British Railways Board
BRSF	British Railways Superannuation Fund
CMI	Continuous Mortality Investigation
CPI	Consumer Price Index
DC	Defined Contribution
DC Arrangements	Defined Contribution Arrangements
DCC	Defined Contribution Committee
DfT	Department for Transport
DWP	Department for Work and Pensions
ESG	Environmental, social and governance
FCA	Financial Conduct Authority
FRS	Financial Reporting Standard
FX	Foreign exchange
GMP	Guaranteed Minimum Pension
ICAEW	Institute of Chartered Accountants in England and Wales
IFC	Integrated Funding Committee

Abbreviation	Description
ISAE	International Standard on Assurance Engagement
IWDC	RPS Industry-Wide Defined Contribution Section
LIBOR	London Interbank Offered Rate
Omnibus	Section open to employers with fewer than 50 employees
OTC	Over the counter
PPF	Pension Protection Fund
PRP	Pensionable Restructuring Premiums
RHL	Railtrust Holdings Limited
RPIL	Railway Pension Investments Limited
RRL	Return, risk and liquidity
RPS	Railways Pension Scheme
RROS	Retired Railway Officers' Society
S2P	Second state pension
s75	Section 75 employer debt
SIP	Statement of Investment Principles
TER	Total expense ratio
TKU	Trustee Knowledge and Understanding
TOC	Train Operating Company
TPR	The Pensions Regulator
TRA	Target retirement age
Trustee	Railways Pension Trustee Company Limited
TSSA	Transport Salaried Staffs' Association
TUPE	Transfer of undertakings (protection of employment)

Appendices

Appendix A

Implementation Statement (forming part of the Trustee Annual Report)

Introduction

Railways Pension Trustee Company Limited is the trustee body (the 'Trustee') for the railways pension schemes (the 'schemes') namely: the Railways Pension Scheme ('RPS'), British Railways Superannuation Fund ('BRSF'), British Transport Police Force Superannuation Fund ('BTPFSF') and BR (1974) Pension Fund, and for each separate section (a 'section') within the RPS and BTPFSF.

The schemes are occupational pension schemes providing defined benefit ('DB') and defined contribution ('DC') benefits. DC arrangements are the additional voluntary contribution ('AVC') arrangements within the DB Sections, and the Industry-Wide Defined Contribution Section ('IWDC') of the RPS. The IWDC Section is the authorised master trust of the RPS.

The Trustee maintains a combined Statement of Investment Principles ('SIP') that covers the DB and DC benefits for the railways pension schemes.

For schemes that provide DB and DC benefits, the Implementation Statement needs to include the following information:

- a description of any review of the SIP during the period covered by the Statement, including an explanation of any changes to the SIP. If the last review was not within the period covered by the Statement, it must include the date of the last SIP review
- details of how and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year, and
- a description of voting behaviour (including the "most significant" votes by, or on behalf of, the Trustee) and any use of a proxy voter during the year

This Implementation Statement is included in the schemes' Annual Report and Audited Financial Statements for the year ended 31 December 2025.

The Trustee's latest review of the SIP

The SIP was reviewed over 2024, with the new SIP being adopted by the Trustee on 23 October 2024. The current version of the SIP is available on the RPS website, at:

www.railwayspensions.co.uk/knowledge-hub/about-the-scheme/scheme-documents.

How the SIP has been followed during the year

In the opinion of the Trustee, the SIP has been followed during the year. This is detailed below.

The types of investments to be held by the Scheme and the balance between different types of investments

Defined benefit ('DB')

The SIP sets out the investment objectives for the schemes and sections, and states how these are implemented using the Trustee's pooled funds.

Due to the different maturity profiles of the liabilities of the individual DB schemes and sections, the strength of covenant of each sponsoring employer and any other specific characteristics, investment strategies will vary widely. Investment objectives are therefore set separately for each DB scheme and section, with a consistent framework used for evaluation.

The investment framework takes into account risk and return needs (to meet funding objectives), and maturity, covenant and liquidity needs. This helps to set ranges for diversified growth and defensive assets for each scheme and section. The framework outlines broad section groupings (effectively grouped by covenant strength, funding level and the level of section maturity) and suggests investment strategy ranges for each grouping.

The Trustee's pooled funds are used to construct each investment strategy agreed under the framework. The intention is to accommodate the different investment requirements of the DB schemes and sections. Each pooled fund has distinct return, risk and liquidity characteristics and is either multi-asset or single-asset class by design. The Trustee recognises that the use of a range of traditional and alternative asset classes, with distinct return drivers, may offer diversifying characteristics.

The pooled funds were reviewed during the year to assess whether they continued to appropriately meet the needs of schemes and sections. The Trustee agreed to some changes intended to improve the flexibility of certain pooled funds, provide greater transparency and investment management discipline over the exposures to longer-term illiquid assets, and facilitate greater flexibility in tailoring investment strategies to individual scheme and section requirements. These changes are to be implemented over 2026 and 2027.

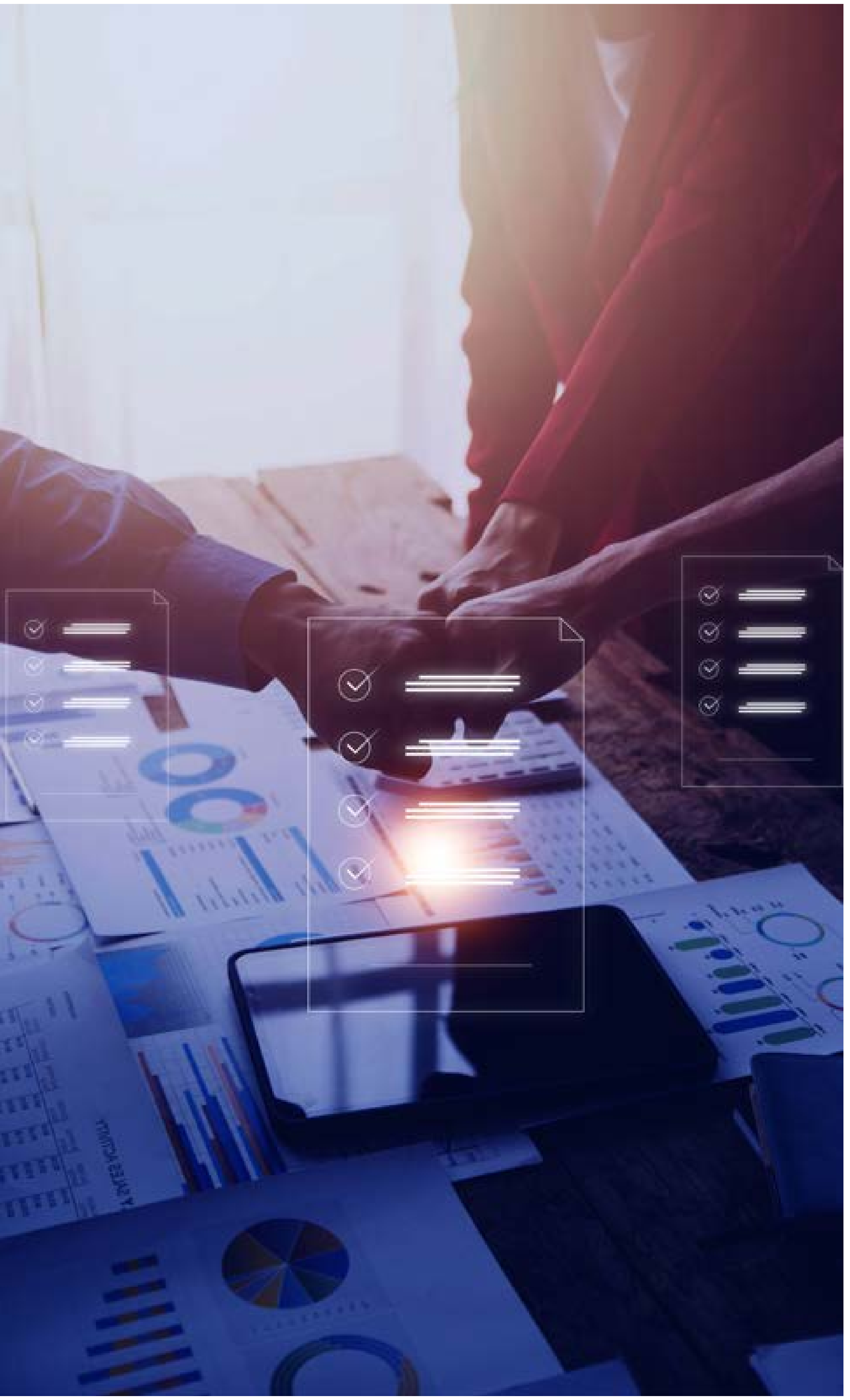
The investment of assets within each pooled fund, including day-to-day investment decisions, is delegated under an Investment Management Agreement to Railway Pension Investments Limited ('RPIL'), the internal manager for the schemes, or to fund managers appointed by RPIL (together the 'fund managers'). The investment arrangements are overseen by the Railpen Investment Oversight Committee ('RIOC'), which ensures adherence to the Trustee's investment policy. Railpen supplies personnel and infrastructure to RPIL, to enable it to manage the schemes' assets.

RPIL engaged with fund managers over the year via meetings and reporting to review and monitor the contractual arrangements in place.

The Trustee is satisfied that RPIL has the appropriate knowledge and experience for managing the investments of the schemes. RPIL carries out its role in accordance with the criteria for investment set out in 'Investment Regulations', the principles contained in the SIP, the Trustee's investment policy and any applicable investment guidelines and restrictions agreed with the Trustee. The Trustee maintains oversight through regular reporting from the Chair of the RIOC and updates from RPIL officers, and remains satisfied with the implementation of the investment policy.

Over 2025, the notable changes made to the investments held by the schemes were:

- Some closed sections saw reduced allocations to diversified growth and increased allocations to defensive assets in line with agreed investment strategies.
- Further investments were made into Matching Funds (which include leveraged Liability Driven Investments and cash held as collateral) for sections to better hedge interest rate and inflation liability risk.



Defined contribution ('DC')

For the DC arrangements, the Trustee is responsible for investing DC assets in the best interests of members and beneficiaries, providing appropriate fund choices and ensuring good value for members.

The Trustee recognises that individual members have differing investment needs which may change during the course of their working lives, and that members have differing attitudes to risk. The Trustee therefore provides a range of funds and lifestyle arrangements which have different risk and return characteristics. For members who do not wish to make their own investment choice, the Trustee makes available default lifestyle options that aim to be suitable for the majority of members.

The Trustee is comfortable with the strategy and fund range, the performance of the investment funds, and that the performance of the default arrangements is consistent with the aims and objectives set out in the SIP.

A review of the investment strategy was conducted in 2023, and covered the default lifestyle arrangement, alternative lifestyle arrangements, and the self-select fund range. Implementation of the agreed changes took place in September 2024. A further review is being undertaken over 2026.

Risks - including how they'll be measured and managed - and the expected return on investments

The Trustee recognises that there are various investment and operational risks to which any pension scheme is exposed, and gives qualitative and quantitative consideration to such risks.

A number of steps are taken to manage these risks, including:

- maintaining a Trustee risk register.
- an Integrated Funding Committee ('IFC') with specific responsibilities, including agreeing integrated funding plans for each scheme and section, using the investment strategy framework, and monitoring performance against their agreed funding plans.
- an Audit and Risk Committee with specific responsibilities, including review of financial control and risk management systems.
- a Defined Contribution Committee ('DCC') to ensure appropriate management and governance of DC arrangements. This includes oversight of investment performance and reviewing communications and investment options, as appropriate.
- appointing a global custodian to hold assets. RPIL will monitor the custodian's service provision and credit-worthiness.
- a Railpen Enterprise Risk Committee and an Investment & Risk Committee, to oversee monitoring of operational and investment risks, respectively, and:
- a Railpen Investment Oversight Committee ('RIOC') with responsibilities including oversight of the performance and risk positioning of the Pooled Funds and oversight of fiduciary management activities.

For DB schemes and sections, expected investment return is considered. This takes into account risk and affordability, making use of the pooled fund range, to accommodate individual scheme and section requirements. The expected return of the proposed investment strategy is judged over the long-term and evaluated with reference to the financial assumptions adopted by the Trustee. The technical provisions funding basis, used in triennial valuations, is considered with reference to these expected returns.

The DCC reviews risks as part of each DC investment strategy review. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default strategies, the DCC considers the trade-off between risk and expected returns. Realised returns and volatilities of the funds are monitored quarterly.

The performance of each scheme and section, and the investment performance of the portfolios of RPIL and the fund managers, are measured for the Trustee. Investment performance of each scheme and section is monitored by RPIL and reported to the IFC, the Pensions Committees (where appropriate) and to the relevant employers.

The RIOC monitors the performance of the Trustee's pooled funds against long-term performance objectives and compliance with operating parameters, to ensure the investment approach aligns with the Trustee's investment policy and beliefs. RPIL is responsible for monitoring the performance of the fund managers against long-term performance objectives and compliance with operating parameters, to ensure alignment with the Trustee's investment policy and beliefs.

The realisation of investments and monitoring of costs

RPIL and the fund managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments. These are within parameters stipulated in the relevant appointment documentation and product particulars. This includes the power to rebalance funds from available cash or make transfers in order to keep within stipulated asset allocations or restrictions.

The Trustee recognises that strict control of costs is important in contributing to good investment returns. RPIL gives full transparency to the Trustee on the underlying costs comprising the annual management charges, including transaction costs incurred by the funds.

RPIL is asked by the Trustee to consider investments within the Pooled Funds in terms of the most efficient way to access desired return drivers from all aspects of the investment process. This is considered on a "value for money" basis, rather than simply selecting the lowest cost investments. Fees paid to external Fund Managers and costs relating to the investment, management, custody and realisation of Pooled Fund assets are kept under regular review and the Pooled Fund costs budget is also approved at Board and Trustee level. The Total Expense Ratio ('TER') of the Pooled Funds is benchmarked externally. The Trustee frequently reviews and monitors performance to ensure that the activities of RPIL continue to be aligned with the Trustee's investment policy.

The Trustee is of the opinion that costs continued to be in an appropriate range.

Sustainable Ownership governance and Trustee framework

The next section of this Implementation Statement focuses on how, and the extent to which, the schemes' policies on stewardship have been followed during the year ended 31 December 2025. We will describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year, stating any use of the services of a proxy voter.

The Trustee delegates investment powers to RPIL under the terms of the Investment Management Agreement ('IMA'), which sets out the parameters and policies within which RPIL operates. The Trustee reviews and monitors performance (and fees), to ensure that the activities of RPIL continue to be aligned with the Trustee's investment policy and its focus on financial materiality. The Trustee also recognises its legal duty and responsibility for the stewardship, environmental, social and governance ('ESG') integration and climate change activities undertaken by RPIL and selected fund managers on its behalf.

Accordingly, it engages closely with the RPIL Sustainable Ownership team on these issues, including how the team engages with external Fund Managers.

The Trustee's SIP outlines those stewardship priorities which RPIL, on the Trustee's behalf, is focused on. These are: climate change; workforce treatment; responsible uses of technology; and supporting more sustainable financial markets. The Trustee continues to believe that these are stewardship priorities because they are financially material to all, or a significant proportion of, the schemes' investments. Each year, RPIL and the Trustee jointly issue an annual report on stewardship activities, that seeks to achieve compliance with the UK Stewardship Code.

Previous Implementation Statements noted that the Trustee worked with RPIL on a set of shared Investment Beliefs that could better reflect changes in its approach to investment. Several Investment Beliefs were relevant to RPIL's work on sustainable ownership, helping to ensure this work is driven by financial materiality considerations and undertaken in members' best interests, particularly the following:

Investment Belief 4 - Incorporating and acting upon climate risk and other environmental, social and governance factors is a significant driver of investment outcomes and part of our fiduciary duty.

ESG factors affect corporate financial performance, asset values and asset-liability risk. Well-informed and financially material ESG analysis, as part of a holistic investment process, supports the identification and ultimately the pricing of ESG risk and opportunity. Constructive engagement combined with thoughtful voting can protect and enhance investment value.

A long investment horizon exposes a pension scheme to societal and systemic risks, such as climate change. These risks are growing and need to be managed. Capital allocation by investors and corporates makes a difference in how these risks play out. RPIL has a responsibility to make a scheme's assets resilient to systemic threats and position portfolios for long-term opportunities.

We believe it is possible and necessary to deliver the returns the schemes need, whilst positively contributing to the world our members retire into.

2025 was the fourth year of implementing these Investment Beliefs. The Trustee agrees with RPIL's assessment that the beliefs have been effective in supporting sustainable ownership to achieve good financial outcomes for members. These are demonstrated by the positive progress outlined in the table below:

Investment Belief (excerpt)	2025 RPIL impact and progress
"Well-informed and financially material ESG analysis"	■ New reports on cybersecurity, and the responsible governance of artificial intelligence ('AI') ■ Carried out a review of thematic stewardship priorities
"Societal and systemic risks, such as climate change"	■ Published report on systemic stewardship ■ Introduced new thematic voting lines in its 2026 Voting Policy update
"Capital allocation by investors and corporates makes a difference"	■ Published updated Net Zero Plan ■ Undertook a 2025 round of engagements for its governance and conduct exclusions process
"Positively contributing to the world our members retire into"	■ Launched Governance for Growth Investor Campaign ■ Implemented external provider for tracking stewardship activities and outcomes

The Trustee believes that it is important to engage regularly with RPIL, as it directly manages most of the schemes' assets. This ensures that the Trustee's beliefs are appropriately implemented in a way that aligns with the Trustee's objectives.

Last year, the Trustee worked with RPIL to set up a Trustee Sustainable Ownership Working Group ('SOWG') to enable more in-depth discussion of our sustainable ownership regulatory obligations and thereby increasing the efficiency of the full Trustee Board. A secondary aim was to enhance the two-way engagement between the Trustee and RPIL on sustainable matters. The SOWG is chaired by Peter Holden – one of the Trustee Directors – and in 2025 it discussed issues including: RPIL's update of its approach to systems stewardship; emerging thinking on the 2026 Global Voting Policy update; and RPIL's updated Net Zero Plan.

This engagement, education and training builds on the regular updates the Trustee receives from its legal and investment advisers, on regulatory updates and requirements. Any Trustee Director can attend SOWG meetings and all trustees are encouraged to participate in and complete any training sessions.

In 2025 members of the Trustee Board and RPIL also worked together on the fifth iteration of the member-focused Sustainable Ownership Review, published in October 2025. This was the fourth SO Review to formally incorporate feedback on members' views towards sustainable ownership. The Trustee believes that communicating to members about sustainable ownership can help encourage member engagement with their pensions more generally, and that doing so is in members' best interests.

The Trustee is satisfied that RPIL is taking an approach to sustainable ownership that aligns with its own approach and is in the best interests of the members of the railways pension schemes. It is noted that RPIL won several awards in 2025 for its work in this space, including:

- ICGN Award for Excellence in Corporate Governance
- IPE European Pension Awards for Carbon and Net Zero Strategies
- IPE European Pension Awards for ESG Strategy
- IPE Transition Award for Leadership in Energy Transition & Net Zero
- IPE Transition Award for Private Markets Investments
- Professional Pensions UK Award for ESG Manager of the Year

ESG Integration

In the SIP, it is explained that the Trustee recognises its legal duty to consider factors that are likely to have a financially material impact on investment returns, over the period during which benefits will need to be funded by the schemes' investments. It is also explained that these factors include, but are not limited to, environmental, social and governance factors, including climate change and the Trustee's other thematic priorities, as outlined previously.

The Trustee has ensured that RPIL is aware of its views on the materiality of ESG factors to the portfolio, not only in RPIL's own in-house sustainable ownership approach, but also in its selection, monitoring of, and engagement with any external fund managers.

The Trustee also expects that RPIL will provide regular reporting on its ESG integration activities to the Board. The dedicated Sustainable Ownership reports, issued quarterly to the Trustee Board, have been helpful in ensuring the Trustee can more effectively monitor and understand the work that RPIL is undertaking, and the impact achieved on its behalf. This is important to ensure the Trustee feels comfortable that ESG integration and active ownership activities are genuinely driving long-term value for members.

Although the Trustee's preference is for engagement over divestment, it recognises that there are certain companies where the ESG risks are so fundamental to a company's business model or approach, that the risk of being invested in them is unmanageable, and so the company should be excluded from the investment universe. The Trustee is comfortable with RPIL's ongoing approach to exclusions on the basis of:

- a company's contribution to climate change and the risk of stranded assets (particularly firms with a certain proportion of revenues deriving from thermal coal or tar sands)
- ongoing poor governance or instances of egregiously poor conduct, or
- involvement in the manufacture and production of controversial weapons

The first two factors have financially material relevance, while the last exclusion for controversial weapons reflects reputational risk factors. In 2025, for the second year the RPIL team implemented an automated process for controversial weapons and climate exclusions, which reflects the evolving data landscape and aligns with market best practice, as well as the Trustee's approach to material ESG risks. RPIL also implemented a refined version of the governance and conduct exclusions approach (as discussed in previous Implementation Statements).

The Trustee is comfortable with the work undertaken to improve RPIL's exclusion approaches, which will help RPIL more efficiently protect and enhance the value of members' savings, in line with the priorities the Trustee set out in its SIP.

The case study below provides further details of the removal of some of these companies from the exclusions list and gives comfort that the RPIL exclusions process not only helps protect members from companies with unmanageable ESG risk, but also acts as a useful engagement tool to achieve progress on material issues.

RPIL's governance and conduct exclusions process – removing companies from the watchlist

Issue: RPIL's governance and conduct zero-weight ('GZW') process seeks to identify companies that are governance laggards and either engage with them to support improved behaviour on material issues or – where progress does not meet RPIL's expectations – to exclude the companies from the portfolio (where relevant).

RPIL views this process as an engagement tool. Case studies in previous Implementation Statements have demonstrated that good outcomes can be achieved when RPIL undertakes intense, tailored engagement with companies that are at risk of being excluded.

Approach: Companies identified as underperforming, yet not demonstrating behaviour severe enough for exclusion, or those showing progress toward RPIL's engagement objectives on key material issues, are placed on a 'watchlist'.

This means that RPIL does not exclude them, but they are prioritised for future engagement, and they are also flagged for particularly close consideration when RPIL makes voting decisions that year.

In 2025, RPIL engaged with five companies on their watchlist as part of the GZW process, two of which were a Brazilian mining firm and an Indonesian food company.

Brazilian mining firm
This firm had previously been excluded from the portfolio owing to historic concerns about their approach to tailings dam safety, as well as to more recent concerns about their JV due diligence and board dynamics and independence. Previous engagements had found that while they had improved sufficiently in these core areas to be removed from the exclusion list, some improvement was still warranted in terms of board governance.

In 2025, RPIL engaged with the company's Lead Independent Director ('LID') to understand better the board dynamics, and how the board was withstanding the political pressure.

Indonesian food company
RPIL had previously placed this company on a watchlist owing to concerns around deforestation, modern slavery and governance, having highlighted previous discrepancies in modern slavery reporting and raising concerns about the effectiveness of communication channels and auditing processes.

Having articulated their core asks to the company in 2024, in 2025 RPIL engaged to understand what progress had been made in line with their engagement objectives.

Outcome and next steps:

Brazilian mining firm
RPIL was comforted by concrete examples of how the Board was working together positively, the changes the new CEO had already instituted on key governance priorities, and the honesty with which the LID articulated some of the previous issues – and how the root causes had been identified and remedied. Taken together with concrete improvements on relevant written disclosures, RPIL decided to remove this company from the watchlist.

Indonesian food company
RPIL's conversations with the company indicated that they were now meeting all of their key asks on deforestation and modern slavery, including more detail on the scope and effectiveness of their modern slavery audit programme, and proof of readiness for the EUDR through digital traceability and smallholder integration.

Although some more minor concerns remain around better disclosure on steps being taken to improve board independence, these were not considered to be on their own specifically egregious (or excessively lagging those of peers). RPIL therefore removed this company from the watchlist.

In 2025, the Trustee continued to build upon its focus on climate change. As is set out in the SIP and in the Investment Beliefs, the Trustee recognises climate change as a financially material issue across both its assets and its liabilities. The Trustee has been supportive of RPIL's 2025 work to update its Net Zero Plan, the updated plan will support RPIL's decision making, including allocation and engagement with companies, therefore helping achieve its net zero commitment by 2050 or sooner. The two case studies below from the latest Stewardship Report provide examples of some of the work RPIL is doing on the Trustee's behalf to manage financially material climate risks.

Physical risk assessments and climate adaptation planning for infrastructure

Issue: Physical climate risks such as extreme heat, flooding, and storms are increasing in frequency and severity. These hazards can disrupt asset operations, increase maintenance costs and affect long-term investment value. Recent regulatory requirements in England also mean that in-scope environmental permit holders must produce formal climate adaptation plans. Together, these factors make management of physical climate risk financially material to long-term performance.

Objective: RPIL sought to build a clearer understanding of the most material physical climate risks across its infrastructure investments and establish a foundation for effective adaptation planning. The aim was to support with regulatory compliance where required, improve resilience over the long term, and ensure that climate related risks are appropriately incorporated into ongoing oversight and future transaction readiness.

Approach: The work combined regulatory analysis, targeted asset level review and broader portfolio wide insights:

- **Regulatory scoping:** RPIL assessed which holdings fall within climate adaptation requirements and considered where future regulatory changes may broaden the scope.
- **Asset level climate risk review:** For selected assets, RPIL reviewed structured assessments of acute and chronic climate hazards across different time horizons. These reviews explored the likelihood and potential severity of impacts and identified practical mitigation measures aligned with recognised adaptation frameworks.
- **Value-chain analysis:** To complement this work, RPIL assessed how broader risks such as disruption to supply chains, transport routes or energy networks could affect asset operations, even where the physical asset site itself may face limited direct physical risk.

RPIL also considered how the findings aligned with recognised adaptation planning standards to inform decisions on next steps.

Outcome and next steps: RPIL's review found that while most assets assessed currently face limited direct physical risk, indirect risks linked to wider infrastructure networks and supply chains are often more material. These include potential disruption to energy supplies, reduced availability of key inputs, and constraints on transport and logistics during extreme weather events.

Where deeper assessments had been undertaken, several medium to long term risks were identified, including heat related impacts on equipment and people, increased fire risk, and storm related disruption. Recommended mitigations included strengthening emergency procedures, improving ventilation and storage, reinforcing structures, and enhancing business continuity planning.

Based on these findings, RPIL will prioritise further integrating physical risk and adaptation planning for assets within regulatory scope.

Collection of private markets emissions data in 2025

Issue: The Trustee is required to report in line with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') as part of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

For the Metrics & Targets section of the TCFD Report, RPIL gathers data across a range of climate metrics, including financed emissions, for a number of asset classes.

Up until 2025, whilst RPIL, on behalf of the Trustee, had begun to gather Greenhouse Gas ('GHG') data for property and private markets, RPIL believed that the quality and availability of GHG data in these asset classes was, unfortunately, not sufficiently mature for the production of useful metrics at that time. Unlike public markets, gathering GHG data for other asset classes can be time-consuming and costly and was therefore deemed not a good use of scheme members' money.

Objective: In 2025, RPIL reviewed this decision and resolved to gather climate data to the extent possible for certain private equity, infrastructure and property investments, mindful to do so at reasonable time and cost.

This involved engaging with internal teams, external asset managers and data providers, with the end goal of producing a series of asset class 'one-pagers' to include in the Trustee TCFD Report.

Approach: For private markets and infrastructure, RPIL designed a data gathering tool that was tailored to the different sub-asset classes and ownership structures. RPIL sent this to in-scope external managers and related parties, requesting climate data across financed emissions, alignment and climate solutions. Where needed, RPIL had follow-up exchanges and calls with managers, and was also able to use this as an opportunity to share expectations and deepen understanding of data challenges specific to each investment or strategy.

Data on emissions for property assets was provided by Evora, a sustainability consultancy focused on the property sector. Property presents practical challenges in assessing and managing emissions. One of the main challenges is the division of responsibility for, and control of, emissions between the landlord and the tenant. Within tenant occupied space, RPIL can engage, using Smarter Technology to install meters that allow them to derive accurate, real-time emissions data. This is then showcased through the Evora platform alongside Landlord emissions data. RPIL is continuing to work with Evora to improve the accuracy of reporting of emissions across the property portfolio.

Outcome and next steps: In the 2024 TCFD Report (published in July 2025), we disclosed the data RPIL had gathered in a series of 'one-pagers' focused on private equity, infrastructure and property. Sections 6.2.1, 6.2.2 and 6.2.3 of the TCFD Report outline the process RPIL undertook, the challenges RPIL faced when collecting this data in each asset class, and how RPIL will look to improve coverage and data quality going forward. This data was reported and tracked separately to public markets data due to methodological differences and difficulties with aggregating data across different asset classes.

RPIL will continue to gather climate data across private markets, infrastructure and property, in 2026 and beyond, and will continue to disclose that data in line with regulatory requirements.

RPIL will also continue to engage with external managers and data providers as appropriate, with a view to enhancing the coverage, quality and insight of the data collected. RPIL will do so with a focus on efforts and costs

The Trustee's approach to climate change is reported in more detail in the 2025 RPS Task Force on Climate-Related Financial Disclosures ('TCFD') report.
In the SIP, it is stated that non-financial matters will be considered on a case-by-case basis. This is in relation to the selection, retention and realisation of investments, where there is reasonable cause to believe that members would share concerns that such matters would have a materially detrimental impact on the good reputation of the schemes, and potentially lead to a material risk of financial detriment to the schemes.

Member views

The 16 members of the Trustee Board are nominated by the members and employers of the schemes and have a broad understanding of member views. The Pensions and Management Committees, which have been implemented by around a quarter of sponsoring employers, are another key forum for understanding the member perspective.

Over 2025, RPIL's Sustainable Ownership team discussed its work with some of these committees, as well as with the Sustainable Ownership Client Forum ('SOCF'). The SOCF consists of up to 12 Pensions Committee members, and 2 Trustee Directors are invited to each meeting. The agenda for each meeting is prepared by the Sustainable Ownership team, based on topics of interest raised by SOCF members. The 2025 meetings included presentations on: RPIL's approach to sustainable ownership in the changing political climate; improving company disclosures on the workforce issues that are most important for financial outcomes; RPIL's considerations around the responsible use of Artificial Intelligence (AI) in the portfolio; cybersecurity, including RPIL's voting beliefs and engagement with at-risk companies; and RPIL's review of its systems stewardship approach. The Trustee Directors present at SOCF meetings use these as an additional opportunity to gain comfort around the effectiveness of RPIL's approach to sustainable ownership.

The Trustee was pleased to note RPIL's 2025 work on a dedicated member engagement and communications programme. This built upon findings from previous member surveys that asked members for i) their governance and sustainability priorities, and ii) how they would like to be communicated with on sustainable ownership work. The Trustee gains comfort that RPIL is committed to listening to member views through its 2024 SO Member Review (published in 2025), specifically designed in response to member feedback.

The Review provides further information on issues members said they cared most about (in order: fair pay, reliable and accurate company reporting, Making sure company boards can be held to account, the responsible management of technology including AI and cybersecurity). In many ways, RPIL's work already reflects the issues that members care about. RPIL continues with its annual member engagement survey (the last undertaken in November 2025) and to work hard to reach out to, and hear from, those members who are not already engaged with material sustainability and governance issues. In 2026, RPIL will also carry out roundtables to gather member perspectives. The Trustee believes that RPIL's extensive 2025 work in this space – summarised below – will continue to enhance the two-way dialogue on sustainable ownership issues, in a way that boosts member engagement and helps improve long-term outcomes.

Understanding and reflecting members' views on sustainable ownership

Background: RPIL's approach to sustainable ownership is grounded in acting in the long term financial interests of our members. RPIL also seeks to reflect members' views and priorities in its stewardship activities and communications. Since 2021, RPIL has engaged members through surveys and focus groups to understand what matters most to them and how they expect RPIL to act.

Member engagement in 2025: RPIL's 2025 outreach aimed to capture views from a broad cross-section of the membership. RPIL promoted the survey through regular member communications and the Member Advisory Group and contacted 50,000 active members, more than double the number reached in 2024.

The survey and focus groups explored:

- Priority sustainability and governance issues
- Support for RPIL engaging with companies and policymakers
- Awareness of pensions and RPIL's sustainable ownership activities

Key themes: Social and governance issues remain top priorities for members, with fair treatment of workers scoring highest. AI entered the top five concerns, reflecting increased awareness of its opportunities and risks. Both focus groups and surveys show a slight decline in environmental sustainability as a priority.

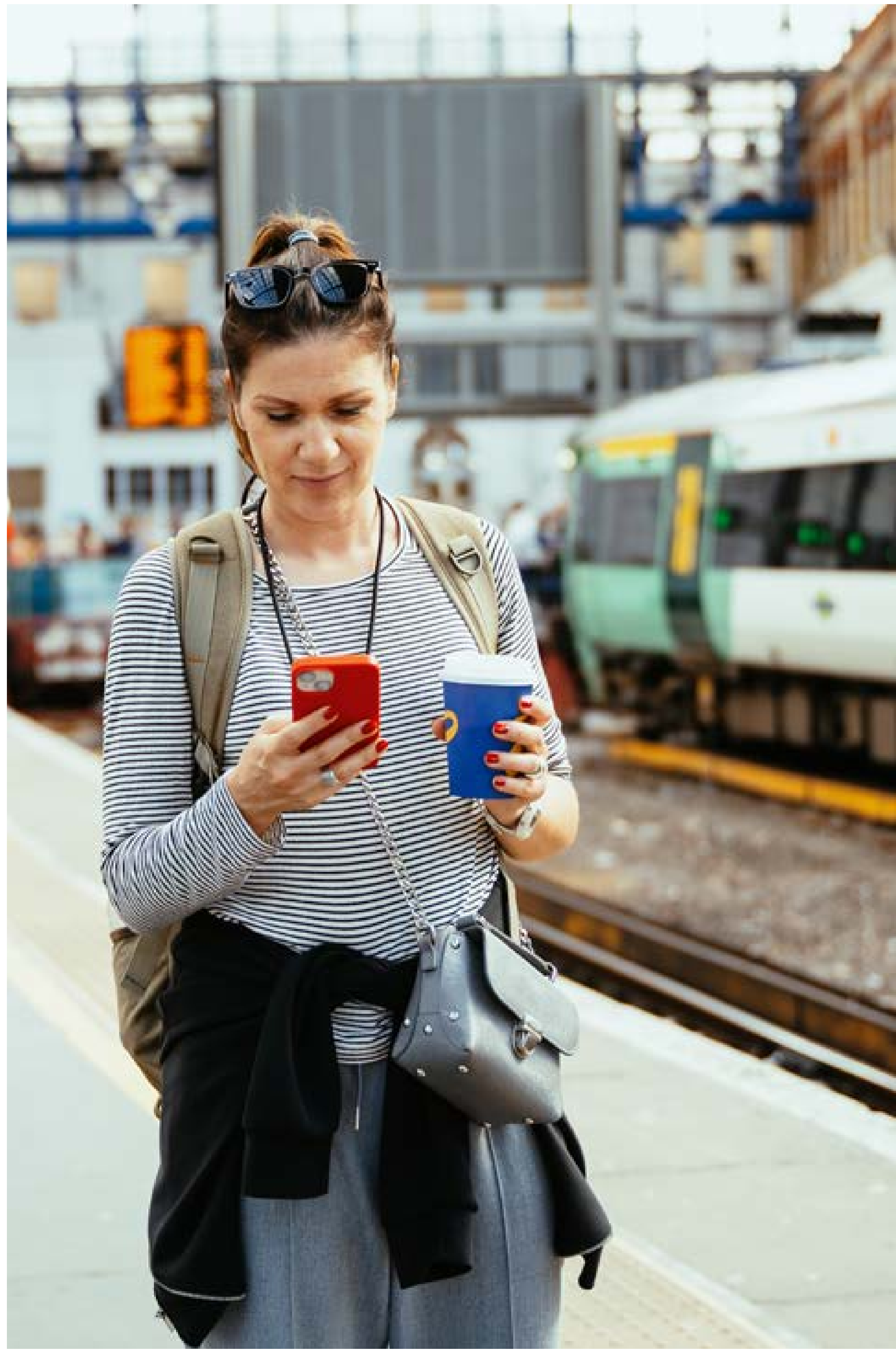
Members strongly supported RPIL's engagement with companies and policymakers – 84% believe it is important for RPIL to influence the behaviour of companies to improve governance and sustainability, while 85% feel the same about shaping laws and regulations.

At the same time, some members continue to express concern about the link between sustainable ownership and investment returns, especially given cost-of-living pressures. This reinforces the importance of clearly explaining how RPIL's sustainable ownership activity focuses on financially material issues and supports long-term performance.

There was appreciation of the diverse communication formats RPIL has implemented to present our work, including blogs. Despite outreach, awareness of RPIL's sustainable ownership activities remains low, and there is a clear demand for simpler language.

RPIL will address this by doing shorter and more accessible updates, featuring more case studies of engagements on issues members care about.

Next steps: Member feedback will continue to shape RPIL's approach. RPIL will simplify its communications and strengthen its focus on financial relevance. RPIL will also continue to address emerging issues where they are material to long term outcomes for members, including responsible AI.



Voting and engagement policy

The Trustee delegates the exercise of voting rights and engagement activity to RPIL, as part of the delegation of its investment powers. The discharge of voting rights is managed by RPIL's in-house Sustainable Ownership team, according to agreed policies that seek to hold companies to account, against best-practice standards of corporate governance.

The Trustee strongly believes that thoughtful voting, alongside constructive engagement, can influence corporate behaviour in a way that is in line with beneficiaries' best interests. This is why it was one of the first UK occupational pension schemes to publish a corporate governance and voting policy and to introduce voting for all UK equities in 1992. Voting was gradually phased in across all developed markets and the policy is to vote the entire equity portfolio globally.

Over the last few years, RPIL has continued to operate a hybrid approach to the management of assets, with much of the listed equity portfolio managed internally. This has built on the principles established by the Trustee in the Investment Transformation Programme undertaken in 2013-15, which included ensuring greater internal control of stewardship decisions and voting activities. Where there are listed equity holdings in mandates or funds that are externally managed, the Trustee appreciates that RPIL, as far as possible, seeks to direct votes or influence the voting approach.

In the table below, segregated portfolios and pooled funds are distinguished as different investment arrangements, which will offer different opportunities for the Trustee to be able to direct the voting policy. In segregated portfolios, the Trustee owns the investments and can dictate the voting policy, whereas in pooled funds, the Trustee will generally have less direct influence on how the manager votes.

RPIL formally launched one new mandate in 2025. There was an allocation to a securitised credit strategy with Neuberger Berman. The mandate focuses on actively managed, liquid investments across global securitised credit markets, including Collateralised Loan Obligations ('CLOs'), Residential and Commercial Mortgage Backed Securities ('RMBS' & 'CMBS') and Asset Backed Securities ('ABS'). RPIL's Sustainable Ownership team worked closely with the manager to gain comfort on their ESG integration process, research capacity and internal expertise. As this is primarily a debt mandate, this investment is of limited relevance from a voting perspective – however, RPIL's Sustainable Ownership team will continue to engage with Neuberger Berman to achieve the Trustee's broader stewardship objectives.

As described in previous Implementation Statements, RPIL - on behalf of the Trustee - had previously negotiated with Legal and General Investment Management ('L&G') the ability to direct the votes on its UK holdings, despite being in a pooled arrangement. The Trustee continues to be supportive of this arrangement, recognising that the RPIL Sustainable Ownership and Investment Management teams have extensive UK expertise and that as a UK pension scheme, the Trustee has a particular interest in exercising its influence as a steward over its UK holdings. The Trustee also welcomes RPIL's commitment to raising the possibility of extending its voting control in the pooled funds with this manager, in light of recent market developments in this space.

Manager	Pooled or Segregated	Voting approach
Legal and General (Passive Equity)	Client Specific Unitised Fund ('CSUF')/Pooled	LGIM Voting Policy excluding UK votes; RPIL directs all UK votes

Engagement

The Trustee delegates engagement activities to RPIL (as well as the exercise of voting rights attached to investments), which includes (but is not limited to) engagement with the fund managers, investee companies and other stakeholders about performance, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

The Trustee regularly reviews RPIL's engagement activity through the reporting arrangements and opportunities for discussion outlined previously. They are satisfied with the approach RPIL takes to its individual and collective engagement activity. The case studies below, provided by RPIL as part of a joint Stewardship Report with the Trustee, give additional comfort that RPIL is effectively undertaking engagement. This helps achieve real long-term value for members on the Trustee's stewardship priorities, including workforce issues and climate change. In undertaking any engagement individually or collaboratively, RPIL only does so where it considers this to be in the financial interests of members.

Listed equities | Using AGM escalation to defend shareholder access at Meta

Issue: Corporate engagement is a valuable tool in building mutual understanding with shareholders, especially where a dual class share structure limits our ability to communicate views through voting.

In early 2025, Meta announced significant changes to its board oversight arrangements and strategic approach. In particular, the addition of three new directors to Meta's Board, the rolling back of Diversity Equity and Inclusion programmes, and the departure of a key Oversight Board sponsor amidst broader changes to content moderation.

Despite the company engaging with RPIL constructively in previous years, RPIL's repeated attempts to reopen dialogue on these changes were unsuccessful.

Objective: RPIL's objective was to re-establish meaningful dialogue with the company and to clearly signal the importance it places on shareholder access as a protection for long term value.

Approach: RPIL chose to use the company's 2025 Annual General Meeting ('AGM') as a public escalation point, in line with RPIL's escalation framework. It submitted the following statement and question, having shared them with the company in advance of the AGM[1].

"As longstanding shareholders, we are committed to working with you to achieve long-term value creation. We have therefore appreciated Meta's openness to dialogue over the past five years.

However, we have been unable to speak to company representatives since changes to board oversight and strategy were made in early 2025. The significance of these changes on issues that are material to value creation makes it more important than ever that Meta continues to engage with the full breadth of its engaged shareholder base.

How does Meta plan to facilitate ongoing engagement with the full breadth of its minority shareholders, including Railpen, on material company issues?"

This approach reflects RPIL's belief that public escalation can be an effective stewardship tool when private engagement has failed, both to encourage renewed engagement and to reinforce market wide expectations around good governance.

Outcome and next steps: RPIL's question was not addressed at the 2025 AGM, nor has Meta responded to its request for dialogue. RPIL will continue to consider alternative forms of escalation that may be more effective in achieving this objective. RPIL will also continue to incorporate learnings from engagement with companies, including Meta, into RPIL's approach as part of collective initiatives such as ICEV and GGIC.

Listed equities | Engagement: Escalating engagement with Equinor

Issue: Equinor is an international energy company, headquartered in Norway, whose business encompasses oil and gas, renewables, and low-carbon solutions.

RPIL has previously engaged with Equinor as part of Climate Action 100+, noting that the climate transition is a material risk and opportunity for the company. In 2024's Stewardship Report, RPIL included a case study in which they outlined their concerns around Equinor's strategy and capital allocation, which led RPIL to pre-declare their support for a shareholder resolution calling for the company to align its strategy and capital expenditure with its commitment to the Paris goals, and specify how any plans for new oil and gas reserve development are consistent with the goals.

Whilst the resolution received significant support, RPIL believed that significant risks remained for investors.

Objective: In response to RPIL's engagements and the shareholder resolution, Equinor continued to state that its strategy is supportive of the Paris Climate Agreement goals, and specifically a 1.5°C pathway. RPIL – alongside several other investors – was concerned that these statements were potentially misleading. They wanted to raise these concerns with the Financial Supervisory Authority ('FSA') of Norway, noting the critical importance of investors having accurate information on material issues to inform their decision-making.

Approach: As part of a group of global investors representing $1.3 trillion in assets, RPIL signed a letter to the FSA which was led by Sarasin & Partners. The letter outlined investor concerns and asked that the FSA consider whether Equinor is giving a fair and accurate impression about its current alignment with the Paris Agreement goals, and specifically a 1.5°C temperature pathway. The letter contends that the lack of precision in Equinor's statements undermines trust in the market and is potentially leading investors to take inappropriate voting and investment decisions. RPIL believes it is important that Equinor ensures its public statements are clear and reflect its true position.

Outcome and next steps: The letter was sent to the FSA and published online. They await a response from the FSA, but RPIL remains committed to the importance of fair and accurate disclosures as a critical underpin to well-functioning markets and investment decision-making.

1 meta-platforms-agm-question-2025-sustainable-financial-markets.pdf

The Trustee is supportive of the approach taken by RPIL in becoming a signatory to the UK Stewardship Code, engaging with its external fund managers, to encourage them to adopt practices in line with the spirit of this Code. The Trustee is pleased that in 2025, RPIL remained a signatory to the UK Stewardship Code and that its reporting continues to receive an ongoing positive reception by peer investors, as well as civil society stakeholders and the regulator itself. The Trustee also commends the ongoing repurposing of the material contained in this report for different audiences, including Pensions Committees and members (through the Sustainable Ownership Review).

The Trustee expects RPIL to continue to use its influence, both directly and where appropriate in collaboration with other investors and organisations, with companies and policymakers to support long-term value creation across the portfolio, in the interests of members. The Trustee welcomes RPIL's commitment to engage with companies both on stock-specific and financially material ESG issues and on thematic or system-wide areas of concern. While the continued focus on engagement with its largest holdings is recognised, the Trustee is supportive of RPIL's shift in recent years, to dedicating greater resources to thematic stewardship across 4 priority areas. These are: Worth of the Workforce; Responsible Technology; Sustainable Financial Markets; and The Climate Transition. These align with the Trustee's own stewardship priorities, as articulated in the most recent update to the SIP.

As RPIL's assets under management continue to grow, the Trustee believes that engaging on system-wide issues, which affect the whole portfolio, reflects RPIL's role as a universal owner of assets. As well as the stock-specific case studies above, the Trustee gains comfort from some of the outcomes already achieved by RPIL's 2025 collaborative engagement and thematic work, as detailed in its latest Stewardship Report and the case study below.

The Investor Coalition for Equal Votes ('ICEV') | Progress in 2025

Issue: Pushing back against dual-class share structures ('DCSS') at portfolio companies is key to improving corporate governance standards and ensuring there is a safety net allowing investors to use their voting power, where necessary, to hold company management to account.

RPIL previously reported on work to launch the Investor Coalition for Equal Votes ('ICEV') together with the Council of Institutional Investors ('CII') and several US pension funds, to push back against unequal voting rights at companies primarily in the US and UK (reflecting our portfolio allocation).

ICEV has made significant progress since it was founded in 2022. However, the complexity of the issue and the entrenched nature of some of the interests of financial market participants, means ICEV is likely to be a multi-year and multi-phase engagement.

Objective: ICEV seeks to share the evidence, and investor perspectives, on the benefits of proportionate shareholder voting rights for companies, investors and the overall functioning of markets. ICEV seeks to ensure key market participants understand mainstream institutional investor expectations on voting rights before listing decisions are finalised.

ICEV considers unequal voting rights to be a system-wide topic. Because of that, it also aims to shape the 'mood-music' and engage with regulators whose actions can either help or hinder progress on this issue.

Approach and rationale: ICEV made the following progress in 2025:

- **Used AGM season to secure dialogue with key engagement targets.** Where previous repeated outreach by ICEV to listed investment banks had not secured dialogue, ICEV notified them of its intention to submit a question at their AGM, with the question outlining ICEV's request for a meeting and reinforcing the potential financial materiality of the issue. In many cases the communicated intention was sufficient to secure a commitment to a meeting, although ICEV went on to submit AGM statements at both Citigroup and Wells Fargo.
- ICEV subsequently had **productive engagements with investment banks** that will help inform ICEV's strategy going forward and which give ICEV confidence that these investment banks will emphasise ICEV's perspectives on unequal voting rights to their clients
- ICEV began a dedicated workstream to **engage venture capital and private equity firms** on the governance implications of unequal voting rights at IPO. ICEV focused on those firms that have been the most significant investors in companies that IPO.
- **Continued to grow the ICEV membership base, as well as seeking to shape the mood music** by presenting ICEV's approach and the evidence base at various industry conferences in key jurisdictions (e.g. US, Japan) and webinars with venture capital and private company attendees.
- **Obtained ICEV-specific legal advice** from external US and UK counsel to ensure that ICEV's governance remains appropriate.

Outcome and next steps: ICEV continued to deliver meaningful progress in 2025, particularly through engagements with investment banks, who play a pivotal advisory role in decisions on listing with unequal voting rights. Regulators and academics in key jurisdictions are now proactively getting in touch to hear ICEV's concerns.

In 2026, ICEV will focus on the following:

- Deepen engagement across the pre-IPO ecosystem of companies, advisers and investors, using evidence-led dialogue and a proportionate escalation approach where appropriate.
- Build on existing thought leadership reports to support ICEV's key messages.
- Continue to grow ICEV's membership and maintain momentum.

ICEV will also consider actions they could take to engage with listed companies who previously had unequal voting right and have successfully transitioned to a "one share one vote" structure, in order to understand this key transition better and inform ICEV's work.

The Trustee welcomes RPIL's commitment to playing a leadership role in the industry, where it feels there is a case for further action to be taken on a material issue. In 2025, this included chairing the UK Corporate Governance Group and Alphabet Group – two sub-groups of the Asset Owner Council (formerly RI Roundtable and Occupational Pension Stewardship Council) – and being a steering group member of the Climate Financial Risk Forum and a board member of the Institutional Investors Group on Climate Change ('IIGCC'). RPIL also remains Chair of the Investor Coalition for Equal Votes ('ICEV'), Workforce Directors Coalition ('WDC') and Vice-Chair of the Global Investor Governance Network – as well as launching in 2025 (and chairing) the UK focused Governance for Growth Investor Campaign (more detail on this campaign is provided in a case study below). This year, AUM by both ICEV and WDC reflected around $4.5tn and $2.5tn respectively.

The Trustee also recognises engagement with policymakers as an important part of thematic stewardship. This is to ensure the implementation of system-level solutions, to system-level challenges, such as climate change or dual-class share structures. The Trustee is pleased that RPIL continues to actively participate in policy debates on issues that are material to the portfolio and aligned with core engagement themes. In 2025, this included proactive engagement with the Financial Reporting Council ('FRC') on proposed updates to the UK Stewardship Code. As part of this, RPIL submitted consultation responses to both the Stewardship Code consultation as well as the subsequent draft Stewardship Code guidance. RPIL also submitted a response, through the Investor Coalition for Equal Votes ('ICEV'), to the Shaping the Future of AIM Discussion Paper.

We receive comfort regarding the thoughtfulness with which these policy interventions were undertaken on the Trustee's stewardship priorities, in light of the fact that RPIL's interventions are often picked up by policymakers. The case study below, from this year's Stewardship Report, illustrates the influence that RPIL can achieve with its policy work, where it sees a case for practitioner-led, focused policy campaigns on issues that matter to financial outcomes for members.

Governance for Growth Investor Campaign

Issue: With geopolitical uncertainty increasing and some jurisdictions rolling back shareholder rights and governance safeguards, it is essential for long term UK asset owners like RPIL to advocate for the conditions that support sustainable economic growth.

Strong governance underpins resilient capital markets, enabling companies to grow and thrive, and supporting long term value creation. RPIL believes that a well governed UK market directly affects investment outcomes and the economic environment our members retire into.

Against this backdrop, investors identified the need for a collective practitioner voice championing governance as a core element of a competitive UK market capable of attracting long term global capital.

Objective: Launched in July 2025 and chaired by RPIL, the Governance for Growth Investor Campaign ('GGIC') aims to ensure that policymakers recognise the central role of governance and shareholder rights in enabling sustainable, long term economic growth. Supported by major UK pension schemes, the campaign seeks to embed governance as a core pillar of thriving UK capital markets that deliver on these aspects for long term savers.

Approach and rationale: The campaign draws on lessons from recent UK capital markets reforms, including the need for strong relationships, timely practitioner insight and a clear evidence base to ensure policy interventions land effectively.

GGIC's strategy combines private relationship building, evidence based policy input, and targeted public communication to advance the principle that effective governance standards support stronger corporate performance and make the UK a more attractive destination for long term capital.

In 2025, GGIC's activity focused on the following areas:

Private relationship building

- Organised a parliamentary dinner with relevant MPs.
- Held meetings with the Office for Investment, Department for Business and Trade ('DBT'), Financial Conduct Authority ('FCA'), Financial Reporting Council ('FRC'), and City of London Corporation.

Shaping the public narrative

- Commissioned an Opinium survey to understand investor perceptions of corporate governance standards.
- Secured two exclusive articles in The Times.
- Achieved further coverage in the Mail on Sunday.

Producing policy insight

- Published the GGIC Policy Vision in July 2025.
- Developed a parliamentary briefing in December 2025.
- Released its Going for Governance, Going for Growth policy paper in December 2025.

Together, these activities helped build momentum, establish GGIC as a trusted investor voice, and created a robust evidence base for governance focused reform.

Outcome and next steps: Since launch, the campaign has secured support from four major international organisations representing multi-trillion-dollar investor constituencies: the International Corporate Governance Network (ICGN), the Principles for Responsible Investment ('PRI'), the UK Sustainable Investment and Finance Association ('UKSIF') and Pensions UK.

GGIC's 2025 programme has also laid the groundwork for effective influence on UK capital markets policy. In 2026, the campaign will shift from momentum building to more targeted engagement, including consideration of how best to move forward following the Government's decision to drop the draft Audit Reform and Corporate Governance Bill in January 2026. GGIC will also work to maintain a sustained media presence to keep governance at the forefront of the UK policy debate.

The Trustee believes that exercising a vote, to offer either support or sanction, is one of the most powerful stewardship tools available to investors. The Trustee receives regular information on voting activity from RPIL and is comfortable with the approach that its specialist team takes to exercise votes directly across all internally managed mandates for listed equities. As far as possible, the specialist team seeks to direct or influence voting in externally managed mandates.

RPIL's votes are exercised in line with the Voting Policy, however, the team also uses its professional judgement and intelligence on individual voting decisions.

In 2025, RPIL updated its Voting Policy to: strengthen scrutiny of companies' capital markets advocacy and defence of shareholder rights, clarify expectations on climate accounting, and deepen its voting and engagement approach on emerging risks, particularly AI governance and cybersecurity. The Trustee supports these developments, which also align with - and help further support progress with - our stewardship priorities as outlined in our SIP.

RPIL voting policy update for 2025 onwards

Every year, RPIL's Sustainable Ownership team leads a post-season Voting Policy review, with a view to defining the implementation for the following cycle. Updates to each year's Voting Policy are informed by the following inputs:

- the list of observed issues and suggestions from the recent AGM season
- any changes in RPIL's thematic engagement priorities
- updates to the benchmark positions of RPIL's proxy advice providers, and
- market developments and trends

The proposals, if taken forward, may require a change to the text of the Voting Policy and/or a change to the underlying Voting Policy application. RPIL then publishes the updated text on the Railpen website and sends it on to external managers and its largest direct holdings, requesting a pre-AGM meeting to discuss voting priorities.

The Global Voting Policy for 2026 onwards was reviewed in Q4 of 2025. Further details on priority engagement and voting priorities are summarised by RPIL below:

Capital markets advocacy

How companies seek to influence policymaking matters and is a material consideration for investors. Therefore, in 2026, we will intensify our scrutiny of portfolio companies whose capital markets advocacy runs counter to the interests of its shareholders and risks undermining our shared goal of creating sustainable financial value.

Where we identify a company as having played a material role in efforts to weaken shareholder rights at a systemic level (such as advocating for policies that reduce investor protections) or as having taken actions that diminish shareholder voice (such as through mechanisms that dilute voting rights), we will consider voting against the director deemed accountable or the relevant item itself.

Climate accounting

Investors need financial reporting to accurately reflect a company's most material financial risks, including those related to climate change. For 2026, and in response to requests from portfolio companies, we have clarified our expectations of good practice on climate accounting. We encourage companies to demonstrate the following practices, and where these standards are not met, we will consider voting against the chair of the board, the director deemed responsible, or the Report and Accounts.

- *Clear disclosure of quantitative climate-related assumptions and estimates.*
- *Explanation of how critical accounting assumptions have been adjusted for material climate risks.*
- *Auditor disclosure on how climate-related risks have been considered as part of the audit, including appropriate reference in Critical Audit Matters and/or Key Audit Matters.*

Artificial Intelligence (AI)

Good corporate governance is as critical for emerging risks and opportunities as it is for long-standing issues. Building on Railpen's joint report with Chronos Sustainability, Achieving Effective AI Governance, we have refined our views on the management and disclosure of AI-related risks and opportunities.

We expect companies to take action and provide disclosure on AI proportionate to their exposure, focusing on the foundational pillars of governance, strategy, risk management, and external reporting.

Where our expectations are not met, and particularly where there is evidence of egregious impact arising from the development or deployment of AI, we will consider voting against the director deemed responsible for oversight. Additionally, we will consider supporting related shareholder resolutions."

The Trustee believes that this update demonstrates that RPIL's approach continues to evolve and keep pace with market developments, as well as being in line with RPIL's own industry-leading research on, for instance, cybersecurity and the responsible governance of AI.

Most significant votes

RPIL has collected information on the most significant votes undertaken on its behalf by the following:

- **RPIL** - the bulk of voting in respect of listed equity (and any other voting, where it occurs) is implemented by RPIL's in-house team.
- **L&G (Passive Equity Fund)** - for ex-UK votes only as RPIL has the facility to exercise proxy voting rights for UK holdings directly.

RPIL has also considered input from its managers regarding what they consider to be most significant in the light of not only RPIL's Voting Policy, which was agreed for the schemes, but also external managers' own Voting Policies.

In determining what might constitute a most significant vote, RPIL considers criteria provided by Pensions UK (previously the PLSA) in its Vote Reporting Template, as well as its own.

These may include:

- votes in companies where RPIL holds over 5%, or the equivalent local reporting trigger
- votes at companies where the vote was escalated to the RPIL Chief Investment Officer ('CIO') for decision
- votes on issues which have the potential to substantially impact financial or stewardship outcomes e.g. on holdings that have a significant financial value
- votes against the Report and Accounts/Chair of the Board
- votes aligned with RPIL's priority corporate governance or sustainability themes. For 2025, this included:
  - workforce treatment and voice
  - remuneration, including fair pay
  - auditor tenure, remuneration and approach to climate accounting
  - Board composition and diversity
  - climate disclosure and targets, and
  - votes on high-profile shareholder or management resolutions

The Trustee is comfortable that this approach reflects its own understanding of what might constitute a most significant vote. It will continue to engage with RPIL on voting priorities in 2026, to ensure they continue to support value creation in members' interests. We have also selected those votes from external managers that we consider to be most significant from the schemes' perspective.

We also welcome RPIL's work to engage with L&G in 2025 (following on from their engagement with L&G in previous years), to ensure that L&G understands the Trustee's voting priorities, and to deliver voting information in a timely manner. We understand that progress has been made, although there is room for further discussion.

Voting behaviour

Due to the number of holdings RPIL owns, the team is unable to attend every company shareholder meeting to cast votes. RPIL therefore votes by proxy through the Institutional Shareholder Services ('ISS') voting platform, 'Proxy Exchange'.

RPIL does consider the recommendations provided by ISS in making its voting decision, as well as research and information from other providers, including:

- Glass Lewis
- Eumedion
- MSCI
- ACSI
- Carbon Tracker
- The Transition Pathway Institute
- Climate Action 100+
- The Workforce Disclosure Initiative ('WDI')
- Rathbones' 'Votes Against Slavery' initiative, and
- CCLA's Mental Health Benchmark
- Good Business Pays' Late and Slow Payment Watchlist

However, RPIL makes all voting decisions – driven by its focus on financial outcomes and materiality – and the Sustainable Ownership team works with the Investment Management team to apply professional judgement and intelligence, recognising that the situation at a given company can be nuanced. RPIL also uses the intelligence it gains from individual meetings and engagements with the company, to feed into the final voting decision.

RPIL puts its own custom Voting Policy in place with specific voting instructions for the proxy provider, to apply to all markets globally. The Trustee was pleased to note that the 2025 update to the Voting Policy (which has been implemented in voting decisions from January 2026 onwards) included new lines reflecting our own stewardship priorities, and after discussion with the Trustee's SO Working Group. These are based on our understanding of the material risks across the portfolio. We note that RPIL also engages with ISS' and other providers' consultations on voting guidelines, to raise standards across the industry.

The Trustee is comfortable that RPIL takes a robust approach to voting, in a way that is aligned with engagement objectives and expertise, voting beliefs and objectives, and on those ESG issues that are most financially material to the portfolio and beneficiaries' outcomes. The Trustee particularly welcomes the fact that RPIL does not look to 'follow the herd' on voting decisions, using its judgement to vote for, or against, a resolution where its proxy advisers may recommend an alternative voting decision.

Although it is too simplistic to equate a vote against management with effective stewardship and robust voting approaches, the Trustee was particularly pleased to note that:

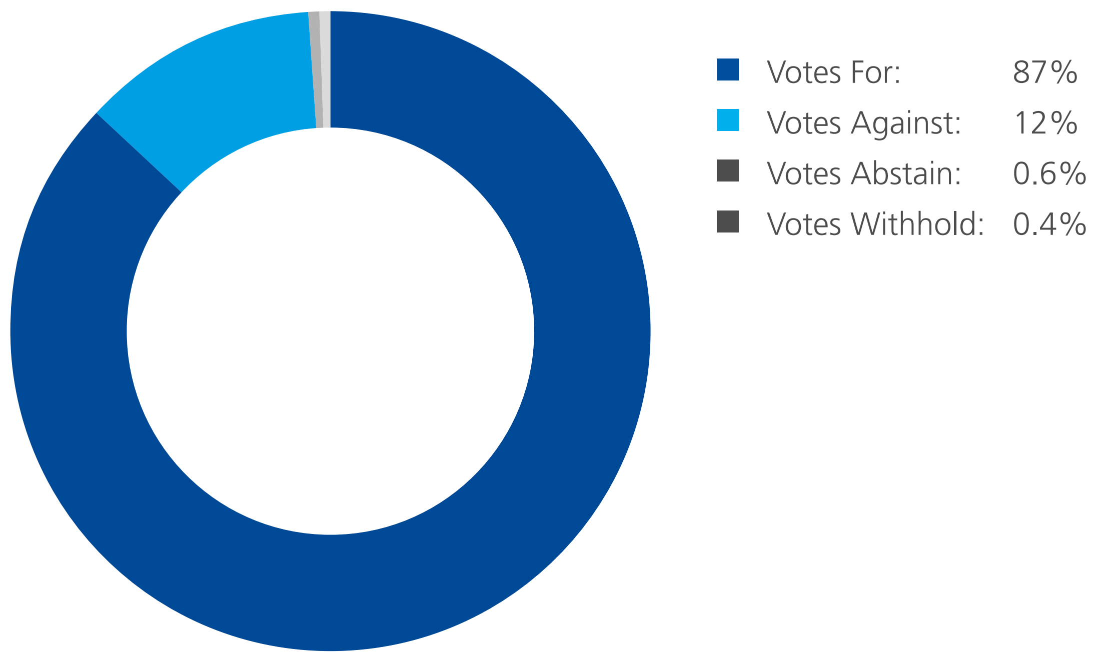
- RPIL continues to use its voting rights to vote against executive remuneration packages where the quantum and approach were insufficiently aligned with the long-term interests of shareholders and other stakeholders
- RPIL continued to demonstrate significant levels of support for shareholder resolutions which sought to ensure better disclosure and activity, on issues such as climate change, fair pay, and shareholder rights
- RPIL continued to look to use all its ownership rights, not just the right to vote, to try to influence better corporate behaviour, on issues that align with the Trustee's stewardship priorities.

The Trustee is prepared to challenge RPIL's voting activity and approach on issues that are material to our members, although, to date, we have not felt the need to do so in a substantive way. The Trustee continues to monitor RPIL's voting activity through the regular reporting we receive and looks forward to further conversations on the evolution of RPIL's voting approach in 2026.

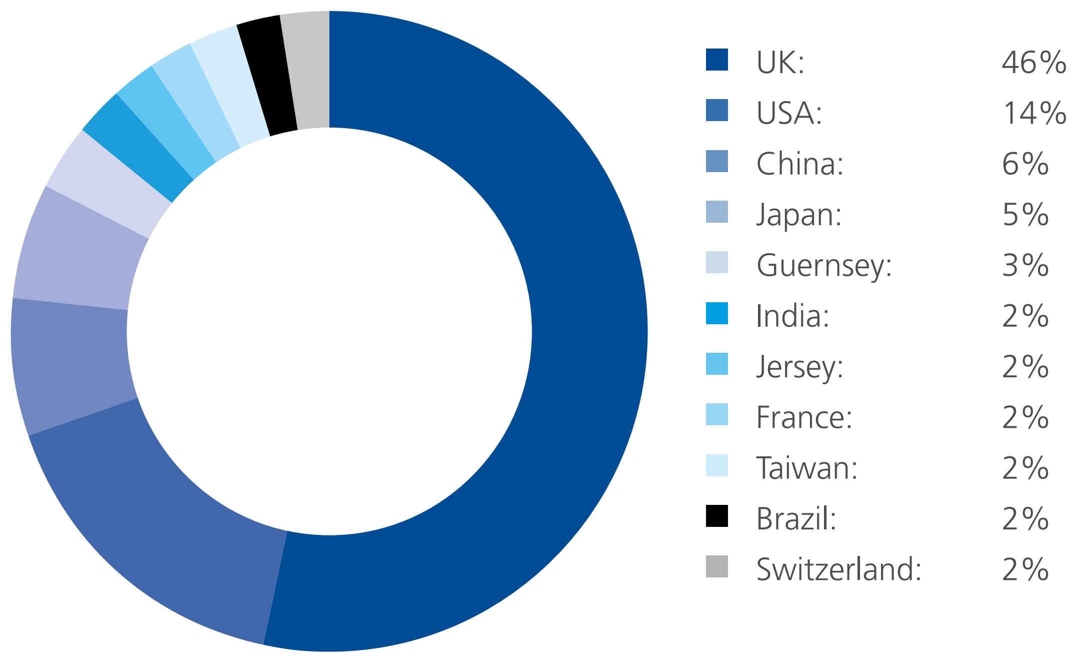
2025 Voting Statistics

Number of meetings voted	**1,372**
Percentage of meetings voted	99.9%
Percentage of meetings with at least one vote against, withheld or abstained	57.8%

Voting Outcomes

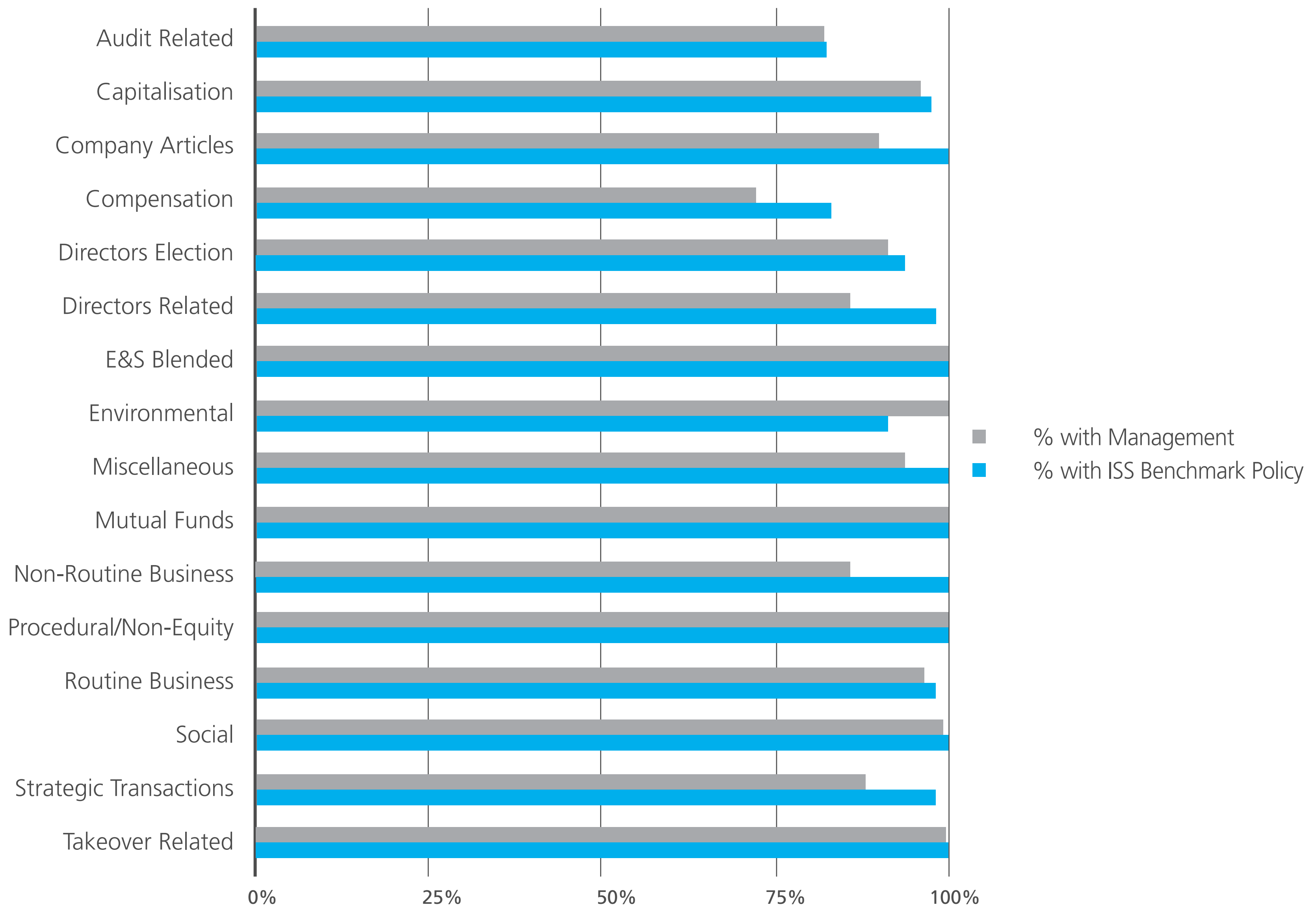


Meetings Voted by Market



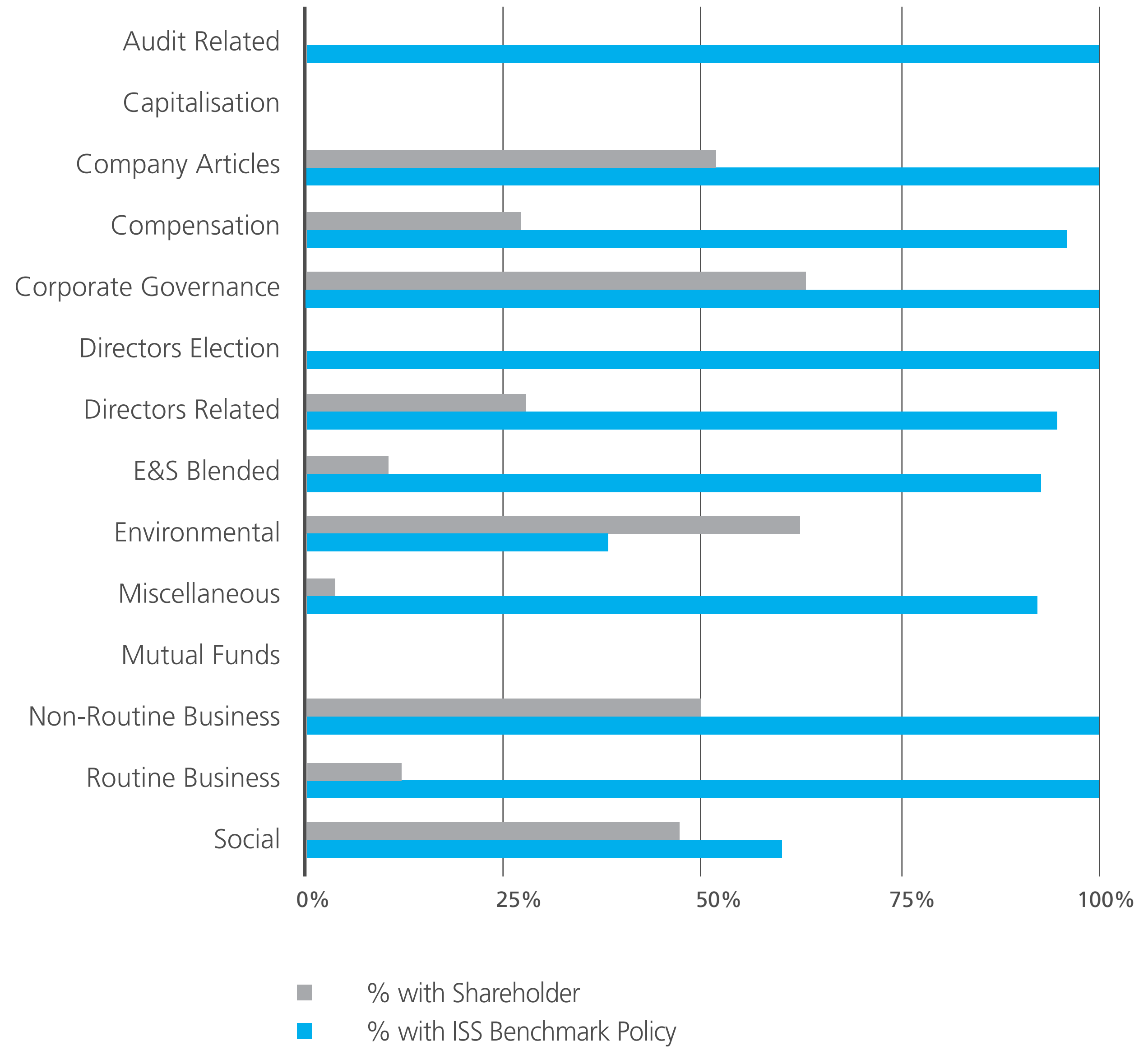
Votes Cast on Management Proposal Categories

- Comparing the votes cast in support of Management proposals, ISS Benchmark policy recommendations across the major proposal categories provides insight into the positioning of votes on proposals submitted by Management against the aforementioned benchmarks.
- Votes cast during the reporting period were at least in line with management on Environmental matters, where only 72% of votes followed management recommendations.
- Across categories, votes cast on management proposals show the closest alignment to the ISS Benchmark Policy guidelines.



Votes Cast on Shareholder Proposal Categories

- Comparing the votes cast in support of Shareholder proposals, ISS Benchmark policy recommendations across the major proposal categories provides insight into the positioning of votes on proposals submitted by Shareholders against the aforementioned benchmarks.
- Votes cast during the reporting period show the highest level of support for shareholder proposals related to Corporate Governance, at 63% and the lowest level of support for shareholder proposals related to Audit Related, Director Election, with 0% of proposals supported.
- Across categories, votes cast on shareholder proposals show the closest alignment to the ISS Benchmark Policy guidelines.



Most significant votes - RPIL

For ease of reading, the Trustee has decided to group the following 'Most Significant Votes' by company. In a couple of instances, several votes cast pertained to a specific issue at a particular company.

This means that, although there are 10 RPIL case studies below, they cover 13 'Most Significant Votes' undertaken by RPIL in 2025.

When reading the below, it should be noted that where a resolution fails to garner a simple majority of votes cast, it will usually fail. If it obtains more than 50% of the votes cast, it will usually pass. The level of impact the result has will vary, according to various factors, e.g. whether the vote was binding or advisory.

Where RPIL discusses whether an issue is a priority for members, it is based on the feedback garnered from its 2021- 2025 member engagement programme discussed above and in the 2025 Stewardship Report.

Case Study: Allianz – Virtual-only AGMs

What the votes were about:
Approve virtual-only shareholder meetings until 2027.

Size of holding (£): 35.3m

Link to Trustee's Stewardship Priorities?
Yes – Sustainable Financial Markets

Is the issue a 'top 5' member priority?
Yes - Making sure company boards can be held to account

Issue: Allianz is a multinational financial services company held in RPIL's quantitative strategies portfolio. The company sought shareholder approval to continue holding virtual-only AGMs through to 2027, having already operated in a virtual-only format for the preceding three years. RPIL considers the ability to attend AGMs in person to be a core shareholder right. Physical or hybrid meetings enable unfiltered dialogue, allow shareholders to hear and respond to each other's views, and support effective board accountability.

Objective: RPIL seeks to protect the integrity of shareholder rights, including meaningful participation in AGMs, effective challenge of boards, and transparent dialogue between companies and investors. In this instance, RPIL aimed to ensure that any continued use of virtual-only AGM formats is clearly justified and in only exceptional circumstances, subject to shareholder oversight, and does not weaken accountability or engagement.

Approach: RPIL voted against the proposal. The key considerations were:

- Shareholder rights and quality of engagement: RPIL generally expects companies to offer hybrid formats. Virtual-only AGMs can restrict opportunities for real-time questions, challenging management with an overall diminished capacity for shareholders to interact with the board.
- Insufficient justification for virtual-only format: Allianz referenced cost and environmental factors but did not provide further information on when or why virtual-only meetings would be necessary in future years. RPIL considered this lack

Why most significant: Link to Sustainable Financial Markets stewardship priority

Outcome and next steps: The proposal received 12.7% opposition, indicating some investor concern. Virtual-only AGMs are a key focus area for RPIL's stewardship activity and its work through the Governance for Growth Investor Campaign ('GGIC')[2], as resilient capital markets depend on strong, transparent trust between investors and issuers. RPIL, through GGIC, as well as working with its partners the International Corporate Governance Network ('ICGN') and Council of Institutional Investors ('CII') will continue to make the case for meetings with a physical presence in the UK and elsewhere[3].

RPIL's vote rationale was not communicated directly to the company as it is not a priority holding for RPIL, however RPIL does publish and publicise its global voting policy every year, and RPIL's voting history is publicly available on its website.

2 Governance for Growth Investor Campaign | Railpen | Railpen

3 More information on RPIL's perspective on virtual-only AGMs is available in GGIC's paper GGIC | Going for Governance, Going for Growth, and in RPIL's 2026 Global Voting Policy

Case Study: Amazon – Scope 3 carbon emissions and working conditions

What the votes were about:

1. Disclose all material scope 3 emissions
2. Commission Independent Audit and Report on Warehouse Working Conditions

Size of holding (£): 73.2m

Link to Trustee's Stewardship Priorities?

1. Yes – Climate and Nature
2. Yes – Worth of the Workforce

Is the issue a 'top 5' member priority?

1. No but taking action on climate change is in the top 10 member priorities
2. Yes – How well a company treats its workforce

Issue: Amazon is held in RPIL's fundamental equities portfolios and has an extensive global value chain, high volume logistics operations and large workforce which create material environmental and social considerations. Two shareholder proposals were addressed at the 2025 AGM: to disclose all material scope 3 emissions, and to commission the Independent Audit and Report on Warehouse Working Conditions, including the potential role of performance metrics in workplace injury rates.

Objective: RPIL aims to support enhanced environmental and social disclosures where they enable better investor understanding of systemic risks, operational resilience and long-term value creation. In this instance, the objective was to assess whether the requested reporting would provide material insight beyond existing disclosures and support improved transparency on climate data and workforce safety practices.

Approach:

1. **Material Scope 3 Emissions Disclosure — Vote: For**
   RPIL supported the proposal as Scope 3 emissions represent a highly material component of Amazon's climate footprint, and improved supplier engagement and disclosure are essential to understanding related risks. RPIL acknowledges the complexity of Scope 3 data collection but does not believe this should prevent companies from taking meaningful steps forward. While Amazon has introduced initiatives such as the Sustainability Exchange and requested decarbonisation plans from specific high emitting suppliers, there is limited visibility on whether its wider seller network is meeting the company's decarbonisation expectations. Enhanced Scope 3 reporting was therefore viewed as a reasonable and proportionate request that would improve investor insight into Amazon's climate strategy.
2. **Independent Audit of Warehouse Working Conditions — Vote: Abstain**
   RPIL values the safety disclosures Amazon already provides and appreciates the company's constructive engagement on human capital issues, including opportunities for RPIL to provide feedback on its sustainability reporting. While RPIL continues to see a need for further clarification around working conditions – particularly the role of performance metrics and targets in potentially exacerbating musculoskeletal injury risk – the positive engagement to date supported a more pragmatic response. Although an independent audit could offer additional assurance, RPIL judged that an abstention was the most appropriate reflection of ongoing engagement and partial progress at this stage.

Why most significant:

- Link to Climate and Nature
- Link to Worth of the Workforce
- A holding in RPIL's Fundamental Equities portfolios

Outcome and next steps: The Scope 3 emissions proposal received 13.8% shareholder support, while the warehouse working conditions proposal received 22.3% support, indicating notable investor interest in improved transparency on both climate and workforce risks. RPIL notified the company of its voting decisions and rationale ahead of the AGM, setting out expectations on climate data quality and workforce safety governance. RPIL will continue to engage with Amazon and monitor progress on both of these areas.

Case Study: Apple – Responsible approaches to AI and child safety

What the votes were about:

1. Report on ethical AI data acquisition and usage
2. Report on child safety online

Size of holding (£): 106.8m

Link to Trustee's Stewardship Priorities?

1. Yes – Responsible Technology
2. Yes – Responsible Technology

Is the issue a 'top 5' member priority?

1. Yes - Responsible use of technology such as AI and cybersecurity
2. Yes - Responsible use of technology such as AI and cybersecurity

Issue: Apple Inc. is held in RPIL's quantitative strategies portfolio. As a large technology company, Apple faces scrutiny over its approach to responsible AI development, data governance, and child safety across its digital ecosystem. These topics have growing regulatory, operational and reputational implications for large scale technology firms. Two shareholder proposals at the 2025 AGM sought additional disclosure on AI data sourcing practices and the company's approach to child safety related product decisions.

Objective: RPIL aims to support proposals that meaningfully enhance transparency and governance on responsible technology risks. For Apple, RPIL assessed whether each proposal would improve investor understanding of financially material risks without duplicating existing disclosure or overlooking relevant context around existing mitigations.

Approach:

1. Ethical AI Data Acquisition and Usage — Vote: Against

RPIL recognises the importance of robust AI data governance. However, the following considerations informed the decision to vote against this proposal.

- Apple's financial exposure to generative AI risks: Compared with peers, Apple's business model is currently less reliant on generative AI, limiting near-term financial and operational risks associated with AI data sourcing practices.
- The scope and structure of Apple's partnership with OpenAI: Apple's integration of ChatGPT is designed with relatively narrow functionality, clearer privacy boundaries and less platform wide dependence than is typical for some large technology companies.
- Apple's existing privacy protections and consent mechanisms: The company has disclosed that access to ChatGPT requires user level consent for each interaction, alongside controls intended to limit data sharing and exposure.

2. Child Safety Online — Vote: Abstain

RPIL recognises child safety as a financially material risk for technology companies and an area requiring strong governance. The proposal requested a cost benefit analysis of Apple's decision to reverse its NeuralHash child sexual abuse material ('CSAM') scanning programme. RPIL considered this framing overly narrow and not addressing broader human rights risks or governance arrangements across Apple's products and services. Still recognising the importance of this issue, RPIL therefore did not support the proposal but chose to abstain.

RPIL would prefer more comprehensive disclosures aligned with established investor expectations, including:

- a saliency assessment of human rights risks across products and services, including child safety risks
- a product specific human rights policy setting out governance, accountability and mitigation processes.

Why most significant:

- Link to Responsible Technology stewardship priority

Outcome and next steps: The ethical AI data acquisition proposal received 11.6% shareholder support. The child safety proposal received 8.9% support. RPIL will continue to monitor Apple's approach to responsible technology. Future engagement with Apple will continue through the Big Tech & Human Rights Investor Collaboration. RPIL's focus will be to further understand Apple's human rights approach and policy strategy to ensure that material technology risks and child safety risks are managed transparently.

Case Study: AstraZeneca – UK capital markets

What the votes were about
Approval of new Articles of Association to enable AstraZeneca to adopt a dual listing structure in London and New York.

Size of holding (£): 50.1m

Link to Trustee's Stewardship Priorities?
Yes – Sustainable Financial Markets

Is the issue a 'top 5' member priority?
Yes - Making sure company boards can be held to account

Issue: As a UK based institutional investor, RPIL has a strong interest in the resilience of UK capital markets and in supporting the long-term success of UK listed companies, given their role in contributing to sustainable economic growth in the best interests of members.

In early 2025, AstraZeneca, a pharmaceutical and biotechnology company, held in RPIL's quantitative strategies portfolio, announced a proposal to harmonise its listing structure across the London Stock Exchange, Nasdaq Stockholm and the New York Stock Exchange. The proposal required shareholder approval to adopt new Articles of Association and proceed with a dual listing in London and New York. AstraZeneca highlighted the strategic importance of the US biopharmaceutical market, enhanced liquidity, and access to a broader investor base as key drivers for the change.

Objective: RPIL's objective was to adopt a balanced, pragmatic voting position that recognised the commercial rationale for the dual listing proposal while reaffirming the importance of maintaining AstraZeneca's primary listing in the UK.

Approach: RPIL voted in favour of the dual listing proposal, grounded in the following considerations:

- Retention of the UK primary listing: The proposal did not involve a change to the primary listing, and the company reaffirmed its commitment to UK governance standards and existing shareholder protections.
- Commercial rationale: Expansion in the US market is strategically significant, and broader market access could support long term value creation.
- Constructive engagement: The company provided clear and transparent information during engagement (through the Investor Forum, in which RPIL participated), and this was viewed positively.

Why most significant: Link to Sustainable Financial Markets stewardship priority

Outcome and next steps: RPIL will continue to monitor AstraZeneca's listing strategy closely, consistent with its broader role in supporting resilient, high quality UK capital markets. While the rationale for a dual listing is understood, any future move toward a sole US listing - or any dilution of governance or material sustainability standards - would raise concerns regarding long term investor outcomes.

Ongoing engagement will focus on ensuring that the interests of long-term investors remain central to decision making and that the UK continues to benefit from strong, internationally competitive listed companies.

Case Study: Hankook Tire & Technology Co – Governance laggard, limited transparency

What the votes were about
Election of inside directors

Size of Holding (£): 5.2m

Link to Trustee's Stewardship Priorities?
Yes – Sustainable Financial Markets

Is the issue a 'top 5' member priority?
Yes - Making sure company board can be held to account

Issue: Hankook Tire & Technology is a South Korean tire company held in RPIL's quantitative strategies portfolio. The company was identified for escalation under RPIL's Governance & Conduct Zero Weight ('GZW') framework following persistent governance and conduct concerns. These included a historical embezzlement conviction involving a serving director, unresolved allegations raised by the Korean authorities regarding unfair treatment of workers and contractors, and limited transparency on health and safety practices.

The company had also demonstrated a lack of responsiveness to RPIL's prior attempts to engagement, and its governance and conduct standards continued to lag those of domestic peers. Taken together, these issues raised concerns regarding board oversight, risk management and the protection of long-term shareholder value. Given these concerns, RPIL decided to exclude the company as part of its 2024 GZW cycle (with exclusions implemented in early 2025), although this exclusion had not yet been implemented by the time of the company's 2025 AGM.

Objective: RPIL seeks to ensure that companies with material governance or conduct failings take credible corrective action. For Hankook Tire & Technology, RPIL assessed whether sufficient progress had been made on key remediation areas to justify support for board level appointments.

Approach: RPIL voted against the election of all three inside directors. Support was considered contingent on the company taking demonstrable action across four critical areas below, in addition to RPIL's concerns around the company's lack of response to engagement requests:

- Removal of the director previously convicted of embezzlement, to address concerns around board integrity and oversight.
- Meaningful remediation of ongoing allegations from the Korean government relating to unfair treatment of workers and contractors.
- A commitment to an independent review of health and safety reporting, including consideration of whether remuneration structures sufficiently incentivise safe operational practices.
- Appointment of a suitably qualified financial expert to the Audit Committee to strengthen financial oversight and governance capability.

Why most significant? Link to Sustainable Financial Markets stewardship priority

Outcome and next steps: Opposition levels to the three director elections were 3.6%, 4.1% and 3.6% respectively. While overall dissent was relatively low, RPIL considered escalation appropriate given the persistence and seriousness of the underlying concerns.

Given previously unsuccessful engagement attempts, RPIL notified the company of its voting decision and sought further engagement as part of the 2025 GZW cycle. In its updated analysis, RPIL was encouraged to note some areas of progress in 2025, including the removal of the director implicated in embezzlement and the appointment of a financial expert to the Audit Committee, but due to significant governance concerns remaining, RPIL took the decision to maintain its exclusion of the company. RPIL will continue to seek to engage with the company as part of its GZW process.

Case Study: Lonza – Auditor independence

What the votes were about
Ratify Deloitte AG as Auditors for Fiscal Year 2025

Size of Holding (£): 38.3m

Link to Trustee's Stewardship Priorities?
Yes – Sustainable Financial Markets

Is the issue a 'top 5' member priority?
Yes – Reliable and accurate company reporting

Issue: Lonza is a Swiss multinational manufacturing company previously held in RPIL's Fundamental Equities portfolios. At the time of voting, the company had been audited by KPMG for 24 years, raising questions about auditor independence due to extended tenure. Lonza initiated a thorough audit tender process in 2022, ultimately selecting Deloitte AG as its proposed new auditor for the 2025 financial year. Although Lonza did not provide a detailed rationale for the change, the shift to a new audit firm offered an opportunity to refresh the audit perspective and strengthen independence.

Objective: RPIL seeks to ensure that companies maintain high quality, independent audit arrangements that support reliable financial reporting and effective board oversight. The objective in this instance was to assess whether the proposed change in auditor would enhance audit independence without compromising audit scope or quality.

Approach: RPIL voted for the ratification of Deloitte AG. Two factors were central to this decision:

- Improved auditor independence: Replacing KPMG after more than two decades was viewed as a positive step toward strengthening audit objectivity and reducing risks associated with long auditor tenure.
- Audit quality and scope considerations: Although Deloitte's proposed audit fees were approximately 6% lower than the prior year, its standing as a globally reputable audit firm provided assurance that neither the scope nor the quality of the audit would be diminished.

Why most significant?

- Link to Sustainable Financial Markets stewardship priority
- A holding in RPIL's Fundamental Equities portfolios in 2025.

Outcome and next steps: The proposal received 94.3% shareholder support, reflecting broad investor confidence in the transition to a new external auditor. RPIL notified the company of its voting decision to highlight support for the appointment. RPIL subsequently divested from Lonza for reasons unrelated to this vote.

Case Study: M&S – Cybersecurity

What the votes were about
Re-elect Evelyn Bourke as Director (Chair of the Audit Committee)

Size of Holding (£): 2.1m

Link to Trustee's Stewardship Priorities?
Yes - Responsible Technology

Is the issue a 'top 5' member priority?
Yes - Responsible use of technology such as AI and cybersecurity

Issue: Marks and Spencer plc is a British multinational retailer held in RPIL's quantitative strategies portfolio. In late April 2025, the company experienced a significant cybersecurity breach involving ransomware – a type of malicious software that infiltrates IT systems, encrypts files, and demands payment to restore access. The breach, which caused an estimated loss of £300m in profit and further incident response costs, compromised customer data and disrupted online order fulfilment.

Objective: RPIL is a supporting member of the Cybersecurity Coalition, which was established by Royal London Asset Management ('RLAM') in 2020 and aims to address the systemic risks around this thematic stewardship issue. In collaboration with RLAM, RPIL co-authored the report Cybersecurity Risk & Resilience: Guidance for Investors[4], which outlines investor expectations and provides guidance on corporate reporting. As part of the Coalition, RPIL engages with portfolio companies to encourage transparent disclosure of cybersecurity governance and breach responses.

Approach: Following public disclosure of the incident, RPIL closely scrutinised the company's response and incorporated this assessment into the voting decision. The review raised material concerns regarding the effectiveness of Marks and Spencer's cybersecurity governance:

- In May 2024, the Audit Committee conducted a simulated 'red team' cyberattack to test the company's defences and resilience to disruption. While the Committee emphasised the importance of strong oversight and reported monitoring improvement activities throughout the year, the occurrence of a significant cyberattack less than a year later raised questions about whether risks were adequately identified or prepared for.
- Additionally, as the breach originated via a third party, RPIL determined that the company could provide clearer disclosure regarding its third-party cybersecurity risk management practices.

Why most significant? Link to Responsible Technology stewardship priority

Outcome and next steps: RPIL voted against the re-election of the Audit Committee Chair at the 2025 AGM and formally communicated its rationale to the company ahead of the meeting. This action was taken in accordance with RPIL's voting policy, which states: "Where cybersecurity risks or breach responses are not deemed to be sufficiently well managed, a vote against the Chair of the Audit Committee, or other responsible committee, will be considered." The re-election of the Audit Committee Chair received 98.2% support at the AGM.

To support a more systematic oversight approach across portfolios, RPIL has developed an internal monitoring tool to identify companies experiencing material cybersecurity incidents. This tool will enable earlier engagement and escalation where needed, and will be used throughout the 2026 voting season.

4 Cybersecurity Risk & Resilience: Guidance for Investors

Case Study: Next – Fair pay

What the votes were about
Improve transparency on wage-setting practices and alignment with real living wage

Size of Holding (£): 4.9m

Link to Trustee's Stewardship Priorities?
Yes – Worth of the Workforce

Is the issue a 'top 5' member priority?
Yes – Fair pay

Issue: Next plc is a major UK and international retailer held in RPIL's quantitative strategies portfolio and faces what could be considered financially material workforce related risks due to its reliance on a large, predominantly hourly-paid workforce. Evidence indicates that low pay and limited visibility over wage structures could undermine productivity, increase turnover and raise operational costs. Against this backdrop, a shareholder proposal filed by ShareAction sought greater transparency on how the company sets pay relative to the real Living Wage.

Objective: We deem Next to be a high-profile and systemically important company i.e. its peers will emulate what it does on material issues. RPIL sought to support improved disclosure that would allow investors to assess whether Next's pay practices are aligned with long-term value creation. RPIL sought clarity on how the company determines base pay for both direct employees and onsite contractors, including whether wages meet recognised cost of living benchmarks.

Approach: RPIL reviewed the shareholder proposal, which requested a structured report covering wage setting processes, Board oversight, the prevalence of sub-Living Wage pay, and turnover rates across job types. This aligned with RPIL's Worth of the Workforce thematic priority and our Global Voting Policy, which advocates for enhanced workforce disclosure.

RPIL's engagement and decision making included:

- Assessment of financial materiality: Evaluating research demonstrating that improved pay in the retail sector supports lower staff turnover, stronger customer service and more resilient long-term performance.
- Review of company practices: Identifying gaps in Next's disclosure, including the lack of assurance that London pay rates meet the Real Living Wage and the absence of visibility on contractor pay.
- Use of voting rights: Voting in favour of the shareholder proposal at the 2025 AGM to signal the investor importance of improved workforce reporting.

Why most significant? Link to Worth of the Workforce stewardship priority

Outcome and next steps: The proposal received 26.9% support, a significant signal for a social issue resolution at a UK company. RPIL's vote rationale was not communicated directly to the company however, following the vote RPIL shared its updated Global Voting Policy with Next that reiterates its expectations regarding workforce transparency and alignment with Living Wage benchmarks.

RPIL will continue engagement with the company during the next reporting cycle, monitoring whether improved disclosure is provided and assessing future voting decisions in line with the Worth of the Workforce framework.

Case Study: Shell – Capital allocation plans and climate commitments

What the vote was about:
Request disclosure on the alignment of LNG forecasts and gas investment plans with the company's climate commitments and net-zero target.

Size of Holding (£): 56.1m

Link to Trustee's Stewardship Priorities?
Yes – Climate and Nature

Is the issue a 'top 5' member priority?
No but taking action on climate change is in the top 10 member priorities.

Issue: Shell plc is a British energy company previously held in RPIL's Fundamental Equities portfolios. Liquefied natural gas ('LNG') plays a central role in Shell's long-term strategy and capital allocation plans, and is a key driver of future earnings. Given the prominence of LNG within the company's growth outlook, investors require sufficient transparency to assess how Shell's assumptions on future LNG demand and related investment decisions align with its stated climate commitments, including its long-term net zero ambition.

Insufficient clarity around these assumptions may limit investors' ability to assess transition risk, capital discipline and the resilience of Shell's strategy under different demand and regulatory scenarios.

Objective: RPIL seeks to support disclosure that enables long-term investors to evaluate the credibility of companies' climate-related commitments and to understand associated transition, market and regulatory risks.

Approach: RPIL voted for the proposal. Two considerations were particularly important:

- Materiality of LNG within Shell's long-term strategy: LNG is a core contributor to Shell's future earnings profile and growth outlook. Assumptions relating to LNG demand forecasts, production and sales targets, and capital expenditure in natural gas assets therefore have a material influence on long-term value creation.
- Reasonableness and proportionality of the requested disclosure: The proposal did not seek to prescribe a specific strategic pathway or constrain management decision making. Instead, it requested greater clarity on the assumptions and modelling underpinning LNG related decisions.
- Engagement: RPIL engaged with the company ahead of the AGM on this resolution. While the discussion was constructive, it did not provide sufficient reassurance to change RPIL's voting position.

Why most significant?

- Link to Climate and Nature stewardship priority
- A holding in RPIL's Fundamental Equities portfolios in 2025.

Outcome and next steps: RPIL notified the company of its voting decision and rationale ahead of the AGM, to support clear expectations and constructive dialogue. The proposal received 20.6% shareholder support, indicating a meaningful level of investor interest in improved transparency. Following the vote, Shell indicated that it would engage further with shareholders to better understand these concerns and committed to publishing a summary note ahead of the 2026 AGM, outlining how its LNG business aligns with its broader strategy and stated climate objectives. RPIL subsequently divested from Shell for reasons unrelated to this vote.

Case Study: The Home Depot – Nature and plastics

What the votes were about:

1. Report on risks related to biodiversity and nature loss
2. Report on efforts to reduce plastic use

Size of Holding (£): 35.4m

Link to Trustee's Stewardship Priorities?

1. Yes – Climate and Nature
2. Yes – Climate and Nature

Is the issue a 'top 5' member priority?

1. No but protecting forests and promoting biodiversity is in the top 10 member priorities
2. No but taking action on climate change is in the top 10 member priorities

Issue: The Home Depot is held in RPIL's quantitative strategies portfolio. As a large home-improvement retailer with a complex global supply chain, the company has significant land use, materials and resource consumption impacts. Nature-related risks are financially material for many global companies, with nearly half of the world's largest firms having assets in Key Biodiversity Areas and 85% having a significant dependency on nature for their operations[5].

At the 2025 AGM, shareholders voted on two proposals requesting enhanced disclosure: one seeking a biodiversity impact and dependency assessment, and the other seeking improved reporting on the company's plastic footprint and efforts to reduce plastic use.

Objective: RPIL seeks to support disclosure that enables long-term investors to understand companies' exposure to environmental risks where these may affect operational resilience, regulatory risk and long-term value creation. In this instance, RPIL aimed to assess whether the requested disclosures would provide meaningful, decision-useful insight into The Home Depot's management of biodiversity and plastics-related risks.

Approach:

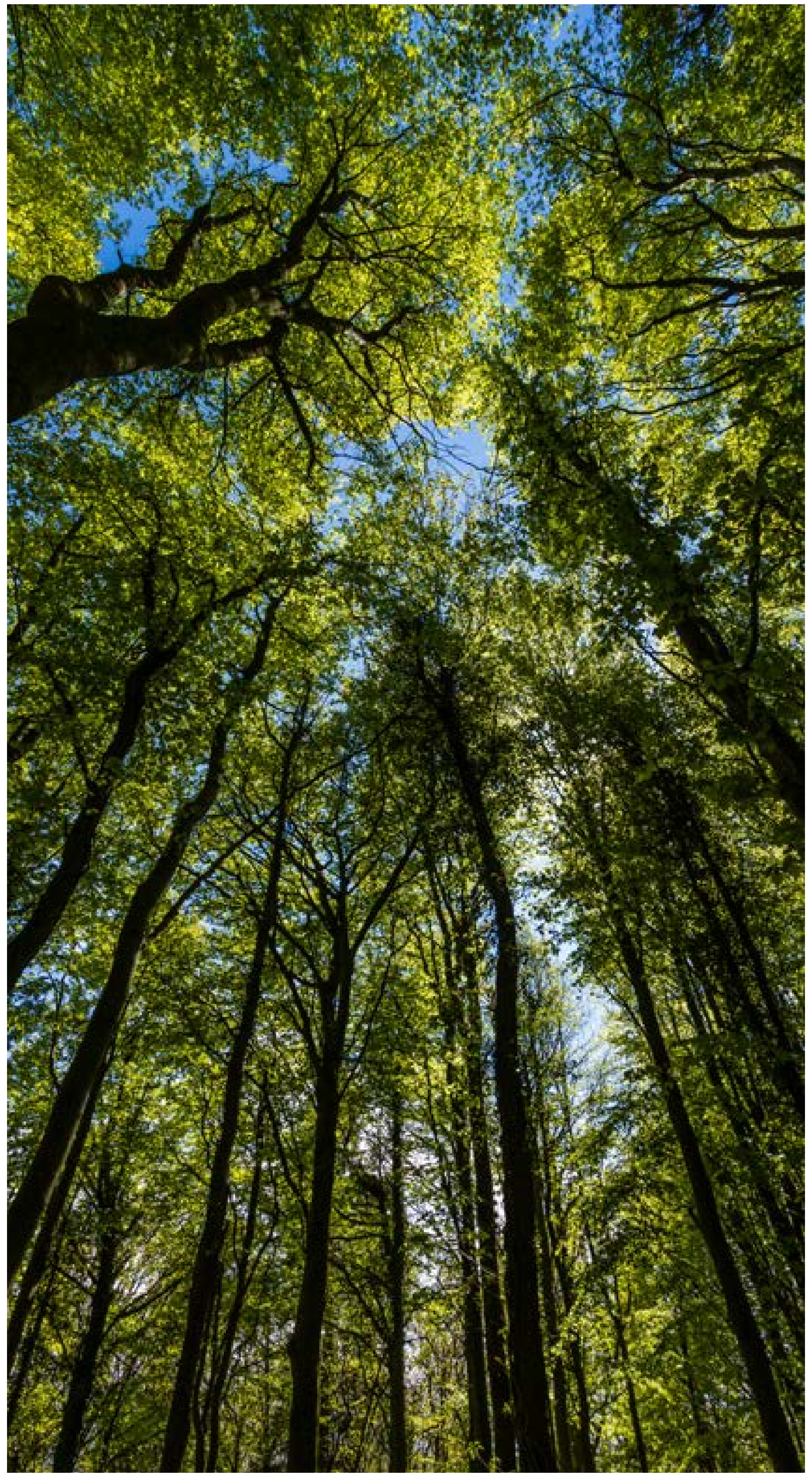
1. **Biodiversity Impact and Dependency Assessment — Vote: For**
   RPIL supported this proposal, noting that biodiversity is a highly material issue for The Home Depot. As with a similar resolution in the previous year, the request aligned with RPIL's Climate & Nature stewardship priority. A biodiversity assessment would help identify dependencies on ecosystems across the company's supply chain and highlight potential vulnerabilities associated with biodiversity loss. The level of disclosure requested was considered proportionate and aligned with RPIL's focus on setting clear expectations on nature-related governance, disclosure and risk management.

2. **Report on Efforts to Reduce Plastic Use — Vote: For**
   RPIL also supported the proposal requesting enhanced plastic-related reporting. Plastic reduction is a financially material issue for large retailers, given evolving regulation, supply-chain constraints and changing consumer expectations. While The Home Depot has announced initiatives to reduce plastic use, it has not disclosed its total plastic packaging footprint and does not currently have a comprehensive, time-bound target covering recyclability standards for all private-label plastic packaging - commitments that have already been adopted by several key peers. The requested report was therefore viewed as reasonable and capable of improving investor insight into the company's management of plastic-related risks and opportunities.

Why most significant? Link to Climate and Nature stewardship priority

Outcome and next steps: The biodiversity proposal received 16.6% shareholder support, and the plastic use proposal received 17.0% support. While neither proposal passed, both attracted meaningful minority support. RPIL will continue to monitor The Home Depot's environmental reporting, driven by the continued focus on the twin challenges of nature and climate change.

RPIL's vote intention was not communicated directly to the company as it is not a priority holding for RPIL, however RPIL does publish and publicise its global voting policy every year, and RPIL's voting history is publicly available on its website.



5 S&P Global (2023) How the world's largest companies depend on nature and biodiversity

Voting behaviour and most significant votes - external managers

RPIL, on the Trustee's behalf, has also collected information on the most significant votes undertaken by L&G. Prior to collecting this information, RPIL informed the external managers of those key themes and issues which were considered to be 'most significant' by RPIL. It also directed them to the Pensions UK's (previously the PLSA) Vote Reporting Template. RPIL always notifies the manager of its definition of 'Most Significant Votes' on the Trustee's behalf, several months in advance of the deadline for the information. This is in addition to sending L&G the updated Global Voting Policy prior to the next AGM season, which offers an even earlier indication of RPIL and the Trustee's engagement and voting priorities.

The following Most Significant Votes represent RPIL's choice, on the Trustee's behalf, of what it considers to be the most significant votes exercised by its external asset managers, from the choices presented to us.

L&G

Due to the number of holdings L&G owns, the team notes that it is unable to attend every company shareholder meeting to cast votes. L&G therefore votes by proxy through the ISS voting platform 'ProxyExchange'.

The Trustee is confident that the level of oversight exercised by RPIL over L&G's approach to stewardship and engagement, which includes regular meetings and liaison on RPIL's key engagement themes and Voting Policy lines, is appropriate to the mandate and arrangement. We believe that activities where L&G and RPIL jointly engage, for instance, on issues such as climate through Climate Action 100+ and now the Investor Coalition for Equal Votes (see below), are an additional demonstration of the alignment of voting approach.

During previous dedicated meetings on sustainable ownership, L&G told RPIL that it would aim to work closely with its clients in the future on topics of shared interest, including dual-class share structures. L&G also noted that it would be open to collaboration in the future, including on potential co-filing of resolutions. RPIL, on behalf of the Trustee, will continue to engage with L&G to better understand its approach to stewardship. In particular, how it i) tracks engagement progress and monitors outcomes and ii) how it seeks to make full use of all its stewardship tools on priority issues and with key holdings.

L&G publishes an annual Active Ownership report which, together with the intelligence from RPIL's engagements with L&G, and quarterly updates provided to the Sustainable Ownership team, provides additional comfort to the Trustee that our external manager's approach to voting and engagement is aligned with our priorities on issues such as climate change and fair treatment of the workforce. In 2025, L&G remained a proactive member of the Investor Coalition for Equal Votes (which Railpen co-founded and chairs) to focus on the issue of unequal voting rights, which closely aligns with the Trustee's priority stewardship issues and thinking, regarding effective ways of influencing system-level risk, as discussed previously.

In response to RPIL's information request on Most Significant Votes ('MSVs'), L&G provided the information tabulated below. To aid the ease of reading, the MSVs of only some of the most important and sizeable L&G funds in which the Trustee invests have been included. The Trustee agrees that, together with our choice of RPIL's own Most Significant Votes, this strikes the right balance between offering insight into voting behaviour, and ensuring accessibility and relevance.

L&G North America Index Fund	
Investment Manager Name	Legal and General Investment Management
Fund Name	North America Equity Index Fund
Fund Code	S
Quasar Code	2241
Fund of Fund Structure	Yes
Scheme Year End Date	2025-12-31
Start of Reporting Period	2025-01-01
End of Reporting Period	2025-12-31

What was the total size of the fund as at 2025-12-31?	£20,517,743,042.80 Weekly close price series
What was the number of equity holdings in the fund as at 2025-12-31?	569
How many meetings were you eligible to vote at over the year to 2025-12-31?	588
How many resolutions were you eligible to vote on over the year to 2025-12-31?	7654
What % of resolutions did you vote on for which you were eligible?	99.73%
Of the resolutions on which you voted, what % did you vote with management?	57.81%
Of the resolutions on which you voted, what % did you vote against management?	41.66%
Of the resolutions on which you voted, what % did you abstain from?	0.52%
In what % of meetings, for which you did vote, did you vote at least once against management?	97.79%
Which proxy advisory services does your firm use, and do you use their standard Voting Policy or create your own bespoke policy which they then implement on your behalf?	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	37.84%

L&G Railways Passive Equity Pooled Fund ('PAPF')	
Investment Manager Name	Legal and General Investment Management
Fund Name	Railways (PAPF)
Fund Code	32705-003
Quasar Code	2574
Fund of Fund Structure	Yes
Scheme Year End Date	2025-12-31
Start of Reporting Period	2025-01-01
End of Reporting Period	2025-12-31

What was the total size of the fund as at 2025-12-31?	£154,063,489.30
What was the number of equity holdings in the fund as at 2025-12-31?	2801
How many meetings were you eligible to vote at over the year to 2025-12-31?	2833
How many resolutions were you eligible to vote on over the year to 2054-12-31?	35308
What % of resolutions did you vote on for which you were eligible?	99.94%
Of the resolutions on which you voted, what % did you vote with management?	79.55%
Of the resolutions on which you voted, what % did you vote against management?	20.18%
Of the resolutions on which you voted, what % did you abstain from?	0.26%
In what % of meetings, for which you did vote, did you vote at least once against management?	70.66%
Which proxy advisory services does your firm use, and do you use their standard Voting Policy or create your own bespoke policy which they then implement on your behalf?	L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	15.43%

L&G vote: Anglo American Plc – Equity based pay in the context of a proposed merger

What the votes were about:
Amend Restricted Stock Plan

Size of holding in fund (£): 0.1 million (PAPF)

Link to Trustee's stewardship priorities?
Yes – Sustainable Financial Markets

Is the issue a member priority?
Yes – Fair Pay

Approach: A vote against was applied as:

- The proposed retrospective amendments to the LTIP guarantee a minimum vesting level for the 2024 and 2025 awards, based on the merger (with Teck Resources) going through.
- Such retrospective changes and guaranteed transaction bonuses are a breach of L&G's remuneration policies.
- While L&G had detailed and constructive engagements with the Company, they were not able to obtain sufficient assurance and a clear indication of direction of future performance-based incentive plans to alleviate their concern at this time.

Why most significant:
Links to the Sustainable Financial Markets stewardship priority

Outcome and next steps: The proposed amendment to the restricted stock plan was withdrawn ahead of the meeting, with the company citing concerns raised by shareholders during engagement.

L&G vote: Tesla – Governance concerns

What the votes were about:

1. Elect Director Ira Ehrenpreis

Size of holding in fund (£): 2.12 million (PAPF) & 0.61 million (North America Equity Index Fund)

Link to Trustee's stewardship priorities?
Yes – Sustainable Financial Markets

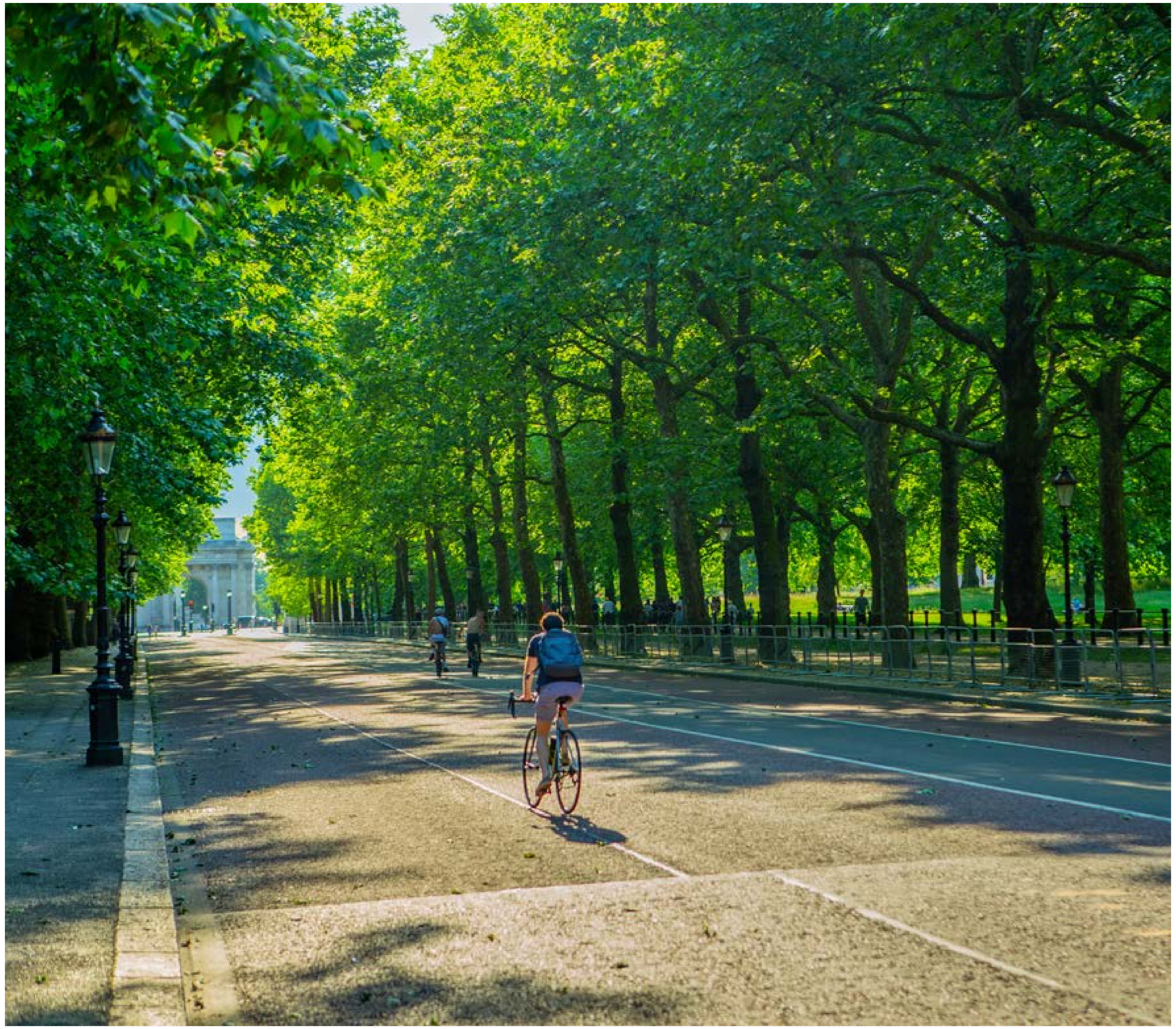
Is the issue a member priority? Yes - Making sure company boards can be held to account

Approach: A vote against was applied:

- As part of L&G's escalation strategy they expect companies to implement majority supported shareholder proposals.
- A vote against the Nominating and Corporate Governance Committee Chair was warranted in light of the boards unilateral adoption of a bylaw that materially restricts shareholders' litigation rights.
- L&G expects the Chair of the Remuneration and Nominations/Governance Committees to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.
- L&G supports a declassified board as directors should stand for re-election on an annual basis.
- L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- The level of gender diversity on the company's board and senior leadership team did not meet L&G's minimum expectations.

Why most significant:
Links to the Sustainable Financial Markets stewardship priority

Outcome and next steps: The vote passed but received 34.8% votes against from shareholders. L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to an AGM as L&G's engagement is not limited to shareholder meeting topics. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.



L&G vote: ANZ Group Holdings Limited – Financed deforestation

What the votes were about:

1. Shareholder Proposal Regarding Strategy to Eliminate Financed Deforestation
2. Shareholder Proposal Regarding Disclosure of Financed Deforestation

Size of holding in fund (£): 0.2 million (PAPF)

Link to Trustee's stewardship priorities?
Yes – Climate and Nature

Is the issue a member priority? No

Approach: A vote for was applied in favour of each resolution as L&G expects companies to be taking sufficient action on the key issue of climate and nature:

1. Disclosure of a strategy to eliminate financed deforestation would provide investors with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk. ANZ plans to strengthen due diligence processes and review exposure to potential deforestation risk, informed by engagement with the Accountability Framework Initiative (AFI) or its delivery partners in 2026, and has set expectations for land and forest sector clients aligned to high standards via certification for soy and palm oil. However, concerns remained regarding the lack of disclosure of specific and quantified processes for identifying and addressing deforestation, including consequences for adverse findings. A clear, board-overseen strategy and disclosure is considered beneficial for shareholders.
2. Enhanced disclosure on financed deforestation exposure would improve transparency on material environmental and credit risks, given ANZ's exposure to the agri-business lending. While ANZ references TNFD and applies Social & Environmental Risk Standards, the company does not disclose any data, tools, or processes to check that customers are not engaging in deforestation (including illegal deforestation), unlike local peer NAB which recently outlined such measures. Additional, decision-useful disclosure aligned with credible frameworks such as the Accountability Framework Initiative (AFI), covering both legal and illegal deforestation and quantifying exposure where practicable, would be beneficial to shareholders.

Why most significant:
Links to the Climate and Nature stewardship priority

Outcome and next steps: The votes failed to pass, receiving 22.7% and 11.3% support from shareholders respectively. L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to an AGM as L&G's engagement is not limited to shareholder meeting topics. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

External manager accountability

RPIL is responsible for ensuring that the fund managers invest scheme assets in line with the Trustee's investment policy and that the fund managers' stewardship, ESG (including climate change) and responsible investment policies (where relevant), align with the Trustee's own policies. This includes assessing how the relevant fund manager makes investment decisions based on the medium to long-term financial and non-financial performance of investee companies and engages with investee companies to improve their performance.

In 2025, RPIL continued to apply its updated Manager Assessment Framework (as discussed in previous Implementation Statements) to external managers, across private markets and infrastructure. The case study below provides an example of this work. The Trustee believes this is a helpful example, that demonstrates how the Framework was applied, in a way that will help drive long-term value for our members.

Update to the Infrastructure ESG Manager Assessment Framework

Issue: The assets in the Long-Term Income Fund ('LTIF') include core infrastructure, renewable energy, and long-lease commercial real estate in the UK. Infrastructure assets can face long dated, financially material ESG risks, including the climate transition and regulatory change. Given the illiquid nature of many infrastructure investments, it is important that ESG risks are identified early and that external managers' ability to manage those risks is assessed and monitored on an ongoing basis.

Objective: RPIL sought to update its Infrastructure Manager Assessment Framework ('MAF') to ensure it continues to support consistent assessment of managers' ESG risk management quality and to enable clearer monitoring and follow up where gaps or misalignments are identified.

Approach: Building on RPIL's established approach to manager assessment, it undertook a review of the Infrastructure MAF to improve clarity, consistency, and decision usefulness.

RPIL reviewed how managers are assessed across key areas – including ESG integration, climate risk management and stewardship – and identified areas where the framework could be strengthened. In particular, RPIL found that clearer articulation of gross ESG risk, more structured indicators and stronger links between assessment outcomes and monitoring would improve comparability across managers.

To address this, RPIL:

- Refined the treatment of gross ESG risk: clarifying how inherent ESG risks are identified and described, considering both financing type and underlying sectoral exposures.
- Restructured scoring indicators: to better capture managers' ESG capabilities, integration into the investment process and approach to stewardship, including climate and nature-related risks where material.
- Strengthened Red/Amber/Green (RAG) outputs: introduced clearer RAG descriptions linked to monitoring frequency and escalation triggers, supporting more proportionate oversight.
- Developed scoring guidance: produced a guidance document setting out minimum and best practice indicators to support consistent scoring.

Outcome and next steps: The updated Infrastructure MAF provides clearer articulation of ESG risk, management quality and required follow up actions. RPIL will use the revised framework as the basis for engaging infrastructure managers on assessment outcomes and for structuring ongoing monitoring. Re-assessment frequency and engagement intensity will be determined by RAG outcomes, with additional engagement triggered where ESG risks or management practices change.

The Trustee regularly discusses RPIL's approach to external managers and it is comfortable that the actions taken align with its beliefs in this regard.

Stock lending

The Trustee believes that members benefit from the additional income stream that derives from participating in stock-lending programmes and also that stock-lending has benefits for market liquidity and efficiency. Funds participate in various stock-lending programmes administered by RPIL.

The stock-lending programme is governed by RPIL's Securities Lending Policy, which is owned by the Public Markets team.

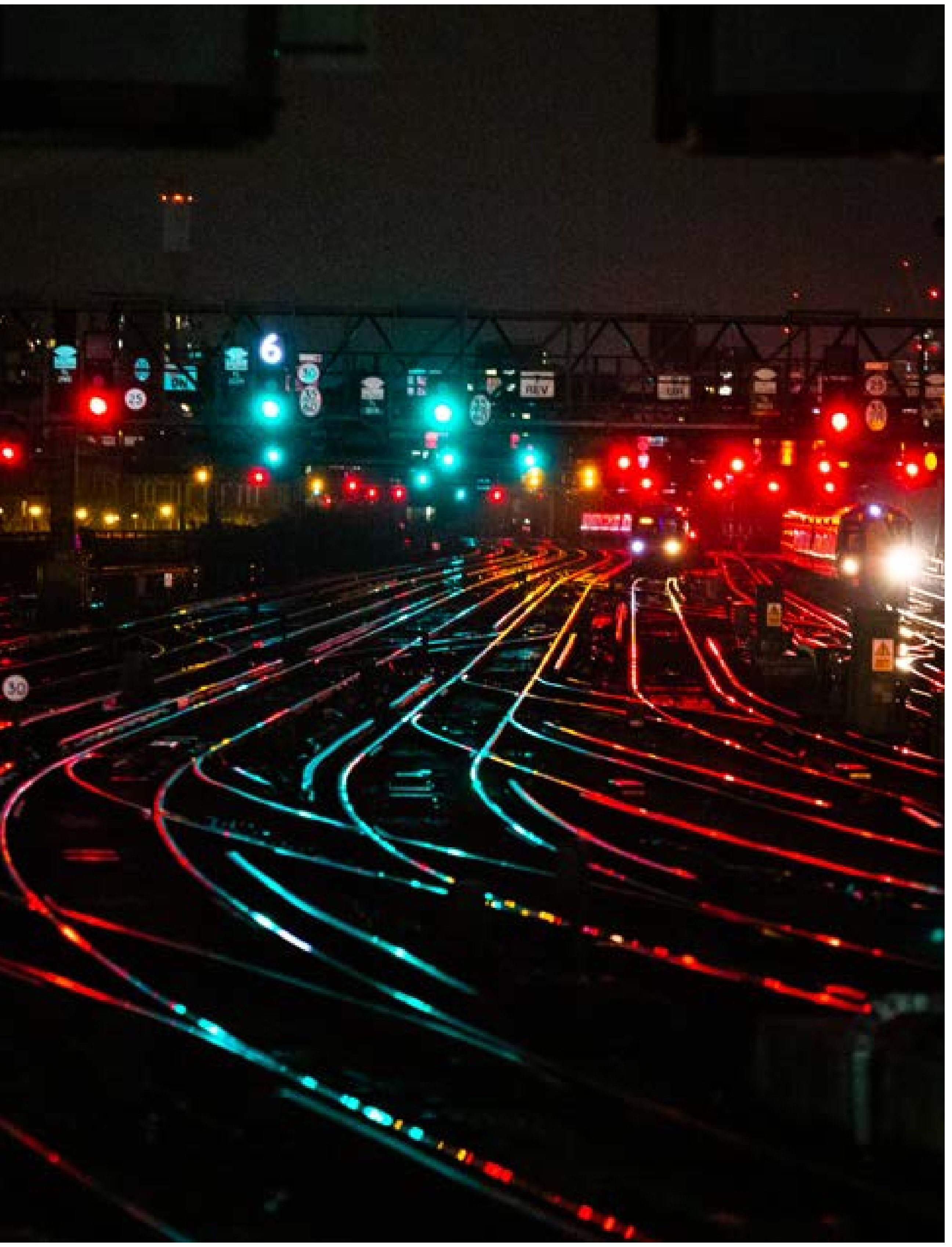
Only securities which are very liquid are lent out and only in markets with more established governance procedures.

RPIL's participation is subject to an overriding requirement that:

- no more than 90% of its total exposure should be out on loan at any one time. This means that there will always be a residual holding that can be voted on;
- in addition, RPIL will recall stock to vote in exceptional circumstances where, for example, there is an important issue of principle, or the voting outcome is believed to be close;
- RPIL also has a standing instruction in place for a full recall of all Japanese stock out on loan ahead of the voting season; and
- as an Eumedion member, RPIL recalls its lent shares before the voting record date for a general meeting of a Dutch listed investee company, if the agenda for that general meeting contains one or more significant matters.

RPIL has a policy whereby it automatically recalls all of its Fundamental Growth Portfolio holdings, in advance of every annual, special or extraordinary meeting. This enables RPIL to use the full weight of its vote and influence on companies where there is a significant proportion of assets and where, consequently, there is significant value-at-risk. There are daily checks on RPIL's total exposure and weekly reports from the Investment Operations team to the Sustainable Ownership team. This supports RPIL in monitoring what shares are out on loan and therefore what voting rights can be exercised at any given time.

Appendix B
Defined Contribution Chair's Statement



On behalf of the Trustee Directors of the Industry-Wide Defined Contribution Section of the Railways Pension Scheme ('the IWDC Section' or 'IWDC'), I am pleased to present the Chair's Statement for the period from 1 January 2025 to 31 December 2025 ('the Scheme year').

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended (as inserted by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (the 'Administration Regulations'). This statement explains how the Trustee Board has met the legal requirements for running the IWDC arrangement for the Scheme year, including:

- the default investment arrangement
- funds and strategies for members who choose their own investment options
- reviewing the default investment arrangement
- return on investments
- charges and transaction costs paid by members
- good value for members
- processing core financial transactions
- trustee knowledge and understanding
- additional governance requirements for multi-employer schemes; and
- encouraging member feedback.

When referring to the "Scheme" in this statement, we refer to the railways pension schemes as a whole. This includes the Railways Pension Scheme ('RPS'), British Railways Superannuation Fund, British Transport Police Force Superannuation Fund and BR (1974) Fund. The IWDC Section is within the RPS.

The default investment arrangement

The Trustee has selected a default investment arrangement for members who do not choose their own investments. For IWDC members, this is a Lifestyle strategy called 'Target Flexible Drawdown'. This strategy invests in a variety of underlying funds, with the allocation to each fund changing as members near their Target Retirement Age ('TRA').

The current default investment arrangement was introduced in 2022. It has been constructed on the basis that most IWDC members are expected to flexibly drawdown their benefits. Approximately 95% of IWDC members are invested in the default investment arrangement.

More information on the default investment arrangement is provided below:

DC Arrangement	Growth Portfolio 10+ years to Target Retirement Age ('TRA')	Portfolio at Target Retirement Age	Length of switching period
IWDC Section	100% Long-Term Growth Fund	■ 25% Long-Term Growth Fund ■ 50% Corporate Bond Fund ■ 25% UK Government Fixed-Interest Bond Fund	10 years

The following table provides an overview of the asset exposure within the Target Flexible Drawdown Lifestyle strategy for members who are 10 or more years from their TRA, 5 years from TRA, and at TRA. The allocations shown represent the economic exposure to the underlying asset classes; these add to over 100%, due to leverage within the Long Term Growth Fund. Statutory guidance notes that allocations should add to 100%, and as such, the negative cash line relates to the amount of leverage within the strategy. Percentages may not total exactly 100% due to rounding.

IWDC - Target Flexible Drawdown breakdown by asset class	10+ years to TRA	5 years to TRA	At TRA
Bonds	63%	77%	91%
Government Bonds	*43%*	*39%*	*36%*
Corporate Bonds	*20%*	*37%*	*55%*
Listed Equities	67%	42%	17%
Private Equity	1%	1%	0%
Infrastructure	2%	1%	1%
Property	11%	7%	3%
Private Debt	0%	0%	0%
Other	11%	7%	3%
Cash	-55%	-34%	-14%
	100%	**100%**	**100%**

Funds and strategies for members who choose their investments

For the IWDC Section, there are two additional Lifestyle strategy options available. These are the Target Annuity Lifestyle strategy, designed for members intending to purchase an annuity upon retirement, whilst also providing some level of capital protection and the Target Lump Sum Lifestyle strategy, intended for members who plan to withdraw their pension as a single cash lump sum.

There are also seven self-select investment funds available. These are intended for members who prefer to take a more active role in managing their fund choices. The seven investment funds are:

- the Long Term Growth Fund;
- the Global Equity Fund;
- the Socially Responsible Equity Fund;
- the Corporate Bond Fund;
- the UK Government Fixed-Interest Bond Fund;
- the UK Government Index-Linked Bond Fund; and
- the Deposit Fund.

There is more information about aims and objectives in the Trustee's Statement of Investment Principles ('SIP'), which is included as Appendix 1 to this statement.

Reviewing the default investment arrangements

The Trustee is required to undertake an in depth review of the default investment arrangement at least every three years, or earlier if there is a significant change in investment policy or in the membership profile. The most recent review was concluded in the Trustee's Defined Contribution Committee ('DCC') meeting on 23 September 2023. This review covered the performance and strategy of the default investment arrangement, the alternative lifestyle strategies and the self-select fund range.

During the Scheme year, the DCC monitored the performance of the investment funds offered, including those comprising the default investment arrangement, at each of its quarterly meetings on 17 March 2025, 3 June 2025, 16 September 2025 and 4 December 2025. In addition, projected member outcomes for the default strategy were considered, including how projected income in retirement compares to the Pensions UK (formerly the Pension and Lifetime Savings Association) living standards in retirement.

No changes were made to the strategy as a result of this, and the Trustee confirmed that the default arrangement continues to be appropriate for IWDC members, reflecting its ongoing performance, risk profile, expected outcomes and alignment with members' expected retirement behaviours. The next formal review will take place in 2026.

Return on investments

The Trustee has taken account of the statutory guidance and reports the investment returns (net of charges and transaction costs) for the default arrangement and each fund that IWDC members were able to invest in, over the Scheme year. The table below sets out this return. Returns, dating back to the funds' inception, are also included to enable employers and members understand how their investments are performing, and to reflect performance through different market conditions:

Fund / Strategy (inception date*)	Return to 31 December 2025 (% p.a.)		
	Since Inception	5 years	1 year
Long Term Growth Fund (12/05/13)	7.4%	6.2%	13.3%
Global Equity Fund (30/05/13)	10.4%	12.8%	20.5%
Deposit Fund (12/05/13)	1.3%	2.9%	4.1%
Socially Responsible Equity Fund (10/06/22)	11.2%	n/a%	6.8%
Corporate Bond Fund (17/05/22)	3.8%	n/a%	7.0%
UK Government Fixed-Interest Bond Fund (17/05/22)	-7.2%	n/a%	4.8%
UK Government Index-Linked Bond Fund (17/05/22)	-17.1%	n/a%	-0.2%
Default - the Flexible Drawdown Lifestyle strategy (members aged 25, 45 and 55 assuming a TRA of age 65)**	**7.4%**	**6.2%**	**13.3%**

*'Since inception' performance in not comparable between funds due to different fund inception dates.
**The default strategy for the IWDC Section invests fully in the Long Term Growth Fund until members are 10 years away from their TRA. The UK Government Fixed-Interest Bond Fund and the Corporate Bond Fund form part of the default arrangements for members within 10 years of their TRA.

Within the Long Term Growth Fund, the main driver of returns over the last year has been the exposure to equities.

Charges and transaction costs paid by members

The Trustee has taken account of statutory guidance when preparing this statement regarding charges and transaction costs. The annual management charge ('AMC') covers all costs and charges relating to general IWDC Section administration and investment administration. Performance fees and costs incurred as a result of holding or maintaining property are listed separately, as they fall outside of the charge cap.

During the Scheme year ending 31 December 2025, the level of charges applicable to the funds in the IWDC Section, including the funds which are part of the default lifestyle strategy, were:

DC fund	AMC* %	Property costs %	Performance fees %
Long Term Growth Fund	0.61	0.10	0.08
Global Equity Fund	0.38	N/A	N/A
Deposit Fund	0.40	N/A	N/A
Corporate Bond Fund	0.45	N/A	N/A
UK Government Fixed-Interest Bond Fund	0.37	N/A	N/A
UK Government Index-Linked Bond Fund	0.35	N/A	N/A
Socially Responsible Equity Fund	0.59	N/A	N/A

*AMC is exclusive of property and performance fees, which are disclosed separately.

Railway Pension Investments Ltd ('RPIL') manages the IWDC Section's investments and provides full transparency to the DCC on the underlying costs making up the AMC, such as investment management, legal, and IT.

The IWDC Section funds are invested alongside the Scheme's defined benefit ('DB') arrangements, using the same underlying pooled funds where possible. This means that IWDC Section members benefit from many of the same investment opportunities and economies of scale as members of the DB arrangements.

The Trustee is also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Scheme's fund managers buy and sell assets within investment funds. Such costs include broker commissions, commissions of futures, transfer taxes, and other fees such as bank fees, search fees, legal fees, and stamp duty.

Transaction cost (and any other fee) information has been requested from the fund managers ahead of their annual accounts being published. For 2025, only the Long Term Growth Fund held investments that incurred explicit transaction costs. Not all managers of Long Term Growth Fund investments have been able to supply complete and final information by the date of signing this statement and where full coverage of all costs has not been achieved estimates have been included. Explicit transaction costs information for the other DC funds is complete and final.

DC fund	Average 2025 asset value £m	Transaction costs %	Cost info available %
Long Term Growth Fund	239.2	0.07	80
Global Equity Fund	34.0	N/A	100
Deposit Fund	5.9	N/A	100
Corporate Bond Fund	30.2	N/A	100
UK Government Fixed-Interest Bond Fund	16.7	N/A	100
UK Government Index-Linked Bond Fund	1.4	N/A	100
Socially Responsible Equity Fund	0.7	N/A	100

As many fund managers are unable to provide finalised cost information until months following their year-end, Railpen, on behalf of the Trustee, begins an annual exercise of collating this data in the second quarter of each year. The primary method adopted is using the Pensions UK Cost Transparency Initiative's templates, which are distributed to managers for completion. If managers do not engage, steps are taken to escalate the issue higher within the organisation. As a contingency method, Railpen will source this information from annual reports and audited accounts of the underlying funds, which again will become available as reports are published over the coming months. This only applies to the Long Term Growth Fund, as information for the other DC funds is final and complete.

The Trustee minimises transaction costs arising from buying and selling assets, as far as possible, through the pooling arrangements within the RPS. There are strict policies and procedures in place to ensure that any trading costs are spread fairly between all IWDC Section members.

The default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their TRA. This means that the level of charges and transaction costs will vary depending on how close members are to their TRA and in which fund(s) they are invested. For the period covered by this statement, AMC, property costs, performance fees and transaction costs are set out in the table below. The member borne charges for the IWDC Section's default arrangement complied with the charge cap.

Time to retirement years	Fund mix	AMC %	Property costs %	Performance fees %	Transaction costs %
10	100% Long Term Growth Fund	0.61	0.10	0.08	0.07
5	62.5% Long Term Growth Fund 12.5% UK Government Fixed-Interest Bond Fund 25% Corporate Bond Fund	0.54	0.06	0.05	0.04
0	25% Long Term Growth Fund 25% UK Government Fixed-Interest Bond Fund 50% Corporate Bond Fund	0.47	0.03	0.02	0.02

The Trustee will continue to monitor the funds' costs and charges closely.

The Trustee is required to illustrate the cumulative effect of costs and charges on the value of members' fund values over time. There is a prescribed method for doing this, based on a 'representative' member of the IWDC Section. This illustration is included in Appendix 2 of this statement.

Good value for members

When assessing the charges and transaction costs members pay, the Trustee needs to consider whether the investment options and benefits offered by the IWDC Section represent good value when compared to other options available in the market. As the IWDC Section is an authorised Master Trust, comparisons are made against other Master Trusts.

The Trustee is pleased to report that the IWDC Section delivered good value for members during the 2025 Scheme year. The assessment recognised particular strengths in trustee governance, ESG integration and communications. Administration performance, while improved during the year, continues to be an area of focused development and we have taken significant steps through leadership changes, strengthened Service Level Agreement ('SLA') performance and a member-first ethos, to support further progress in 2026. The Trustee remains committed to continual improvement and will monitor delivery of developments and enhancements closely throughout the coming year.

The assessment, supported by an external party, assessed VFM under a framework which covered seven key aspects. Inspection of documents, enquiries / questionnaires were considered to complete the assessment. Ratings were awarded based on the assessment of value delivered across seven areas, which had differing weightings.

- Costs & Charges - good
- Trustee Governance – best in class
- Administration - good
- Investment – best in class
- Environmental, Social and Governance ('ESG') - best in class
- Retirement journey – good
- Communication & tools – best in class

Although costs are relatively high compared to the comparator group, these include administration expenses and also reflect an underlying allocation to private markets. Fee reductions have been negotiated for implementation in 2026, which position the IWDC Section to deliver even better long term outcomes for members.

The governance structure, diversity of the Board and the DCC, along with policies and training, are robust in supporting the IWDC Section in delivering good value for members.

Member satisfaction and the Net Promoter Score remains good for active and preserved IWDC members. Very low levels of complaints were received during 2025.

The growth phase of the IWDC default strategy (where the majority of members are invested) delivered strong investment performance over the assessment year, with market falls being well managed within volatile markets. Compared to a comparator group of master trusts, longer-term performance has lagged, largely due to a lower equity allocation. Looking forwards, the growth phase of the default arrangement has the highest expected return and lowest expected volatility amongst the comparator group. The triennial investment strategy review will take place over 2026, along with the introduction of an Islamic Equity fund. RPIL's approach to ESG and stewardship is a particular strength, and it, as a provider of investment funds for the IWDC Section, continues to be seen as a market leader in this space.

Pre-retirement support provided to members has also been strengthened over the Scheme year, although there is more work to do, particularly for non-digital members. Members have access to range of tools, self-serve features and guides to help them plan and prepare for retirement.

There is no in-scheme drawdown and we continue to review this and the service we receive from external partners that support this.

The digital offering was further strengthened via a single death benefit nomination form to cover different periods of services and a gamification of communications to help drive member engagement. The paper retirements form was simplified in Q4 2025 and a digital retirement form was launched in January 2026.

There is still work to do to improve member correspondence generated from the administration system, but overall communications continue to make progress. In 2025 the content standards framework developed in partnership with its communications adviser, Quietroom, was refreshed. Railpen, on behalf of the Trustee, will continue to use this framework to review its most used letters across its core process, including retirement and bereavements throughout 2026.

Processing core financial transactions

During 2025, the Trustee strengthened its oversight to ensure core financial transactions have been processed accurately and timely. Exception cases were a point of focus to improve timely allocation of receipts, however, all transactions were processed accurately and promptly with the exception of transfers.

- investment of contributions
- transfer of members' assets to and from the Scheme, and between sections within the Scheme
- switching between investments within the Scheme, and
- payments out of the Scheme to members and beneficiaries.

A deeper dive into transfer transactions was commissioned by the Trustee in Q4 2025 to ensure appropriate actions were taken to improve service. Actions taken included upskilling administrators, enhancing casework management and increasing capacity to recover backlogs and return service to within service levels. The work is ongoing with a trajectory to be within service levels by May 2026.

SLAs are in place with our administrator for all of these core financial transactions. Service level objectives include accurate and timely calculation, approval and payment of benefits and transfers and the investment of contributions. The quarterly administration report is overseen by the Member Case and Administration Committee and the DCC, who also meet at least quarterly. The aggregated regulatory SLA achieved in 2025 was 99.75% and for key SLAs within 2025 it was 90.17%.

To ensure day-to-day compliance with the core financial transactions, a number of controls are in place with our administrator, including:

- daily unit reconciliations to ensure investments and disinvestments have been completed effectively
- a dedicated Employer Support team to monitor the timely receipt of employer contributions
- system validations to ensure incoming data from employers meets minimum standards
- daily system start-of-day health checks to ensure any system issues or anomalies are identified and rectified immediately
- functional segregation of duties between the Finance function dealing with cash and the Administration function who execute member transactions
- daily bank reconciliations support
- application role profiles are commensurate to skill levels and ensure segregation of duties with four eye checks employed for payments out. Senior approval is required for transactions over certain amounts

The Trustee oversees financial transactions through the Trustee board receiving a quarterly administration report from Railpen, and sub-committees receiving additional reporting from Railpen with control assurance intra year. The AAF 01/16 report is shared with the Audit and Risk Committee and action plans overseen through the Internal Audit reporting. In addition, the core financial transactions performed by Railpen, our administrator on our behalf, are overseen by key controls which are annually tested and reported within the AAF 01/20 Internal Controls Report. The testing is carried out by external auditors, who along with management at our administrator, sign off the report in full. Underpinning this, the administrator's internal audit team perform an independent governance role, carrying out internal audits over the financial environment operating. Any improvements to the current environment formulate an action plan which is overseen by the Trustee through the independent internal audit function.

At an operational level, Railpen implemented a first line control assurance monitoring programme towards the end of Q4 2025; this underpins the accuracy and timeliness of member transactions with greater frequency and oversight and allows for ongoing reporting to the DCC as standing agenda item.

From time-to-time, errors in processing occur. The manager of the area responsible for the error will perform a review identifying the root cause, which is then reported through internal governance forums, to ensure sustainable rectifications to prevent reoccurrence are put in place. In addition, all complaints are subject to root cause analysis which is independently verified by the administrator's quality assurance team. During the year, Railpen confirmed we had no specific issues of a material nature within the IWDC Section with the exception of transfers, as mentioned above. Railpen did identify opportunities to strengthen the daily reconciliation process and these improvements will be finalised in 2026.

Where necessary, ad-hoc reports are commissioned so the DCC can review the progress of any issues raised. The Committee receives a DC Controls Report at each meeting which covers a number of areas, including unit differences, employer breaches and loss of investment charges incurred during the period by both the administrator and employers.

During 2025, Railpen worked with an external partner to improve operational maturity. This has led to upskilling, increased visibility of casework challenges, with improvements to timeliness, and has resulted in an embedding of quality in administration to continually reflect and improve accuracy, timeliness and overall service to members. The trustee sub committees oversaw the detailed casework recovery plans and member outcome measures.

Linked to the Trustee's strategic goals, one of which is good member outcomes, our member first ethos continued in 2025. Railpen embedded two core member outcome measures, 'lump sums on time' and registration of new members within 6 months of joining. These measures are underpinned with a cultural shift to focus on what really matters to a member and this is driving new insights and initiatives. One such instance includes an online retirement application form to help members get it right first. Member first outcomes are now being embedded as part of the core trustee oversight as they feature in the quarterly reporting.

Trustee Knowledge and Understanding ('TKU')

Railpen runs a comprehensive induction programme for new Trustee Directors, which ensures that they have good awareness and understanding of the Scheme's governing documentation (including the trust deed and rules, statements of investment principles, and all relevant policies), the principles relating to investment of Scheme assets, pensions and trust law, the role of a trustee, and the identification, assessment and management of relevant risks and opportunities relating to climate change. The induction process is tailored to the individual and involves a series of introduction meetings spread throughout the first 12 months of appointment. The initial induction meeting focuses on identifying potential knowledge gaps. The subsequent induction meetings are facilitated by subject matter experts and provide an overview of areas considered to be appropriate for that new Trustee Director. After three months, the newly appointed Trustee Director is required to complete a Trustee Knowledge and Understanding questionnaire to identify any other knowledge gaps, and if required, training is arranged in the identified areas. Following this, all Trustee Directors take part in the annual review of training needs.

Individuals who have been nominated to become a Trustee Director must complete TPR's Trustee Toolkit before they can be appointed as a Trustee Director of the Railways Pension Trustee Company Limited.

The Trustee Toolkit is an online learning programme from TPR aimed at trustees of occupational pension schemes. The Toolkit includes a series of online learning modules and downloadable resources developed to help trustees meet the minimum level of knowledge and understanding introduced by the Pensions Act 2004 and subsequent regulations. There is also a requirement for current Trustee Directors to refresh the Trustee Toolkit every three years, which they evidence by providing copies of their development records.

In addition to all Trustee Directors having completed the Pensions Regulator's Trustee Toolkit, eight out of 16 Trustee Directors hold the Pensions Management Institute's Award in Pension Trusteeship, providing formal recognition of these Trustee Directors' knowledge and understanding. One Trustee Director is an Accredited Professional Trustee (accredited through the PMI).

Existing Trustee Directors received regular training throughout the year, either at quarterly Trustee/ Committee meetings or additional Trustee workshops. They are also encouraged to attend external conferences and webinars on specific topics of interest and to increase their general knowledge and understanding, as well as TKU training provided by Railpen which includes scheme-specific insights to complement and build on the information included in the Trustee Toolkit.

To further ensure the Trustee Directors, and the Board and Committees as a whole, meet the required level of knowledge and understanding introduced by the Pensions Act 2004, the Trustee Directors must review their training needs each year. This is completed as part of their annual review conversations with the Trustee Chair in Q1 each year, and was completed in January and February 2025.

Alongside this conversation, the Trustee compiles a skills matrix to detail the relevant skills and experience of each member of the Trustee Board. Together, these demonstrate the strength and depth of expertise that each is able to bring to the role, and the skills and expertise across the Trustee Board as a whole. These self-assessments are reviewed by the Trustee Chair and challenged where appropriate to ensure a robust and supportive peer review process through the annual review conversations.

A subset of the skills matrix is compiled for each Committee to ensure that relevant knowledge and expertise is present for each Committee according to its terms of reference. The annual review of the skills matrix ensures that any gaps are identified and that the necessary additional training and development is undertaken, or that additional advice can be sought (as necessary) to support the Board or Committee in the specified areas. No knowledge gaps were identified in 2025 which required remedial action, specific training, or other mitigation.

During the Scheme year, Railpen provided training and workshops for Trustee Directors on a variety of DC and DB-related topics, including:

- Stewardship 'In Our Own Back Yard';
- Nature & TNFD: Understanding Nature-Related Risks and Opportunities;
- Contribution Collection;
- Investment and Funding for open, strong-covenant DB Sections & Review of one of the Trustee's Strategic Goals;
- General Code of Practice;
- Comparing RPS and CARE benefit structures;
- Thinking forward to 2035 for the Railways Pension Schemes; Good Practice in Trustee Governance; Industry and scheme changes;
- 2025 RPS DB Valuation (Long-Term Objectives and the Methodology for Calculating Contribution Rates);
- Trustee training on the Pension Schemes Bill;
- Trustee training on the Growth Pooled Fund;
- Trustee training on Investment implementation;
- Master Trust Training;
- Deep Dive - Investment Performance and Benchmarking; and
- Cryptocurrency Asset training.

These topics were identified as appropriate training based on the 2025 training requirements and skills analysis review, were requested on an ad-hoc basis by the Trustee, or were proposed by Railpen and other advisors based on the topics and scheme events requiring Trustee decisions during the year.

The Trustee Board is made up of 16 Trustee Directors who each possess individual skills and experience that are relevant to the role of Trustee of a Master Trust, like the IWDC Section.

The Trustee Board is diverse in employment experience and history. Several are long-standing Trustee Directors and have served on several of the Trustee's committees and subsidiary boards over the years. They therefore have significant experience of all aspects of the RPS and its corporate management activities, and this is spread across the whole Board rather than concentrated in one or two individuals.

The Trustee Directors have a wide range of experience, from working as Pensions Directors for employers in the rail industry to senior financial professionals within large organisations. A number of Trustee Directors have a background in trade unions, including sitting on their Executive Committees or senior appointments including General Secretary. Many Trustee Directors have experience of other pension schemes and have negotiated on pensions and benefits on behalf of their members or the employer. The Trustee Board includes individuals with a broad range of expertise from across the rail industry at all levels, which is highly-valued and contributes to the Trustee's effectiveness in decision-making, discussion, and exercise of its fiduciary duties.

Based on the above, the Trustee Directors have a good working knowledge of the IWDC governing documentation and documentation setting out the Trustee's policies, including the Trust Deed & Rules, the SIP and the documents setting out the Trustees' current policies – all of which are available to the Directors for reference at any time. Further, the Trustee Directors believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil their duties.

In addition, the Trustee's professional advisors are available to attend Trustee meetings when needed to provide guidance on various Scheme matters. With a sufficiently diverse Trustee Board, their broad collective experience ensures that they are in a position to challenge robustly the advice they receive. In particular, as all Directors are nominated and elected by the Scheme's stakeholders, the Board gains insight into the employers' and members' perspectives of how the Scheme is run and the benefits it offers.

As a result of the training activities which the Trustee Directors have completed, individually and collectively as a Board, the broad range of experience held by Trustee Directors, and the annual training analysis, skills matrix review and regular effectiveness reviews, I am confident that the combined knowledge and understanding of the Board, together with the professional advice available to it, enables it to exercise properly its functions as the Trustee of the IWDC Section and of the RPS generally.

Additional governance requirements for multi-employer schemes

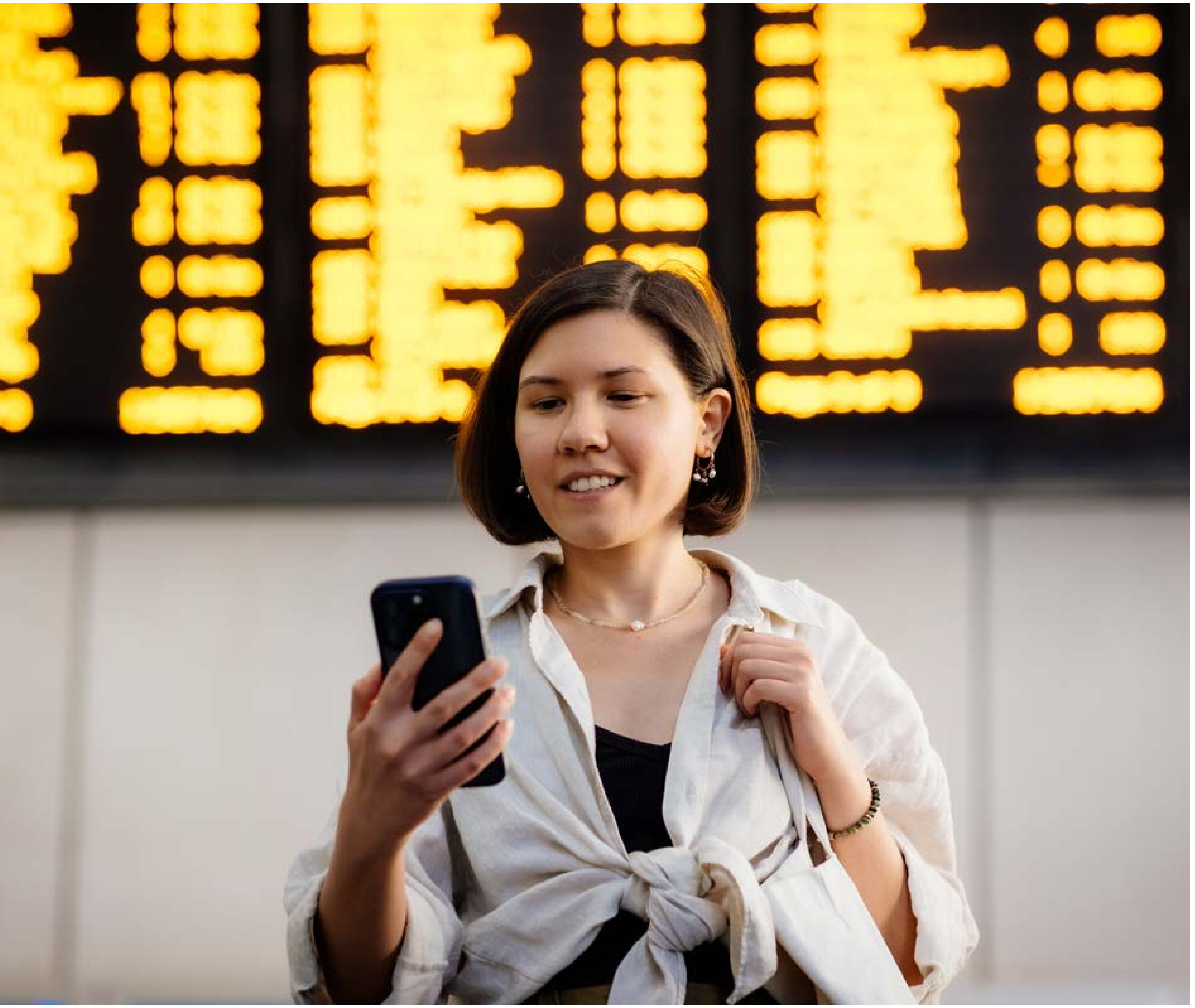
The Administration Regulations require the Trustee Board of any 'relevant multi-employer scheme' like IWDC to have a majority of 'non-affiliated trustees', including the Chair.

From April 2016, the Trustee has been required to comply with this governance standard, which is designed to offer additional protections for members and ensure that the Trustee acts in their best interests. The Trustee Board has considered these requirements and determined that all Trustee Directors, including the Chair, can be classed as 'non-affiliated trustees' for the purpose of the Administration Regulations. This means that we have considered carefully any links that Trustee Directors may have with companies providing services to the Scheme, and reviewed the procedures in place for managing any conflicts of interest that may arise, and concluded that all of the Trustee Directors are independent of any undertaking which provides advisory, administration, investment or other services in respect of the IWDC Section, taking account of the matters set out in Regulation 28(3) of the Administration Regulations. No new Trustee Directors were appointed to the Board during 2025.

We have also reviewed our appointment process to ensure that it is open and transparent and allows representation on the Trustee Board from across the rail industry. We will ensure that non-affiliated Trustee Directors, including the Trustee Chair, are always in the majority on the Trustee Board.

There were no vacancies on the Board during 2025.

The Trustee Board has been kept informed of developments relating to TPR's authorisation and supervision regime introduced by the Pension Schemes Act 2017 and the Occupational Pension Schemes (Master Trusts) Regulations 2018. The supervision regime continued throughout the Scheme year and the Trustee submitted required documentation in line with the supervisory requirements.



Encouraging member feedback

The Trustee Board encourages Scheme members to share their views about the Scheme, the benefits it offers, the investment options available, and their plans for how they intend to use their funds to provide an income in retirement. IWDC active and preserved members receive the annual Insight newsletter in May. The newsletter provided to members during the Scheme year included articles on sustainable investments, the latest performance information, and the ways members can use their pension pot at retirement. IWDC active and preserved members, for whom an email address is held, also receive three e-bulletins per year on key topics relating to the Scheme, pensions in general, and actions they could take to improve their outcomes. Members are given opportunities to share their thoughts on specific processes and improvement ideas through online surveys.

A dedicated online member advisory group was established a few years ago, called Platform, which is promoted through regular Scheme communications and the website, giving members the chance to share their views on important topics. This insight is reported to the Trustee and directly shapes the development of member communications, such as investment guides, fund fact sheets and educational video content.

In addition to this, an annual member survey is undertaken in partnership with the Institute of Customer Service. IWDC members are given the opportunity to give a satisfaction, net promoter and effort score, as well as provide verbatim comments. The results in 2025 showed that IWDC members gave us an overall satisfaction score of 81.7, which was significantly higher than the UK customer service index average of 76.1.

Alternatively, if members prefer, they can contact the member Helpline on the free phone number 0800 012 1117. They can also provide secure messages via the member website. The annual newsletter, bulk member communications and the member website, have referred to the Helpline number, secure messaging and email address as standard practice throughout the Scheme year. Additionally, many Trustee Directors also have regular contact with members through their day-to-day activities, for example as Pensions Managers of participating employers or as trade union officials.

The Trustee has considered the size, nature and demographics of the Scheme and provides multiple channels and media through which members may contact the Scheme, in line with its 3-year Communications Strategy (the latest iteration of which was approved in December 2023). The Trustee is satisfied that all members from all sections of the Scheme are encouraged to share their views, in particular in response to key communications or Scheme events.

Christine Kernoghan, Trustee Chair
26 March 2026

Appendix 1 Statement of Investment Principles (also forming part of the Trustee's Annual Report)

Appendix 2 Illustration of the cumulative effect of costs and charges on the value of members' fund values over time

Appendix 1: Statement of Investment Principles ('SIP') (also forming part of the Trustee Annual Report)

Introduction

1. Railways Pension Trustee Company Limited is the trustee body (the "Trustee") for the railways pension schemes listed in Schedule 1 (the "Schemes") and for each separate Section (a "Section") within the Railways Pension Scheme ("RPS") and the British Transport Police Force Superannuation Fund ("BTPFSF").

2. The Trustee is required under legislation to produce and maintain a SIP to set out the investment principles governing decisions about investments for each scheme. The Trustee considers each scheme individually and collectively, and this document represents the combined SIP for the schemes.

3. The schemes are occupational pension schemes providing defined benefit ("DB") and defined contribution ("DC") benefits. The main body of the SIP relates to DB and DC elements of the schemes (unless otherwise stated), whereas Schedules 2 and 3 apply to certain DC elements only.

4. The Trustee has drawn up this SIP to comply with the requirements of the Pensions Act 1995 (as amended) and subsequent legislation, including The Occupational Pension Schemes (Investment) Regulations 2005 (the "Investment Regulations"). The Trustee has received written advice from the Trustee's wholly-owned subsidiary, Railway Pension Investments Limited ("RPIL"), whom the Trustee believes to be suitably qualified and experienced to provide such advice, before adopting this SIP. The Trustee has two wholly-owned operating subsidiaries, Railpen Limited ("Railpen") and RPIL, to which it delegates the day-to-day operation of the schemes.

5. This SIP was finalised by the Trustee on 23 October 2024 following consultation with relevant employers.

Responsibilities and Process

6. The Trustee is responsible under the Pensions Act 1995 for determining the overarching investment principles used across the schemes. These are outlined in this SIP, and supporting documents can be found online at **www.railpen.com/investing/**.

7. The Trustee has investment powers under the Pensions Act 1995, the Railways Pension Scheme Pension Trust, the Rules of the British Railways Superannuation Fund, the British Transport Police Force Superannuation Fund Trust Deed and Rules, and the BR 1974 Pension Fund Trust Deed and Rules.

8. Within the DB arrangements, for RPS sections where the employer has elected to establish a Pensions Committee ("PC") and for schemes where a Management Committee ("MC") is in place, power to determine an investment policy to establish the proportion of assets to be held in each of the Pooled Funds lies with the Committee (with the exception, at the time of drawing up this SIP, of the British Transport Police Force Superannuation Fund, the RPS Govia Thameslink Railway Section, and the RPS London Overground Section). Save for the 1994 Pensioners Section of the RPS, this is subject to a veto right for the Trustee if in its opinion the proposed policy would be likely seriously to prejudice the security of members' interests. In the case of the 1994 Pensioners Section of the RPS only, this is subject to the consent of the Trustee and the Secretary of State. The Trustee manages interactions with the PCs and MCs to ensure compliance with this SIP and applicable laws. Where a PC or MC is not in place, the Trustee has sole responsibility for setting the investment strategy. The Trustee has delegated this responsibility to a sub-committee, the Integrated Funding Committee ("IFC"). The investment strategy for each scheme and/or section is included in their respective Quarterly Investment Report, which is shared with the sponsoring employer. A copy of each scheme and/or section's investment strategy is also available to the sponsoring employer upon request.

9. The Trustee is responsible for investment strategy implementation and has in turn delegated this to RPIL. The Trustee is also responsible for ensuring that any strategy and/or policies adopted comply with the applicable legal requirements.

10. The SIP is reviewed following each triennial Actuarial Valuation and following any significant change in investment policy. The Trustee will consult with the relevant employers about any changes to the SIP.

Investment Beliefs

11. The Trustee and RPIL co-created a set of core beliefs that set out a clear view on investment philosophy and Scheme governance. These beliefs are used to inform the investment process used across the schemes. The Trustee reviews the Investment Beliefs periodically and they are available to view online at **www.railpen.com/investing/how-we-invest/**.

Investment Objectives

12. The Trustee's mission is to pay members' pensions securely, affordably, and sustainably.

13. With respect to the DB elements of the schemes, it achieves this through investing the assets of each scheme and section in a way that enables them to be used to pay the benefits promised when they fall due, whilst balancing this against the cost that must be met by the employers and members. The Trustee adopts an integrated approach to covenant, funding, and investment, and the investment strategy applied to a particular scheme or section within the ambit of the Trustee's investment policies and applicable laws will take into account a range of factors including, but not limited to, the scheme or section's funding level, maturity characteristics, liquidity and return requirements, risk tolerance and the strength of the employer covenant. Due to the different characteristics of the schemes and sections, investment strategies will vary widely amongst them and from time to time. The overall investment policy objectives for the schemes and sections are:

13.1. To achieve and maintain, together with any contributions, a funding level of at least 100% measured on an on-going basis over time, and

13.2. To target a long term return that is sufficient to support the discount rates used in the funding assumptions, with an acceptable level of expected volatility and taking account of liquidity requirements.

14. Investment strategy considerations for the DC elements of the schemes are included in Schedules 2 and 3.

Investment Policy for Securing Compliance with Section 36 of the Pensions Act 1995

15. Before investing in any manner, the Trustee obtains and considers written advice from RPIL on the question of whether the investment is satisfactory, having regard to relevant factors, including the need for suitable and appropriately diversified investments. The Trustee's policy is to obtain written advice from RPIL in relation to any retained investment at regular intervals.

16. The Trustee exercises its powers of investment with a view to giving effect to the principles in this SIP, as far as reasonably practicable.

Kinds of Investments to be Held and Management of the Pooled Funds

17. The Trustee is responsible for investing the schemes' assets in the best interests of members and beneficiaries, and it exercises its powers of investment in accordance with the trust deed and rules of each scheme and applicable laws.

18. The schemes and sections invest in a number of HMRC-approved pooled funds (the "Pooled Funds") operated by RPIL on behalf of the Trustee. These funds are used to implement the investment strategy for schemes and sections, and are intended to accommodate their different investment requirements and objectives. In terms of the balance between different kinds of investments, the assets of the schemes and sections consist predominantly of investments admitted to trading on regulated markets. Investments that are not admitted to trading on regulated markets may be held where it is deemed beneficial from a risk and return perspective, but are in any event kept to a prudent level.

19. Each Pooled Fund has distinct expected return, risk and liquidity characteristics, and is either multi-asset or single-asset class by design. The Trustee recognises that schemes and sections can benefit from the diversification offered by investing across various asset classes, due to their different risk and return drivers. The investment performance of each Pooled Fund is measured against an agreed objective, and the objective and investment guidelines for each Pooled Fund are set out in the Pooled Fund Policy document and Pooled Fund Directive document.

20. The proportion of scheme or section assets to be held in a particular Pooled Fund at any point in time may differ from the investment strategy, for example due to market movements or implementation constraints. RPIL monitors the proportion of assets held in a particular Pooled Fund and the balance between the different kinds of investments on behalf of the Trustee. The Trustee, and RPIL under delegated authority, may take actions to change these proportions as it considers appropriate.

21. The Trustee regularly reviews the Pooled Fund range and may change the range of Pooled Funds, the associated objectives, and the investment guidelines from time to time as it considers appropriate, in accordance with the rules of the schemes and with the benefit of advice from RPIL and the Trustee's independent investment expert.

22. The investment of the assets within each Pooled Fund, including day-to-day investment decisions, are delegated under an Investment Management Agreement to RPIL, the investment manager for the railway pension schemes, or to fund managers appointed by RPIL (together the "Fund Managers"). The Investment Management Agreement sets out the parameters and policies within which RPIL operates.

23. The investment arrangements are overseen by the Investment Oversight Committee ("IOC"), a Committee within RPIL, which ensures adherence to the Trustees' investment policy, oversees the investment process, and approves risk guidelines and limits. More information on the delegated structure can be found at: **www.railpen.com/about-us/our-governance/**. The Trustee reviews and monitors performance (and fees) to ensure that the activities of RPIL continue to be aligned with the Trustee's investment policy.

24. In turn, RPIL is responsible for ensuring that the Fund Managers invest scheme assets in line with the Trustee's investment policy, and that the Fund Managers' approaches to stewardship and environmental, social and governance ("ESG") integration, including climate change, align where relevant with the Trustee's investment beliefs and with the Trustee's own approaches to stewardship and ESG integration (including climate change), which are detailed below. This includes assessing how the relevant Fund Manager makes investment decisions based on the medium- to long term financial and non-financial performance of investee companies, and how it engages with investee companies to improve their performance.

25. RPIL reviews and monitors the contractual arrangements with Fund Managers, including their remuneration and length of appointment, on at least an annual basis through relationship meetings and investment reporting, to ensure that they are consistent with the Trustee's investment policy and that Fund Managers' investment decisions and approach are aligned with the Trustee's investment policy and role as a responsible investor. This includes ensuring that Fund Managers are appropriately incentivised to make decisions based on assessments about medium- to long term financial and non-financial performance of investee companies, and to engage with investee companies to improve their performance in the medium- to long term. The method for reviewing these arrangements, at least annually, is appropriate given the time horizon and in line with the Trustee's policies set out in this SIP. More information on how RPIL ensures that remuneration structures are aligned with the long term perspective of beneficiaries, can be found within our Voting Policy reports on the Railpen website: **www.railpen.com/knowledge-hub/reports/**.

26. The Trustee is satisfied that RPIL has the appropriate knowledge and experience for managing the investments of the schemes and that it carries out its role in accordance with the criteria for investment set out in the Investment Regulations, the principles contained in this SIP, any applicable investment policy, and any applicable investment guidelines and restrictions agreed with the Trustee.

27. The multi-asset Pooled Funds are managed in accordance with the Pooled Fund Policy, approved on a regular basis by the IOC. The single-asset Pooled Funds are managed to specific objectives with permitted tolerances. Where relevant, RPIL and the Fund Managers are responsible for deviations from agreed asset allocations within delegated authority limits. Active management is not used by default but will be considered when it is judged to be the most efficient implementation of a given strategy.

28. RPIL and the Fund Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments, within parameters stipulated in the relevant appointment documentation, the Pooled Fund Policy document, and Pooled Fund Directive. This includes the power to rebalance funds from available cash or make transfers in order to keep within stipulated asset allocations or restrictions.

29. In addition to the Pooled Funds, the schemes and sections may invest assets with an insurance company regulated by the Prudential Regulation Authority in order to accomplish a transfer of risk.

Performance Measurement

30. The performance of each scheme and/or section and the investment performance of the portfolios of RPIL and the Fund Managers, are measured for the Trustee. Also, investment performance of each scheme and/or section is monitored by RPIL and reported to the IFC, the PCs and MCs (where appropriate), and the relevant employers. The IOC monitors the performance of the Pooled Funds against long term performance objectives and compliance with operating parameters to ensure the investment approach aligns with the Trustee's investment policy and beliefs. RPIL is responsible for monitoring the performance of the Fund Managers against long term performance objectives and compliance with operating parameters, to ensure alignment with the Trustee's investment policy and beliefs.

Risk Management

31. The Trustee recognises that there are various investment and operational risks to which any pension scheme is exposed, including, but not limited to, interest rate, inflation, credit, industry- and issuer-specific, legal, and (for DB arrangements) longevity risks. The Trustee gives qualitative and quantitative consideration to such risks. A number of steps are taken to manage such risks, including:

31.1. taking advice from RPIL and other advisers;

31.2. maintaining a Trustee risk register;

31.3. appointing an IFC with specific responsibilities, including agreeing integrated funding plans for each scheme and section and monitoring performance against their agreed funding plans;

31.4. appointing an Audit and Risk Committee with specific responsibilities including review of financial control and risk management systems;

31.5. appointing a global custodian to hold assets, with RPIL monitoring the custodian's service provision and creditworthiness;

31.6. delegating to RPIL specific responsibilities, including oversight of the management of the Pooled Funds;

31.7. establishing the Railpen Enterprise Risk Committee and the Investment Risk Committee, to oversee monitoring of operational and investment risks respectively.

Defined Contribution Assets

32. The schemes provide DC benefits in the form of Additional Voluntary Contributions ("AVCs") in the DB Sections and the Industry-Wide Defined Contribution ("IWDC") Section, a standalone DC Section of the RPS. The IWDC Section is the authorised master trust within the RPS. The Trustee is responsible for investing DC assets in the best interests of members and beneficiaries, providing appropriate fund choices and ensuring good value for members. The Trustee's strategy and approach to the DC elements are set out in Schedules 2 and 3, to the extent they differ to the Scheme's DB elements.

33. The range of funds made available for the DC fund arrangements is reviewed regularly and may be changed by the Trustee from time to time in accordance with applicable rules of the schemes. The intention is to ensure an investment philosophy consistent across both DB and DC arrangements, to the extent possible.

34. Further information on AVC Funds can be found in Schedule 2 and further information on the IWDC Section can be found in Schedule 3.

Costs

35. The Trustee recognises that strict control of costs is important in contributing to good investment returns. As such, RPIL and Railpen are asked to ensure that all aspects of cost from the responsibilities and mandates exercised by those involved in the investment process, both internal and external, are kept under regular review. The aim is to implement scheme and/or section strategy in the most efficient manner possible, using internal resources wherever appropriate. Investments within the Pooled Funds are considered in terms of the most efficient way to access desired return drivers. As part of this process, fees payable to external Fund Managers and costs relating to the investment, management, custody and realisation of Pooled Fund assets, are kept under regular review.

36. RPIL and Railpen give full transparency to the Trustee on the underlying costs making up the annual management charges including, but not limited to, investment management costs, internal staff costs, legal costs and IT costs. The Trustee also monitors the level of transaction costs incurred by the funds on a yearly basis. These costs include, but are not limited to, broker commissions, commissions of futures, transfer taxes, and other fees such as bank fees, search fees, legal fees, and stamp duty. More information on the breakdown of costs can be found in the annual Report and Accounts published on the Railpen website (**www.railpen.com/knowledge-hub/reports/**).

37. The Trustee does not have a targeted portfolio turnover or turnover range, but instead reviews costs in conjunction with net of fees performance figures for the Pooled Funds, and Fund Managers are encouraged to take a long-term approach to investing in order to align with the Trustees' investment beliefs and investment policy.

Environmental, Social and Governance (including climate change) integration and Stewardship (including engagement and voting)

38. The Trustee recognises its legal duty to consider factors that are likely to have a financially material impact on investment returns over the period during which Schemes' assets are invested. The Trustee considers such factors, takes advice on them and, if appropriate, takes them into account in the selection, retention and realisation of investments.

39. These factors include, but are not limited to, environmental, social and governance (ESG) factors, including, but not limited to, climate change.

40. The Trustee requires RPIL and Fund Managers to consider and, if appropriate, take account of ESG factors including climate change in the selection, retention and realisation of investments. In addition, the Trustee requires RPIL to take into account the quality of stewardship and ESG integration (including climate change) when selecting Fund Managers, and to monitor relevant Fund Managers' stewardship and ESG integration (including climate change) during the investment period.

41. The Trustee will continue to monitor and assess ESG factors (including climate change) and the risks and opportunities arising from them, as follows:

41.1. The Trustee will undertake annual training on ESG considerations in order to understand fully how ESG factors including climate change could impact investments;

41.2. The Trustee will require RPIL and Fund Managers to provide regular information on their approaches to stewardship and ESG integration (including climate change).

42. The Trustee believes that companies with robust corporate governance structures are more likely to achieve superior long-term financial performance and will manage their risks and opportunities effectively. It signals its expectations to, and seeks to influence, companies through RPIL's stewardship activities, including engagement and voting.

43. The Trustee expects RPIL to exercise rights attaching to investments and to undertake engagement activities in accordance with RPIL's global voting policy and current best practice, including the UK Stewardship Code.

44. RPIL's global voting policy sets out expectations for issuers. Constructive engagement with portfolio companies and policymakers, alongside thoughtful voting, supports the Trustee's investment objectives.

45. Acting on the Trustee's behalf, RPIL is currently focussed on the following stewardship priorities: climate change; workforce treatment; responsible uses of technology; and supporting more sustainable financial markets. The Trustee believes that these issues are stewardship priorities because they are financially material to all, or a significant proportion of, the schemes' investments.

46. RPIL and the Trustee jointly issue an annual report on stewardship activities which seeks to achieve compliance with the UK Stewardship Code. RPIL, on behalf of the Trustee, engages with external Fund Managers to encourage them to adopt practices in line with the spirit of this Code as appropriate. Compliance with the UK Stewardship Code can be found on the Railpen website at **www.railpen.com/knowledge-hub/reports**.

Non-financial matters

47. Non-financial matters may be considered on a case-by-case basis in relation to the selection, retention, and realisation of investments. The Trustee assesses whether there is reasonable cause to believe that members would share concerns (including as a result of their views on ESG issues) that the selection, retention, and/or realisation of an investment, would be inconsistent with the values or good reputation of the Trustee, members, and the relevant scheme. Non-financial matters may be taken into account, where the Trustee has received advice, that to do so would be in accordance with applicable laws.

48. The Trustee will review its policy on non-financial matters, in conjunction with its regular review of the SIP.

Schedule 1: Railways Pension Schemes

This Schedule lists the schemes for which the Railways Pension Trustee Company Ltd ('RPTCL') is 'The Trustee':

- Railways Pension Scheme ('RPS')
- British Railways Superannuation Fund ('BRSF')
- British Transport Police Force Superannuation Fund ('BTPFSF')
- BR (1974) Fund

Schedule 2: Additional Voluntary Contribution ('AVC') Funds

1. Introduction

This Schedule is appended to and should be read in conjunction with the Statement of Investment Principles ("SIP") adopted by the Railways Pension Trustee Company Limited ("the Trustee") for the railways pension schemes (the "schemes"). Items in the SIP that also apply to the AVC fund and strategy range cover the majority of the requirements of the Pensions Act 1995 and the underlying Occupational Pension Schemes (Investment) Regulations 2005 (both as amended). This Schedule covers additional requirements that are not covered in the main body of the SIP.

The main AVC arrangement, which is open to all contributing members of the defined benefit ("DB") sections of the Railways Pension Scheme ("RPS"), is known as BRASS. It is also open to members of the British Transport Police Force Superannuation Fund ("BTPFSF") who joined before 1 April 2007, and eligible members of the British Railways Superannuation Fund ("BRSF").

AVC Extra is the second contribution top-up arrangement for contributing members of the DB sections of the RPS (other than the Network Rail Section) and members of the BTPFSF who joined before 1 April 2007. It is also open to members of the BTPFSF who joined after 1 April 2007 as their main AVC arrangement.

2. Objective

The overall objective of the Trustee for the AVC arrangements is to provide a range of funds and Lifestyle strategies that can meet the needs of most members looking to invest their contributions. For members who do not wish to make their own investment choice, the Trustee makes available a default option that aims to be suitable for the majority of members. Furthermore, the Trustee aims to provide good value for money for all members.

In setting the range of investment options, the Trustee recognises that individual members have differing investment needs, and that these needs may change during the course of their working lives. It also recognises that members have differing attitudes to risk.

3. Investment strategy

The Trustee considered a range of asset classes, their associated expected return and volatility of returns, the suitability of different investment management styles, and the need for diversification. The suitability of various Lifestyle arrangements was also taken into account in setting the Lifestyle and default strategies.

After taking advice, the Trustee has made Lifestyle strategies available to members, which aim to target various retirement options. These strategies are designed to strike a balance between maximising the value of a member's assets at retirement and protecting the value of the accumulated assets, particularly in the years approaching retirement.

The allocations between Funds within the Lifestyle strategies change through time, in order to meet a typical member's perceived changing financial needs, as they move through their working life and approach retirement. This is achieved by switching from a higher-risk fund into lower-risk funds as a member approaches their nominated Target Retirement Age ("TRA"). In the absence of specific input from the member, this adjustment occurs automatically based on the member's TRA. The TRA can be changed by the member.

Both BRASS and AVC Extra offer a Lifestyle strategy that operates as a default vehicle, should a member not wish to make their own selection from the available fund range. These default Lifestyle strategies are designed to be appropriate for a typical member with a predictable TRA. More on the respective default strategies is provided in Section 5.

4. Fund choices

The following "self-select" funds are available to all BRASS and AVC Extra members:

- Long Term Growth Fund
- Global Equity Fund
- Socially Responsible Equity Fund
- Corporate Bond Fund
- UK Government Fixed-Interest Bond Fund
- UK Government Index-Linked Bond Fund
- Deposit Fund

The BRASS and AVC Extra arrangements also offer three Lifestyle options:

- Target Annuity
- Target Flexible Drawdown (**the default strategy for AVC Extra**)
- Target Lump Sum (**the default strategy for BRASS**)

The fund range is provided through a "white-labelled" framework to help accommodate underlying manager changes and future enhancements without undue disruption.

Further information and factsheets for the BRASS and AVC Extra funds and strategies (including their asset allocation, risks and returns) can be found on the Railways Pensions website:

www.railwayspensions.co.uk/defined-benefit-members/saving-more-BRASS-AVC-Extra/brass-fund-choices

5. Default arrangements

The BRASS arrangement is a "top-up" or additional benefit to the main Scheme DB benefit. At retirement, the BRASS benefit is linked to the main Scheme DB benefit. Members tend to take this mainly as tax-free cash, and this is reflected in the default strategy for BRASS members.

AVC Extra is a further "top-up" arrangement. For AVC Extra members, the default strategy has been constructed on the basis that members are expected to flexibly draw their benefits.

The aim of both default strategies is to generate long term growth in excess of inflation over members' working lifetimes. The default strategies are intended such that assets are invested in the best interests of members and beneficiaries, however by their nature, they cannot capture differences across all individual members.

For both BRASS and AVC Extra, a higher-risk tolerance is assumed when members are far from retirement, with the aim of generating higher real (after inflation) returns and increasing retirement savings. The default strategies invest fully in the Long Term Growth Fund until ten years before a member's TRA. The Long Term Growth Fund is a well-diversified, multi-asset fund, which aims to generate returns above inflation over the medium-to-long term.

For BRASS, the "at retirement" portfolio has been constructed on the basis that BRASS members are expected to draw their benefits as cash. Over the ten years to the TRA, the asset allocation transitions to 10% in the Long Term Growth Fund, 75% in the UK Government Fixed Interest Gilt Fund, and 15% in the Corporate Bond Fund. This aims to reduce material losses as retirement approaches.

For AVC Extra, the "at retirement" portfolio has been constructed on the basis that AVC Extra members are expected to flexibly draw their benefits. Over the ten years to the TRA, the asset allocation transitions to 25% in the Long Term Growth Fund, 25% in the UK Government Fixed Interest Gilt Fund, and 50% in the Corporate Bond Fund. This aims to reduce material losses as retirement approaches, while maintaining a moderate allocation to growth assets.

Illiquid assets are held within the Long Term Growth Fund that the default strategies utilise, including property, royalties, reinsurance, and infrastructure investments. These provide additional diversification benefits to the Fund, as their risk profile is typically lowly correlated to that of liquid growth assets, such as equities. They are also expected to help the Fund deliver improved risk-adjusted returns. There is a hard limit of 30% allocation to illiquid assets within the Fund, which ensures that they do not adversely impact its daily liquidity. The Fund is invested in by all members within the default strategies, with members' allocations to the Fund reducing from 100% to 10% (BRASS) / from 100% to 25% (AVC Extra), as members move towards their TRA. At the time of drawing up this SIP, the level of illiquid assets held within the Fund is c.23%, and the plan is for this level to be broadly maintained.

6. Fund annual charges

The Fund Managers, RPIL and Railpen, levy a charge on each fund, calculated by reference to the market value of assets under management. These charges are levied on each member's investments, and the members incur these fees. They may vary depending on the Fund chosen and manager performance, however they are considered by the Trustee to be reasonable.

7. Risks

There are a number of risks within the BRASS and AVC Extra arrangements including:

- Risk of inadequate long-term returns, in particular that fund values don't increase with inflation. To manage this, the Trustee includes funds that have an expected long-term return above inflation although this is not guaranteed over any given period;
- Risk of deterioration in investment conditions near retirement. To address this the Trustee has made available lower estimated risk funds and lifestyle options that default into lower estimated risk funds as members approach target retirement age;
- Risk of lack of diversification. The Long Term Growth Fund is diversified across a range of asset classes and managers. Other funds are diversified by underlying holdings;
- Risk of underlying Fund Managers and/or RPIL not meeting their objectives. The DCC provides oversight to the performance of the funds. The AMC oversees the performance of RPIL and the Fund Managers on a regular basis;
- Risk of inappropriate member decisions. This is addressed by making a default option available which the Trustee believes appropriate for the majority of members.
- Other risks include illiquidity, inflation, currency, suitability of the default strategy and range of self-select funds, operational risk, and market risk, including equity, interest rate and credit risks.

8. Ongoing monitoring

The DCC was established to ensure appropriate management and governance of the schemes' DC arrangements (including AVCs). Specific responsibilities of the DCC include oversight of investment performance and reviewing communications and investment options, as appropriate.

The DCC reviews the default investment strategy and the performance of the default arrangements (including investment returns net of charges and costs) at least every three years, and without delay, after any significant change in investment policy or the demographic profile of relevant members. There is no requirement to review the other Lifestyle arrangements and funds, but this is done in line with the review of the default strategy. This review is carried out in conjunction with a review of the IWDC funds and strategies. This Schedule will be updated after every review, unless it is decided that no action is required.

The DCC reviews risks as part of each strategy review. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default strategies, the DCC considers the trade-off between risk and expected returns.

Realised returns and volatilities of the funds are monitored quarterly by the DCC.

Schedule 3: Industry-Wide Defined Contribution ("IWDC") Section

1. Introduction

This Schedule is appended to and should be read in conjunction with the Statement of Investment Principles ("SIP") adopted by the Railways Pension Trustee Company Limited ("the Trustee") for the railways pension schemes (the "Schemes"). Items in the SIP that also apply to the IWDC Section cover the majority of the requirements of the Pensions Act 1995 and the underlying Occupational Pension Schemes (Investment) Regulations 2005 (both as amended). This Schedule covers additional requirements that are not covered in the main body of the SIP, including the requirement to produce a "Default SIP" covering the default IWDC arrangement.

The IWDC Section is the authorised DC master trust of the Railways Pension Scheme ("RPS") for rail industry employees and, other than AVCs, it is the only Section in the Scheme which provides money purchase benefits.

2. Objective

The overall objective of the Trustee is to provide a range of funds and Lifestyle strategies that can meet the needs of most members looking to invest their contributions. For members who do not wish to make their own investment choice, the Trustee makes available a default option that aims to be suitable for the majority of members. Furthermore, the Trustee aims to provide good value for money for all members.

In setting the range of investment options, the Trustee recognises that individual members have differing investment needs, and that these needs may change during the course of their working lives. It also recognises that members have differing attitudes to risk.

3. Investment Strategy

The Trustee considered a range of asset classes, their associated expected return and volatility of returns, the suitability of different investment management styles, and the need for diversification. The suitability of various Lifestyle arrangements was also taken into account in setting the Lifestyle and default strategies.

After taking advice, the Trustee has made Lifestyle strategies available to members, which aim to target various retirement options. These are designed to strike a balance between maximising the value of a member's assets at retirement and protecting the value of the accumulated assets, particularly in the years approaching retirement.

The allocations between Funds within the Lifestyle strategies change through time, in order to meet a typical member's perceived changing financial needs, as they move through their working life and approach retirement. This is achieved by switching from a higher-risk fund into lower-risk funds, as a member approaches their nominated Target Retirement Age ("TRA"). In the absence of specific input from the member, this adjustment occurs automatically based on the member's TRA. The TRA can be changed by the member.

One of the Lifestyle strategies operates as a default vehicle, should a member not wish to make their own selection from the available fund range. The default Lifestyle strategy is designed to be appropriate for a typical member with a predictable TRA. More on the default strategy is provided in Section 5.

4. Fund choices

The following "self-select" funds are available to all members of IWDC Section:

- Long Term Growth Fund
- Global Equity Fund
- Socially Responsible Equity Fund
- Corporate Bond Fund
- UK Government Fixed-Interest Bond Fund
- UK Government Index-Linked Bond Fund
- Deposit Fund

The IWDC Section also offers three lifestyle options:

- Target Annuity
- Target Flexible Drawdown (**the default strategy**)
- Target Lump Sum

The fund range is provided through a "white-labelled" framework to help accommodate underlying manager changes and future enhancements without undue disruption.

IWDC Section funds and strategies (including their asset allocation, risks and returns) can be found on the Railways Pensions website, at:

www.railwayspensions.co.uk/iwdc-members/managing-investments/fund-choices

5. Default strategy

The default strategy has been constructed on the basis that members of the IWDC Section are expected to flexibly draw their benefits.

The aim of the default strategy (the Target Flexible Drawdown Lifestyle strategy) is to generate long term growth, in excess of inflation, over members' working lifetimes. The default strategy is intended such that assets are invested in the best interests of members and beneficiaries, however, by its nature, it cannot capture differences across all individual members.

As the IWDC Section may be a members' main form of retirement saving, a higher-risk tolerance is assumed when members are far from retirement, with the aim of generating higher real (after inflation) returns and increasing retirement savings. The default strategy invests fully in the Long Term Growth Fund until ten years before a member's TRA. The Long Term Growth Fund is a well-diversified, multi-asset fund, which aims to generate returns above inflation, over the medium-to-long term.

Over the ten years to the TRA, the asset allocation transitions to 25% in the Long Term Growth Fund, 25% in the UK Government Fixed Interest Gilt Fund, and 50% in the Corporate Bond Fund.

This aims to reduce material losses as retirement approaches while maintaining a moderate allocation to growth assets.

Illiquid assets are held within the Long Term Growth Fund that the default strategy utilises, including property, royalties, reinsurance, and infrastructure investments. These provide additional diversification benefits to the Fund, as their risk profile is typically lowly correlated to that of liquid growth assets, such as equities. They are also expected to help the Fund deliver improved risk-adjusted returns. There is a hard limit of 30% allocation to illiquid assets within the Fund, which ensures that they do not adversely impact its daily liquidity. The Fund is invested in by all members within the default strategy, with members' allocations to the Fund reducing from 100% to 25%, as members move towards their TRA. At the time of drawing up this SIP, the level of illiquid assets held within the Fund is c.23%, and the plan is for this level to be broadly maintained.

6. Fund annual charges

The Fund Managers, RPIL and Railpen, levy a charge on each fund, calculated by reference to the market value of assets under management. These charges are levied on each member's investments, and the members incur these fees. They may vary depending on the Fund chosen and manager performance, however they are considered by the Trustee to be reasonable.

7. Risks

There are a number of risks within the IWDC Section, including:

- Risk of inadequate long-term returns, in particular that fund values don't increase with inflation. To manage this, the Trustee includes funds that are expected to generate long-term returns above inflation, although this is not guaranteed over any given period;
- Risk of deterioration in investment conditions near retirement. To address this, the Trustee has made available funds with lower estimated risk, as well as a Lifestyle option that defaults into lower estimated risk funds, as members approach their TRA;
- Risk of lack of diversification. The Long Term Growth Fund is diversified across a range of asset classes and managers. Other funds are diversified by underlying holdings;
- Risk of underlying Fund Managers and/or Pooled Funds not meeting their objectives. The Trustee's Defined Contribution Committee ("DCC") provides oversight to the performance of the Funds. The IOC oversees the performance of the Fund Managers and the Pooled Funds on a regular basis;
- Risk of inappropriate member decisions. This is addressed by making a default option available, which the Trustee believes appropriate for the majority of members.
- Other risks include illiquidity, inflation, currency, suitability of the default strategy and range of self-select funds, operational risk, and market risk, including equity, interest rate and credit risks.

8. Ongoing monitoring

The DCC was established to ensure appropriate management and governance of the DC schemes' arrangements. Specific responsibilities of the DCC include oversight of investment performance and reviewing communications and investment options, as appropriate.

The DCC reviews the default investment strategy and the performance of the default arrangement (including investment returns net of charges and costs) at least every three years, and without delay after any significant change in investment policy, or the demographic profile of relevant members. There is no requirement to review the other Lifestyle arrangements and funds, but this is done in line with the review of the default strategy. This review is carried out in conjunction with a review of the AVC funds and strategies. This Schedule will be updated after every review, unless it is decided that no action is required.

The DCC reviews risks as part of each strategy review. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default strategy, the DCC considers the trade-off between risk and expected returns.

Realised returns and volatilities of the funds are monitored quarterly by the DCC.

Appendix 2: Illustration of cumulative effect of costs and charges on the value of members' fund values over time

The projected pot within each DC Fund, and the effect of costs and charges is provided in the table below:

Years	Long Term Growth Fund		Global Equity Fund		Corporate Bond Fund		UK Government Fixed Interest Bond Fund		UK Government Index Linked Bond Fund		Socially Responsible Equity Fund		Deposit Fund	
	Before all costs and charges	After all costs and charges	Before all costs and charges	After all costs and charges	Before all costs and charges	After all costs and charges	Before all costs and charges	After all costs and charges	Before all costs and charges	After all costs and charges	Before all costs and charges	After all costs and charges	Before all costs and charges	After all costs and charges
1	£21,524	£21,385	£21,524	£21,444	£20,858	£20,779	£20,906	£20,834	£20,668	£20,606	£21,524	£21,410	£20,716	£20,644
3	£28,666	£28,159	£28,666	£28,373	£26,293	£26,018	£26,457	£26,207	£25,641	£25,429	£28,666	£28,248	£25,803	£25,557
5	£36,521	£35,508	£36,521	£35,935	£31,887	£31,367	£32,200	£31,725	£30,662	£30,267	£36,521	£35,687	£30,964	£30,506
10	£59,768	£56,734	£59,768	£58,003	£46,605	£45,243	£47,436	£46,179	£43,432	£42,435	£59,768	£57,263	£44,203	£43,036
15	£89,266	£82,766	£89,266	£85,461	£62,432	£59,866	£64,018	£61,625	£56,515	£54,704	£89,266	£83,885	£57,933	£55,794
20	£126,695	£114,691	£126,695	£119,628	£79,451	£75,275	£82,065	£78,130	£69,921	£67,076	£126,695	£116,733	£72,172	£68,783
25	£174,189	£153,843	£174,189	£162,141	£97,753	£91,513	£101,706	£95,769	£83,657	£79,550	£174,189	£157,263	£86,940	£82,009
30	£234,453	£201,859	£234,453	£215,039	£117,434	£108,625	£123,082	£114,619	£97,732	£92,128	£234,453	£207,273	£102,256	£95,475
35	£310,921	£260,744	£310,921	£280,861	£138,597	£126,657	£146,346	£134,762	£112,153	£104,810	£310,921	£268,978	£118,141	£109,186
40	£407,950	£332,961	£407,950	£362,762	£161,355	£145,660	£171,664	£156,288	£126,929	£117,598	£407,950	£345,113	£134,616	£123,147
45	£531,070	£421,526	£531,070	£464,670	£185,828	£165,686	£199,220	£179,292	£142,069	£130,492	£531,070	£439,055	£151,702	£137,361

The projected pot and effect of costs and charges for the default Lifestyle arrangement is also provided. We provide this for three sample members.

1. Member age 20, with a starting pot size of £22,500, monthly contributing £500, and a TRA of 65.
2. Member age 40, with a starting pot size of £22,500, monthly contributions £500, and a TRA of 65.
3. Member age 20, with a starting pot size of £0, monthly contributions £500, and a TRA of 65.

Years	1. Flexible Drawdown Lifestyle Strategy	
	Before all costs and charges	After all costs and charges
1	£29,687	£29,519
3	£45,131	£44,460
5	£62,118	£60,690
10	£112,388	£107,657
15	£176,175	£165,418
20	£257,113	£236,455
25	£359,815	£323,819
30	£490,132	£431,263
35	£655,490	£563,401
40	£841,320	£708,083
45	£1,008,763	£836,556

Years	2. Flexible Drawdown Lifestyle Strategy	
	Before all costs and charges	After all costs and charges
1	£29,687	£29,519
3	£45,131	£44,460
5	£62,118	£60,690
10	£112,388	£107,657
15	£176,175	£165,418
20	£250,180	£230,814
25	£322,370	£293,957

Years	3. Flexible Drawdown Lifestyle Strategy	
	Before all costs and charges	After all costs and charges
1	£6,090	£6,069
3	£19,175	£18,987
5	£33,568	£33,018
10	£76,161	£73,626
15	£130,207	£123,566
20	£198,785	£184,984
25	£285,804	£260,518
30	£396,220	£353,412
35	£536,327	£467,657
40	£694,355	£593,265
45	£838,117	£706,022

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. The starting pot size used is £22,500, which is representative of the average for the Scheme, with the exception of example member 3 in the Flexible Drawdown illustration, where starting pot is assumed to be £0.
3. Inflation and salary growth are both assumed to be 2.5% each year.
4. Contributions are assumed to start at £500 pm, increasing at 2.5% pa each year until target retirement age.
5. The assumed growth rates for each fund are in line with AS TM1 v4.2, which is in line with guidance from the Department of Work and Pensions (DWP).
6. The growth rates assumed are as follows (less costs and charges shown in brackets):
   - Long Term Growth Fund: 7.50% (0.67%)
   - Global Equity Fund: 7.50% (0.27%)
   - Corporate Bond Fund: 4.00% (0.28%)
   - UK Government Fixed-Interest Bond Fund: 4.25% (0.23%)
   - UK Government Index-Linked Bond Fund: 3.00% (0.20%)
   - Socially Responsible Equity Fund: 7.50% (0.52%)
   - Deposit Fund 3.25% (0.23%)
7. The allocation within the Flexible Drawdown Strategy is assumed to move from the Long Term Growth Fund to the ultimate allocation including the Corporate Bond Fund and UK Government Fixed-Interest Bond Fund in the final 10 years. Assumed growth rates, costs and charges for the default arrangement reflects those of the underlying funds that are held at each point in time.
8. Charges are as forward-looking and take into account all of those a member may expect to pay. Where applicable, they include property expenses, transaction costs and performance fees.
9. Following statutory guidance, we estimate transaction costs as an average of the last 5 years for funds with a history of 5 years or more, and since inception (annualised) for funds with a shorter history. Values shown are estimates and are not guaranteed.

Appendix C

Pooled Fund accounts (not forming part of the Audited Financial Statements)

This appendix represents a consolidated summary of the Annual Report and non-statutory audited accounts of the pooled funds of the railways pension schemes for the year ended 31 December 2025. These non-statutory accounts have been prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102) and with the guidance set out in the Statement of Recommended Practice (the 'SORP') (revised 2018).

These non-statutory financial statements have been prepared at the request of the Trustee. The pooled funds are Common Investment Funds, in which only the railways pension schemes can invest. They are set up and operated under regulations approved by HMRC and the Trustee. Although there is no legal requirement to obtain audited accounts for the pooled funds in isolation, the accounts are included in the Scheme financial statements in order to satisfy the disclosure requirements of the SORP, and therefore must comply with the disclosure requirements of the SORP. The Railways Pension Trustee Company Limited Pooled Funds' non statutory accounts are prepared and audited as a separate document in order to provide a basis for the preparation of the Scheme financial statements, and are approved by the Audit and Risk Committee.

The Trustee places significant emphasis on maintaining high standards of fiduciary governance, and regards the annual audit of the pooled funds as a key component in the furthering of this aim. In addition to providing assurance that the non-statutory financial statements are fairly stated, the audit process assesses and improves internal systems and controls, which are of critical importance to the fulfilment of the Trustee's responsibilities for the effective investment and safeguarding of members' assets. The audit is deemed central to the credibility of the Railways Pension Scheme, with its significant membership base, and provides reassurance in the context of the funds' scale and their material impact on the Scheme financial statements.

The total valuation of the pooled assets as at 31 December 2025 was £36,525m (2024: £34,401m).

The pooled funds operate as internal unit trusts. They comprise a key element of the arrangements that the Trustee has put in place for the investment of schemes' and sections' assets and provide the railways pension schemes with a means to invest in a wide range of asset classes.

The range of pooled funds has been reviewed and simplified in recent years to ensure it is flexible enough to be tailored to the needs and particular circumstances of the railways pension schemes whilst also allowing assets to be invested, as far as possible, as if they belonged to a single pension fund.

The table on page 122 summarises the investments of each of these pooled funds as at 31 December 2025. The notes on pages 128 to 147 analyse the total pooled assets of £36,525m into the categories required by the SORP. The net asset value of each pooled fund at the end of the current and prior years is set out on page 130, and the unit prices on page 129.

Railpen's trading with the Trustee Company is conducted on a Mutual basis (the "Mutual") in accordance with a Mutual Agreement. Surpluses or deficits from Mutual trading do not form part of Railpen's reserves and are shown as a separate Mutual fund on the company's balance sheet, with an equal and opposite asset or liability reported in the pooled fund accounts (see Note 1.19), with interest applied at an agreed rate. The Mutual Committee exists to ensure the interests of the Trustee Company in the Mutual business are protected.

Accounting Policies

Investments

Investments are held at fair value. The principal bases of investment valuation adopted by the pooled funds are set out below:

a. Listed investments are stated at the official close or last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the net assets statement.

b. Fixed interest securities are stated at their 'clean' prices, with accrued income accounted for within investment income.

c. Unquoted securities, including most investments in private equity and infrastructure, are included at the Trustee's estimate of accounting fair value based on decisions made by Railpen's Fair Value Pricing Committee which may take advice from third party advisors.

d. Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price, where there are no bid/offer spreads, as provided by the investment managers.

e. Properties and ground rent are included at open market value as at the year end date determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein. The properties have been valued by independent external valuers, Knight Frank and CBRE. Knight Frank and CBRE have experience in the locations and class of investment properties held by the Trustee.

f. Exchange traded derivatives are stated at fair value determined using market quoted prices. Over the counter ('OTC') derivatives are stated at the Trustee Company's estimate of accounting fair value based on advice from third party vendors, external valuers retained by the Trustee through BNY, who provide a valuation service independent of the fund managers, using pricing models and relevant market data at the year end date.

g. Forward foreign exchange contracts are valued at the forward rate at the year end date.

h. All gains and losses arising on derivative contracts are reported within change in market value of investments during the year.

i. Loans and deposits, current assets and current liabilities are included at book cost, which the Trustee considers represents a reasonable estimate of fair value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Presentation currency

The pooled funds' functional and presentation currency is pounds sterling (GBP). Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Investment income

Investment income is included in the non-statutory financial statements on the following bases:

a. Dividends from quoted equities are accounted for when the security is declared ex-dividend.

b. Interest is accrued on a daily basis.

c. Property rental income is accounted for on an accruals basis in accordance with the terms of the lease. Management services income is recognised as income from UK property where the entity is deemed to be acting as principal. In such circumstances, management services expenses are also recognised as administration, custody and other expenses.

d. Securities lending commissions are accounted for on a cash basis.

e. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

f. Investment income arising from the underlying investments of pooled investment vehicles is reinvested within the pooled investment vehicles, reflected in the unit price and reported within the change in market value.

g. Income has been accumulated within the unit prices of the pooled funds and no income distributions have been made to the participating schemes.

Changes in market value of investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Subsidiaries and consolidation

Several properties in the Property Pooled Fund are owned by means of an exempt unauthorised unit trust, English limited partnerships, Jersey unit trusts and a number of limited companies. Subsidiary structures have also been established for specific investments held by the Growth Pooled Fund, Long Term Income Pooled Fund and the Private Equity Pooled Fund.

In all cases, the share capital or units in all the entities in question are held either directly or indirectly for the beneficial entitlement of the pooled funds named above.

All the entities are controlled by the Trustee on behalf of the relevant pooled funds, and hence are subsidiary undertakings of the pooled funds. The pooled funds applied the allowable exemption under FRS 102 for pension schemes and does not consolidate investment subsidiaries held as part of the investment portfolio in the financial statements. Investments in subsidiaries are reported at fair value in the financial statements.
The entities that are subsidiary undertaking are:

The entities that are subsidiary undertakings are:

- 12 Smithfield General Partner Limited
- 12 Smithfield Limited Partnership
- 12 Smithfield Nominee No.1 Limited
- 12 Smithfield Nominee No.2 Limited
- Cascades Shopping Centre General Partner Limited
- Cascades Shopping Centre Nominee No.1 Limited
- Cascades Shopping Centre Nominee No.2 Limited
- Clifton Moor Retail Park General Partner Limited
- Clifton Moor Retail Park Nominee No.1
- Clifton Moor Retail Park Nominee No.2
- Colane Unit Trust
- Glamorgan Vale Retail Park General Partner Limited
- Glamorgan Vale Retail Park Nominee No.1 Limited
- Glamorgan Vale Retail Park Nominee No.2 Limited
- Gretna Gateway O V General Partner Limited
- Gretna Gateway Outlet Village Limited Partnership
- Gretna Gateway Outlet Village Unit Trust
- Marble Arch Tower General Partner Limited
- Railway JUT (Smithfield) Limited
- Railway JUT Limited
- Railway Pension Unit Trust Nominee Limited
- Railway Pensions (PE) Caledonia Limited
- Railway Pensions Scottish Limited Partnership
- St Ann's Shopping Centre General Partner Limited
- St Ann's Shopping Centre Nominee No.1 Limited
- St Ann's Shopping Centre Nominee No.2 Limited
- The Cascades Shopping Centre Limited Partnership
- The Cascades Shopping Centre Unit Trust
- The Clifton Moor Retail Park Limited Partnership
- The Clifton Moor Retail Park Unit Trust
- The Glamorgan Vale Retail Park Limited Partnership
- The Glamorgan Vale Retail Park Unit Trust
- The Railway Pension Exempt Unit Trust
- The St Ann's Shopping Centre Limited Partnership
- The St Ann's Shopping Centre Unit Trust
- Two Six Four Limited

Derivative contracts: objectives and policies

The Trustee has authorised the use of derivatives by investment managers as part of the investment strategy. Derivatives may only be used by investment managers where they are specifically permitted in the investment management agreement, and each manager must comply with the Trustee's approved derivatives policy.

Investment in derivative instruments may be made only in so far as they contribute to a reduction of risk, or facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income).

At the statement date the only OTC derivatives held were forward foreign exchange contracts. The value at statement date is the gain or loss that would arise from closing out the contract at the statement date by entering into an equal and opposite contract at that date.

At the statement date the only exchange traded derivatives held were futures. These are valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement price at the reporting date and the inception date.

Unit transactions

Units issued and redeemed during the year are shown on a gross basis and include in-specie transfers between sections and pooled funds.

Critical accounting estimates and judgements

The preparation of the non-statutory financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Fund Statement date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the non-statutory financial statements.

Fund statement as at 31 December 2025

	Equities	Fixed interest securities	Index linked securities	UK property	Pooled investment vehicles	Derivative assets	Derivative liabilities	Cash deposits and cash instruments	Other assets	Other liabilities	Cross holdings	Net assets attributable to unit holders
Pooled Fund	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Growth	10,489	2,556	-	-	4,233	107	(78)	3,228	231	(1,246)	2,509	22,029
Private Equity	-	-	-	-	1,224	-	-	373	1	(1)	-	1,597
Property	-	-	-	2,336	-	-	-	171	47	(45)	-	2,509
Illiquid Growth	381	-	-	-	2,654	-	-	461	1	(4)	-	3,493
Defined Contribution	-	-	-	-	711	-	-	161	1	(4)	1,268	2,137
Government Bond	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Income	153	149	-	258	142	-	-	268	13	(5)	-	978
Passive Equity	-	-	-	-	154	-	-	-	-	-	-	154
Short Duration Index Linked Bond	-	-	1,321	-	-	-	-	7	2	(1)	-	1,329
Global Equity	-	-	-	-	244	-	-	-	-	-	-	244
Non-Government Bond	-	690	-	-	-	10	-	29	10	(1)	-	738
Long Duration Index Linked Bond	-	-	3,262	-	-	-	-	13	3	(1)	-	3,277
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	107	-	-	-	107
Matching	-	-	-	-	1,706	-	-	5	-	(1)	-	1,710
Cross holdings	-	-	-	-	-	-	-	-	-	-	(3,777)	(3,777)
Total	**11,023**	**3,395**	**4,583**	**2,594**	**11,068**	**117**	**(78)**	**4,823**	**309**	**(1,309)**	**-**	**36,525**
%	30.18%	9.30%	12.55%	7.10%	30.29%	0.32%	(0.21%)	13.20%	0.85%	(3.58%)	0.00%	100.00%

The accounting policies on pages 120 to 121 and the notes on pages 128 to 147 form part of these non-statutory financial statements.

Fund statement as at 31 December 2025

Analysis of cross holdings

	Growth	Property	Non-Government Bond	Long Duration Index Linked Bond	Total Cross Holdings
Pooled Fund	**£m**	**£m**	**£m**	**£m**	**£m**
Growth	-	2,509	-	-	2,509
Defined Contribution	1,136	-	119	13	1,268
Total	**1,136**	**2,509**	**119**	**13**	**3,777**

The accounting policies on pages 120 to 121 and the notes on pages 128 to 147 form part of these non-statutory financial statements.

Fund statement as at 31 December 2025
Movement in unit holders' funds

	In issue at start of year	Issued during year	Redeemed during year	Net reinvested income	Change in market value of investments	Change in cross holdings	Total unit holders' funds as at 31 December 2025
Pooled Fund	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Growth	20,255	71	(943)	387	2,259	-	22,029
Private Equity	1,645	-	(209)	10	151	-	1,597
Property	2,376	-	-	84	49	-	2,509
Illiquid Growth	3,546	-	-	22	(75)	-	3,493
Defined Contribution	1,917	419	(421)	3	219	-	2,137
Government Bond	1	-	(1)	-	-	-	-
Long Term Income	968	-	-	14	(4)	-	978
Passive Equity	152	8	(34)	-	28	-	154
Short Duration Index Linked Bond	1,291	100	(102)	7	33	-	1,329
Global Equity	337	-	(144)	(1)	52	-	244
Non-Government Bond	666	74	(49)	30	17	-	738
Long Duration Index Linked Bond	3,232	195	(139)	14	(25)	-	3,277
Infrastructure	9	-	(9)	-	-	-	-
Cash	67	56	(20)	4	-	-	107
Matching Pooled Fund	1,458	368	(81)	(5)	(30)	-	1,710
Cross holdings	(3,519)	-	-	-	-	(258)	(3,777)
Total	**34,401**	**1,291**	**(2,152)**	**569**	**2,674**	**(258)**	**36,525**

The accounting policies on pages 120 to 121 and the notes on pages 128 to 147 form part of these non-statutory financial statements.

Approved on behalf of the Trustee Company on 30 June 2026.

Christine Kernoghan
Chair, Trustee Company

Richard Goldson
Director and Chair, Audit and Risk Committee

Fund statement as at 31 December 2024

	Equities	Fixed interest securities	Index linked securities	UK property	Pooled investment vehicles	Derivative assets	Derivative liabilities	Cash deposits and cash instruments	Other assets	Other liabilities	Cross holdings	Net assets attributable to unit holders
Pooled Fund	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Growth	10,605	2,269	-	-	3,926	61	(401)	1,387	95	(63)	2,376	20,255
Private Equity	1	-	-	-	1,266	-	-	378	1	(1)	-	1,645
Property	-	-	-	2,169	-	-	-	203	48	(44)	-	2,376
Illiquid Growth	542	-	-	-	2,624	-	-	383	-	(3)	-	3,546
Defined Contribution	-	-	-	-	601	-	-	172	3	(2)	1,143	1,917
Government Bond	-	-	-	-	-	-	-	1	-	-	-	1
Long Term Income	211	100	-	289	272	-	-	92	11	(7)	-	968
Passive Equity	-	-	-	-	152	-	-	-	-	-	-	152
Short Duration Index Linked Bond	-	-	1,286	-	-	-	-	4	1	-	-	1,291
Global Equity	-	-	-	-	337	-	-	-	-	-	-	337
Non-Government Bond	-	649	-	-	-	1	(15)	24	8	(1)	-	666
Long Duration Index Linked Bond	-	-	3,218	-	-	-	-	12	3	(1)	-	3,232
Infrastructure	-	-	-	-	-	-	-	9	-	-	-	9
Cash	-	-	-	-	-	-	-	67	-	-	-	67
Matching	-	-	-	-	1,455	-	-	4	-	(1)	-	1,458
Cross Holdings	-	-	-	-	-	-	-	-	-	-	(3,519)	(3,519)
Total	**11,359**	**3,018**	**4,504**	**2,458**	**10,633**	**62**	**(416)**	**2,736**	**170**	**(123)**	**-**	**34,401**
%	33.03%	8.77%	13.09%	7.15%	30.91%	0.18%	(1.21%)	7.95%	0.49%	(0.36%)	0.00%	100.00%

The accounting policies on pages 120 to 121 and the notes on pages 128 to 147 form part of these non-statutory financial statements.

Fund statement as at 31 December 2024

Analysis of cross holdings

	Growth	Property	Non-Government Bond	Long Duration Index Linked Bond	Total Cross Holdings
Pooled Fund	**£m**	**£m**	**£m**	**£m**	**£m**
Growth	-	2,376	-	-	2,376
Defined Contribution	1,036	-	94	13	1,143
Total	**1,036**	**2,376**	**94**	**13**	**3,519**

The accounting policies on pages 120 to 121 and the notes on pages 128 to 147 form part of these non-statutory financial statements.

Fund statement as at 31 December 2024
Movement in unit holders' funds

	In issue at start of year	Issued during year	Redeemed during year	Net reinvested income	Change in market value of investments	Change in cross holdings	Total unit holders' funds as at 31 December 2024
Pooled Fund	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Growth	22,668	54	(4,174)	378	1,329	-	20,255
Private Equity	1,808	-	(228)	17	48	-	1,645
Property	2,290	-	-	74	12	-	2,376
Illiquid Growth	3,431	-	-	3	112	-	3,546
Defined Contribution	1,838	344	(394)	7	122	-	1,917
Government Bond	268	-	(267)	2	(2)	-	1
Long Term Income	1,279	-	(45)*	21	(287)	-	968
Passive Equity	261	-	(155)	-	46	-	152
Short Duration Index Linked Bond	352	951	(5)	2	(9)	-	1,291
Global Equity	548	-	(270)	1	58	-	337
Non-Government Bond	446	282	(76)	22	(8)	-	666
Long Duration Index Linked Bond	2,690	1,658	(506)	10	(620)	-	3,232
Infrastructure	15	-	(8)	1	1	-	9
Cash	46	88	(70)	3	-	-	67
Matching Pooled Fund	6	1,678	-	(1)	(225)	-	1,458
Cross holdings	(3,382)	-	-	-	-	(137)	(3,519)
Total	**34,564**	**5,055**	**(6,198)**	**540**	**577**	**(137)**	**34,401**

*Redemption was to facilitate a bulk insurance transaction for 2 sections.

The accounting policies on pages 120 to 121 and the notes on pages 128 to 147 form part of these non-statutory financial statements.

Consolidated notes to the Fund Statement

1.1 Fund statement as at 31 December 2025

Assets	Notes	2025 £m	2024 £m
Equities		11,023	11,359
Fixed interest securities		3,395	3,018
Index linked securities		4,583	4,504
Pooled investment vehicles	1.5	11,337	10,942
UK property		2,594	2,458
Derivative contracts			
Futures - exchange traded	1.6	20	19
FX contracts - OTC	1.6	97	43
Other assets			
Other investment assets	1.7	272	134
Current assets	1.8	37	36
Cash deposits and cash instruments	1.9	4,533	2,736
Cash in transit		290	-
Total assets		**38,181**	**35,249**

Liabilities	Notes	2025 £m	2024 £m
Pooled investments vehicle liabilities	1.5	(269)	(309)
Derivative contracts			
Futures - exchange traded	1.6	(73)	(193)
FX contracts - OTC	1.6	(5)	(223)
Other liabilities			
Other investment liabilities	1.10	(1,215)	(6)
Current liabilities	1.11	(94)	(117)
Total liabilities		**(1,656)**	**(848)**
Net assets attributable to unit holders		**36,525**	**34,401**

1.2 Pooled fund unit prices as at 31 December 2025

	2025 £/unit	2024 £/unit
Growth Pooled Fund	31.07	27.39
Property Pooled Fund	117.80	111.56
Illiquid Growth Pooled Fund	25.93	26.32
Government Bond Pooled Fund*	-	13.22
Long Term Income Pooled Fund	5.92	5.86
Passive Equity Pooled Fund	43.82	36.35
Short Duration Index Linked Bond Pooled Fund	11.52	11.18
Global Equity Pooled Fund	199.04	164.78
Non Government Bond Pooled Fund	17.12	15.98
Long Duration Index Linked Bond Pooled Fund	50.93	51.08
Infrastructure Pooled Fund	41.09	36.29
Cash Pooled Fund	11.99	11.50
Private Equity Pooled Fund		
Direct Investment Pooled Fund 2000	12.61	10.44
Private Equity Pooled Fund 2001	20.69	19.77
Private Equity Pooled Fund 2004	25.19	25.81
Private Equity Pooled Fund 2005	41.10	42.66
Private Equity Pooled Fund 2007	64.88	57.20
Private Equity Pooled Fund 2009	67.87	57.45
Private Equity Pooled Fund 2011	66.13	60.77
Private Equity Pooled Fund 2013	61.83	56.95

* No unit price has been disclosed as at 31 December 2025, as the Pooled Fund closed during the year.

	2025 £/unit	2024 £/unit
Defined Contribution Pooled Fund		
DC Long Term Growth Fund	25.09	22.14
DC Global Equity Fund	36.16	30.02
DC Deposit Fund	11.81	11.34
DC Corporate Bond Fund	11.58	10.82
DC UK Government Fixed Interest Bond Fund	7.46	7.12
DC UK Government Index Linked Bond Fund	5.28	5.29
DC Socially Responsible Equity Fund	13.73	12.86
Matching Pooled Fund		
Matching Short Maturing Pooled Fund	8.41	8.61
Matching Long Maturing Pooled Fund	8.53	8.84

1.3 Value of the pooled funds

	2025 £m	2024 £m
Growth Pooled Fund	22,029	20,255
Private Equity Pooled Fund*	1,597	1,645
Property Pooled Fund	2,509	2,376
Illiquid Growth Pooled Fund	3,493	3,546
Defined Contribution Pooled Fund*	2,137	1,917
Government Bond Pooled Fund	-	1
Long Term Income Pooled Fund	978	968
Passive Equity Pooled Fund	154	152
Short Duration Index Linked Bond Pooled Fund	1,329	1,291
Global Equity Pooled Fund	244	337
Non Government Bond Pooled Fund	738	666
Long Duration Index Linked Bond Pooled Fund	3,277	3,232
Infrastructure Pooled Fund	-	9
Cash Pooled Fund	107	67
Matching Pooled Fund*	1,710	1,458
Cross holdings		
Growth Pooled Fund	(1,136)	(1,036)
Property Pooled Fund	(2,509)	(2,376)
Non Government Bond Pooled Fund	(119)	(94)
Long Duration Index Linked Bond Pooled Fund	(13)	(13)
Net assets attributable to unit holders	**36,525**	**34,401**

*See breakdown into pooled fund segments in the following table.

	2025 £m	2024 £m
Private Equity Pooled Fund		
Direct Investment Pooled Fund 2000	2	2
Private Equity Pooled Fund 2001	5	5
Private Equity Pooled Fund 2004	3	4
Private Equity Pooled Fund 2005	12	18
Private Equity Pooled Fund 2007	542	530
Private Equity Pooled Fund 2009	175	161
Private Equity Pooled Fund 2011	507	550
Private Equity Pooled Fund 2013	351	375
	1,597	**1,645**
Defined Contribution Pooled Fund		
DC Long Term Growth Fund	1,137	1,039
DC Global Equity Fund	327	271
DC Deposit Fund	154	167
DC Corporate Bond Pooled Fund	119	95
DC UK Government Fixed Interest Bond Fund	380	325
DC UK Government Index Linked Bond Fund	13	13
DC Socially Responsible Equity Pooled Fund	7	7
	2,137	**1,917**
Matching Pooled Fund		
Matching Short Maturing Pooled Fund	1,387	1,157
Matching Long Maturing Pooled Fund	323	301
	1,710	**1,458**

1.4 Investment income

	2025 £m	2024 £m
Dividends from equities	223	254
Income from fixed interest securities	181	154
Income from index linked securities	29	19
Income from pooled investment vehicles	107	99
Income from securities lending	4	3
Income from UK property	132*	109
Interest from cash deposits	93	75
Other income	2	1
	771	**714**
Irrecoverable withholding tax	(11)	(37)
Total income	**760**	**677**
Administration, custody and other expenses	(80)**	(51)
Investment admin fees - base	-	(1)
Investment management fees - base	(5)	(5)
Railpen fees	(106)	(80)
	(191)	**(137)**
Reinvested net income (accrued in unit prices)	**569**	**540**

* 2025 figure includes management service revenue.
** 2025 figure includes property management expenses.

1.5 Pooled investment vehicles

The pooled funds had holdings in pooled investment vehicles at the year end that can be analysed as follows:

	2025 £m	2024 £m
Pooled Investment Vehicles - assets		
Bonds	1,066	346
Equity	730	808
Healthcare royalties	738	698
Hedge funds	8	632
Infrastructure	288	239
Insurance-linked securities	1,095	1,341
Liability-driven investment	1,706	1,455
Other	454	106
Private debt	1,130	1,398
Private equity	4,006	3,768
Property	116	151
	11,337	**10,942**
Pooled Investment Vehicles - liabilities		
Property liability	(269)	(309)
Net Pooled Investment Vehicles	**11,068**	**10,633**

1.5 Pooled investment vehicles *continued*

The table below provides a breakdown of the constituents of the Liability-driven investment.

	2025 £m	2024 £m
Liquidity funds	284	277
Short Maturing Sole Investor Liability-driven investment	1,133	918
Long Maturing Sole Investor Liability-driven investment	289	260
	1,706	**1,455**

The types of pooled investment vehicle invested in are Limited Partnerships, Limited Liability Partnerships, Scottish Limited Partnerships, Hedge Funds, Limited Companies, pooled loan arrangements, Client Specific Unitised Funds (Open Ended Funds), and Open Ended Funds.

The Long Term Income Pooled Fund holds investments in ground rents. Fire safety issues have been identified at a number of buildings associated with these ground rents, in accordance with the Building Safety Act ("BSA"). As a result, an extensive exercise, involving categorisation of affected buildings in line with BSA guidance is underway, from which reliable estimates of the expected remediation costs are being derived. Over the course of 2025 more buildings have been assessed for fire safety and cost estimates have been completed. As at 31 December 2025, the provision (being management's current estimate of the remaining costs) amounted to £304.6 million (2024: £363.5m). The remediation cost estimates have been prepared by Railpen with the assistance of an external consultant following assessment of the buildings across the portfolio. Estimates are refined as the remediation process is undertaken, including the following key milestones: initial assessment, on site survey, contractor tender process and remediation work. The estimated costs include building remediation work and secondary costs such as legal, insurance and alternative accommodation for tenants. The known cost estimates have reduced the related investment value in these non-statutory financial statements. This has ultimately reduced the unit pricing of the Long Term Income Pooled Fund. Consequently, this adversely affects the related fund valuation of participating schemes and sections. The cost estimates and timing of cash flows will change over time, as buildings continue to be assessed and remedial works progress.

1.5 Pooled investment vehicles *continued*

The government has created the Building Safety Fund and the Cladding Safety Scheme, which are accepting applications to support the costs of remedial works for certain buildings. Significant activity supporting the recovery of expected costs is ongoing. As at 31 December 2025 LTIF has cumulatively been granted £16.4m (2024: £15.5m) from the Building Safety Fund and £2.6m (2024: £0.8m) from the Cladding Safety Scheme.

CBRE is a commercial real estate firm appointed to value our ground rents portfolio. It has performed an independent valuation exercise of the affected properties, and has applied discounts, ranging from 25% to 100%, to reflect its view that the value of such buildings would be affected in terms of liquidity, and the potential risk of the related fund being liable for certain remedial costs, and consequently, has included a material valuation uncertainty declaration in their opinion.

Railpen has applied a further discount to the CBRE valuation to reflect the evolving legislative environment following the policy commitments made in the King's Speech of November 2023 and the subsequent enactment of the Leasehold and Freehold Reform Act 2024. This Act, while now in force, remains subject to phased implementation, with key valuation-related provisions requiring further consultation and secondary legislation before they can take effect. The legislative landscape has continued to develop in 2025 and 2026. A High Court ruling in October 2025 upheld the reforms introduced by the 2024 Act despite a significant judicial challenge from freeholders. In January 2026, the Government published the Draft Commonhold and Leasehold Reform Bill, which proposes significant future changes, including capping ground rents at £250 per property—with a transition to a peppercorn after 40 years. These proposals, which remain subject to consultation and parliamentary scrutiny, introduce further uncertainty regarding the long-term income streams and marketability of ground rent investments. Taken together, these factors reinforce the judgement of applying additional valuation adjustments at this time. Management have made a judgment to further reduce the CBRE valuation by £2.0m (2024: £3.1m) in an attempt to reflect the ongoing uncertainty on valuation impact by these factors which are not reflected in the CBRE valuation. This is reflected in the valuation of the Long Term Income Pooled Fund as at 31 December 2025.

As a result of the uncertainty detailed above the Long Term Income Pooled Fund is currently closed to normal trading.

The pooled funds are the sole investor in thirty-two (2024: thirty-two) pooled investment vehicles included within the above analysis. The assets underlying these sole investor pooled investment vehicles are:

	2025 £m	2024 £m
Pooled Investment Vehicles - assets		
Equity	479	423
Insurance-linked securities	1,095	1,341
Liability-driven investment	1,706	1,455
Private equity	1,185	886
Private debt	490	696
Other	454	106
	5,409	**4,907**
Pooled Investment Vehicles - liabilities		
Property liability	(269)	(309)
Net Pooled Investment Vehicles	**5,140**	**4,598**

1.5 Pooled investment vehicles *continued*

A breakdown has been provided below of the underlying funds of the Liability-driven investment.

Sole Investor	2025 £m	2024 £m
Short Maturing Sole Investor Liability-driven investment Bonds	1,086	942
Pooled investment vehicles	251	237
Derivatives	(70)	(63)
Repurchase agreements	(1,679)	(1,565)
Reverse repurchase agreements	1,701	1,502
Cash held in liquidity funds	24	38
Cash at bank	70	64
	1,383	**1,155**
Long Maturing Sole Investor Liability-driven investment Bonds	267	271
Pooled investment vehicles	33	40
Derivatives	(13)	(14)
Repurchase agreements	(413)	(406)
Reverse repurchase agreements	421	386
Cash held in liquidity funds	10	4
Cash at bank	18	19
	323	**300**
	1,706	**1,455**

1.6 Derivative contracts

Futures: Future contracts are standardised, transferable, exchange traded contracts that require delivery of a commodity, bond, currency or stock index, at a specified price, on a specified future date. The details of open futures contracts at the year end are as follows:

Type of future	Duration	Economic exposure at year end	Asset value at year end	Liability value at year end
		£m	£m	£m
Euro - OAT	Mar 2026	1	-	-
Euro Bobl	Mar 2026	1,199	-	(5)
Euro Bobl	Mar 2026	(171)	1	-
Euro Bund	Mar 2026	649	-	(5)
Euro Bund	Mar 2026	(99)	1	-
Euro Buxl	Mar 2026	(12)	-	-
Euro Schatz	Mar 2026	(37)	-	-
Euro Stoxx 50	Mar 2026	463	5	-
FTSE 100 Index	Mar 2026	119	2	-
Japanese TOPIX Index	Mar 2026	324	2	-
Long Gilt	Mar 2026	(78)	-	(1)
MSCI EM Mini Index	Mar 2026	502	8	-
S&P 500 E-mini	Mar 2026	3,089	-	(16)
US 10 Year T Note	Mar 2026	112	-	(1)
US 10 Year T Note	Mar 2026	5,206	-	(28)
US 10 Year Ultra T Note	Mar 2026	111	-	(1)
US 10 Year Ultra T Note	Mar 2026	2,227	-	(14)
US 2 Year Ultra T Note	Mar 2026	65	-	-
US 30 Year T-Bond	Mar 2026	18	-	-
US 5 Year T Note	Mar 2026	560	-	(2)
US Ultra T Bond	Mar 2026	(37)	1	-
		14,211	**20**	**(73)**

Included within cash balances is £1,781m (2024: £521m) in respect of initial and variation margins deposited with brokers regarding open futures contracts at the year end. Included within other investment liabilities is £1,213m (2024: £2m), in respect of initial and variation margins payable on open futures contracts at the year end.

Forward foreign exchange ('FX') contracts: The pooled funds had open FX contracts at the year-end as follows:

Type of contract	Settlement Date	Currency bought (million)	Currency sold (million)	Value at year end £m
Assets				
US Dollar/Sterling	Jan 2026 - Apr 2026	(7,036)	5,328	96
Euro/Sterling	Jan 2026	(1,068)	934	1
Sterling/US Dollar	Jan 2026	(99)	133	-
Sterling/Euro	Jan 2026	(8)	9	-
				97
Liabilities				
Sterling/US Dollar	Jan 2026	(34)	44	(1)
Sterling/Euro	Jan 2026	(4)	5	-
US Dollar/Sterling	Jan 2026	(2,777)	2,061	(4)
Euro/US Dollar	Jan 2026	(5)	6	-
				(5)

Under the terms of FX contracts, each party may be required to place collateral with the other according to whether the outstanding position is a profit or a loss. Under the terms of the above FX contracts the Trustee had received £nil (2024: £137m) cash in respect of collateral at the year end. Cash collateral deposited by counterparties with the Trustee in respect of FX contracts at the year end date amounted to £82m (2024: £nil).

1.7 Other investment assets

	2025 £m	2024 £m
Investment income accrued	67	59
Pending trades	155	-
Recoverable tax	30	53
Rent receivable	20	22
	272	**134**

1.8 Current assets

	2025 £m	2024 £m
Asset in respect of unit trades	3	3
Other debtors	2	2
Trade debtors	32	31
	37	**36**

1.9 Cash deposits and cash instruments

	2025 £m	2024 £m
Cash held in liquidity funds	1,928	1,297
Cash held at brokers in respect of futures margin	1,781	521
Cash at bank	824	918
Total cash deposits and cash instruments	**4,533**	**2,736**

1.10 Other investment liabilities

	2025 £m	2024 £m
Tax payable	2	4
Variation margin payable	1,213	2
	1,215	**6**

1.11 Current liabilities

	2025 £m	2024 £m
Accrued management fees and expenses	39	35
Liability in respect of unit trades	2	2
Property income received in advance	24	25
Tax	-	2
Trade creditors	17	44
Other creditors	12	9
	94	**117**

1.12 Securities lending

The Trustee has given approval to custodians to lend securities in the market. A principal condition of this approval is that borrowers must meet the Trustee's collateral specifications and a permanent restriction is in place that ensures that shares held in companies that are sponsoring employers of the Railway Pension Scheme are not included in the lending programme.

At 31 December 2025, the market valuation of securities that had been lent in the market was £3,375m (2024: £2,896m).

Collateral held in respect of the securities on loan at 31 December 2025 had a total value of £3,668m (2024: £3,146m).

1.13 Reconciliation of investments held at beginning and end of year

	Value at 31 December 2024	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31 December 2025
	£m	£m	£m	£m	£m
Directly held assets					
Equities	11,359	10,302	(11,067)	429	11,023
Fixed interest securities	3,018	1,809	(1,428)	(4)	3,395
Index linked securities	4,504	1,001	(929)	7	4,583
Pooled investment vehicles	10,633	2,390	(2,640)	685	11,068
UK property	2,458	144	(30)	22	2,594
	31,972	**15,646**	**(16,094)**	**1,139**	**32,663**
Derivatives					
Futures	(174)	290	(1,124)	955	(53)
FX contracts	(180)	70,480	(70,526)	318	92
	(354)	**70,770**	**(71,650)**	**1,273**	**39**
Cross holdings	3,519	111	(131)	278	3,777
Cash, cash equivalents and net other assets/(liabilities)					
Liquidity funds	1,297	14,489	(13,857)	(1)	1,928
Cash	1,439			(15)	2,605
Cash in transit	-			-	290
Net other assets/(liabilities)	47			-	(1,000)
	2,783			**(16)**	**3,823**
Cross holdings	(3,519)				(3,777)
Net assets	**34,401**			**2,674**	**36,525**

There is a £443m sale of a pooled investment vehicle with a trade date of 31 December 2025 included in the reconciliation above. As at the year end the proceeds of that sale was represented by £290m cash in transit and a further £153m asset within net assets/(liabilities) representing a pending trade for reinvestment which was settled on 1 January 2026.

1.14 Transaction costs

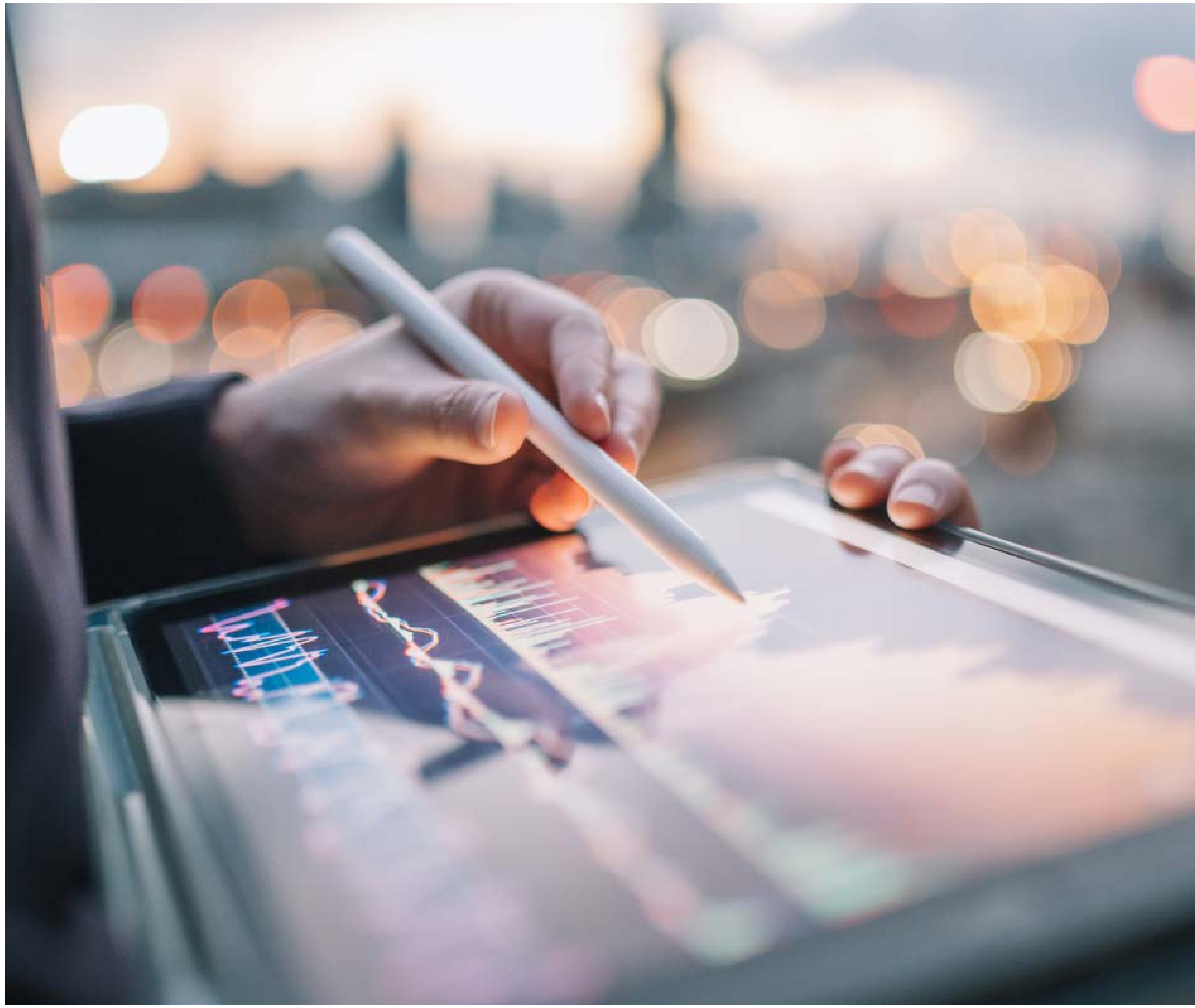
Included within the pooled funds' purchases and sales in Note 1.13 are direct transaction costs of £10m (2024: £7m) comprising mainly of fees, commissions, stamp duty land tax and legal fees. Included within pooled funds' expenses in Note 1.4 are direct transaction costs of £nil (2024: £nil) relating to legal and due diligence fees.

Together these costs are attributable to the key asset classes as follows:

Year to 31 December 2025	Fees £m	Commission £m	Stamp duty land tax £m	Legal and other £m	Total £m
Equities	5	4	-	-	9
Pooled investment vehicles	1	-	-	-	1
	6	**4**	**-**	**-**	**10**

Year to 31 December 2024	Fees £m	Commission £m	Stamp duty land tax £m	Legal and other £m	Total £m
Equities	3	3	-	-	6
UK property	-	-	1	-	1
	3	**3**	**1**	**-**	**7**

Transaction costs are also borne by the Pooled Fund in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.



1.15 Investment fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than the quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

The pooled funds' investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Directly held assets				
Equities	10,011	-	1,012	11,023
Fixed interest securities	67	3,181	147	3,395
Index linked securities	3,770	813	-	4,583
Pooled investment vehicles	82	3,874	7,112	11,068
UK property	-	-	2,594	2,594
Derivatives				
Futures	(53)	-	-	(53)
FX contracts	92	-	-	92
Other				
Cash, cash equivalents and net other assets	3,823	-	-	3,823
	17,792	**7,868**	**10,865**	**36,525**

At 31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Directly held assets				
Equities	10,329	-	1,030	11,359
Fixed interest securities	87	2,864	67	3,018
Index linked securities	4,030	474	-	4,504
Pooled investment vehicles	28	3,269	7,336	10,633
UK property	-	-	2,458	2,458
Derivatives				
Futures	(174)	-	-	(174)
FX contracts	(180)	-	-	(180)
Other				
Cash, cash equivalents and net other assets	2,783	-	-	2,783
	16,903	**6,607**	**10,891**	**34,401**

1.16 Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The pooled funds have exposure to these risks because of the investments they make to implement their investment strategies. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the pooled funds' strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the pooled funds' investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the pooled funds' exposures to credit and market risks is set out below.

A summary of risk exposure for the pooled funds by asset class is provided below:

Strategic asset class groupings	2025 £m	2024 £m	Credit risk	Market risk		
				Interest rate risk	Currency risk	Other price risk
Equities	11,023	11,359	🟢	🟢	🔴	🔴
Fixed interest securities	3,395	3,018	🟡	🔴	🟡	🟡
Index linked securities	4,583	4,504	🟡	🔴	🟢	🟢
UK Property	2,594	2,458	🔴	🟡	🟢	🔴
Pooled investment vehicles*	11,068	10,633	🟡	🔴	🔴	🔴
Futures	(53)	(174)	🔴	🔴	🟡	🔴
FX contracts	92	(180)	🟡	🟡	🔴	🟢
Cash and cash equivalents	3,823	2,783	🟡	🟡	🟡	🟢
	36,525	**34,401**	🟡	🟡	🔴	🔴

🔴 Significant exposure
🟡 Some exposure
🟢 No exposure

*For pooled investment vehicles, credit risk and currency risk is both direct (at the level of the pooled funds) and indirect (from the underlying investments of the pooled funds). Interest rate risk and other price risk are indirect (from the underlying investments of the pooled funds).

1.16 Investment risks *continued*

A summary of risk exposure for the pooled funds is provided below:

Strategic asset class groupings	2025 £m	2024 £m	Credit risk	Market risk		
				Interest rate risk	Currency risk	Other price risk
Growth Pooled Fund	22,029	20,255	🟡	🟡	🔴	🔴
Private Equity Pooled Fund	1,597	1,645	🟡	🟡	🔴	🔴
Property Pooled Fund	2,509	2,376	🔴	🟡	🟢	🔴
Illiquid Growth Pooled Fund	3,493	3,546	🟡	🟡	🔴	🔴
Defined Contribution Pooled Fund	2,137	1,917	🟡	🔴	🔴	🔴
Government Bond Pooled Fund	-	1	🟡	🟢	🟢	🟢
Long Term Income Pooled Fund	978	968	🟡	🟡	🟢	🔴
Passive Equity Pooled Fund	154	152	🟢	🟢	🟡	🔴
Short Duration Index Linked Bond Pooled Fund	1,329	1,291	🟡	🔴	🟢	🔴
Global Equity Pooled Fund	244	337	🟢	🟢	🔴	🔴
Non Government Bond Pooled Fund	738	666	🔴	🔴	🟡	🟡
Long Duration Index Linked Bond Pooled Fund	3,277	3,232	🟡	🔴	🟢	🔴
Infrastructure Pooled Fund	-	9	🟡	🟢	🟢	🟢
Cash Pooled Fund	107	67	🟡	🟡	🟢	🟢
Matching Pooled Fund	1,710	1,458	🔴	🔴	🟢	🔴
Cross holdings*	(3,777)	(3,519)				
	36,525	**34,401**	🟡	🟡	🔴	🔴

🔴 Significant exposure
🟡 Some exposure
🟢 No exposure

*Cross holdings consist of a mixture of the funds included in the table above, see Note 1.3 for a breakdown.

1.16 Investment risks *continued*

Credit risk

The pooled funds are subject to credit risk as they invest in fixed interest securities, OTC derivatives, have cash balances held on money market funds and undertake securities lending activities. The pooled funds also invest in pooled investment vehicles and are therefore directly exposed to credit risk in relation to the instruments they hold in the pooled investment vehicles and are indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on fixed interest securities is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds, which are rated at least investment grade. The pooled funds also invest in high yield and emerging market bonds, some of which are non-investment grade. The Trustee manages the associated credit risk by requesting the investment managers to diversify their portfolios to minimise the impact of default by any one issuer.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Pooled Fund is subject to risk of failure of the counterparty. Credit risk also arises on forward foreign currency contracts. There are collateral arrangements for some of these contracts and all counterparties are required to be at least investment grade. FX collateral balances are detailed in Note 1.6.

The pooled funds lend certain fixed interest and equity securities under a Trustee approved securities lending programme. The Trustee manages the credit risk arising from securities lending activities by restricting the amount of overall securities that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. Details regarding securities lending are provided in Note 1.12.

Cash is held within financial institutions which are investment grade credit rated.

The pooled funds holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

Currency risk

The pooled funds are subject to currency risk because some of the pooled funds' investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limits overseas currency exposure through a currency hedging policy.

Interest rate risk

The pooled funds are subject to interest rate risk on fixed interest securities and index linked securities held either as segregated investments or through pooled vehicles.

Other price risk

Other price risk arises principally in relation to the pooled funds investments in directly held equities, equities held in pooled vehicles, equity futures, property, property pooled investment vehicles, hedge funds and private equity.

The pooled funds manage this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

1.17 Investment managers during the year

The investment managers used by the pooled funds during the year together with their net assets under management at the year end were as follows:

	2025 £m	2024 £m
RPIL*	21,261	20,222
Neuberger Berman	3,282	2,243
Legal & General Investment Management	3,046	2,588
Nephila Capital Ltd	1,519**	1,316
HealthCare Royalty Partners	843	767
Insight Investment	735	665
Oaktree Capital Management	518	306
Horsley Bridge Partners	369	366
Sequoia Capital	339	308
Christofferson, Robb & Company LLC	301	304
Amplo	280	271
Presidio Investors	230	223
Waystone Management (UK)	216	57
Motive Partners	208	201
Constellation	200	206
LocalGlobe	200	159
Riverside	197	219

	2025 £m	2024 £m
The Cranemere Group	178	201
Avenue Capital Group	176	239
Intermediate Capital Group	174	213
Macquarie	158	157
Columbia Capital	154	119
Generate Capital	143	253
Orion Energy Partners	139	123
Greencoat Capital LLP	124	136
Long Harbour Limited	116	151
Innisfree Limited	98	101
Astra Capital	96	83
Private Advisors	74	79
Accel Partners	68	72
Varde	65	121
Carried forward	**35,507**	**32,469**

1.17 Investment managers during the year *continued*

	2025 £m	2024 £m
Brought forward	**35,507**	**32,469**
Westbridge Capital Partners	65	87
Blossom Capital	63	68
Index Ventures	63	31
Broad Sky Partners	61	63
White Oak	61	64
Arcmont Asset Managers	50	-
Greenbelt	42	28
Amaranthine Partners LLC	41	29
Soundcore Capital Partners	41	80
Bain Capital	35	43
Andreessen Horowitz	34	30
Limerston Capital Partners	31	36
Pensions Infrastructure Platform	30	31
Two Roads Partners	29	12
Highland Capital Partners	27	33
Great Hill Partners	25	28
Credit Suisse ILS Limited	18	24
Palatine	18	16
Bessemer Venture Partners	17	19
General Atlantic	17	20
Schroder Adveq	17	29
Brentwood Associates	16	-

	2025 £m	2024 £m
KPS Capital Partners	15	18
Anacap Financial Partners	14	12
Cinven	13	18
WP Global Partners	13	28
Clearsight Investments	12	13
Khosla Ventures	11	24
Morningside Ventures	11	16
Thoma Bravo	11	20
Charlesbank Capital Partners	10	14
HarbourVest Partners	10	10
Apax Partners	9	11
ClearVue Partners	9	10
Balderton Capital	8	11
General Catalyst	8	10
Peak Rock Capital	8	9
Scale Venture Partners	8	11
Hony Capital	7	8
Navis Capital Partners	7	6
Triton Partners	7	10
Keylane	6	5
Carried forward	**36,505**	**33,504**

1.17 Investment managers during the year *continued*

	2025 £m	2024 £m
Brought forward	**36,505**	**33,504**
Institutional Venture Partners	4	6
Innovation Works	3	6
Southern Cross Group	3	4
Venor Capital Management	3	19
Berkshire Partners	2	4
Aberdeen Asset Management	1	1
Abry Partners	1	1
Adams Street Partners	1	2
Domain Partners	1	1
Pantheon Ventures	1	3
Aspect Capital Ltd	-	623
Blackstone Alternative Asset Management	-	1
CVC Capital	-	1
Dalmore Capital Limited	-	43
Duke Street	-	24
OneFamily	-	156
Warburg Pincus	-	2
Carried forward	**36,525**	**34,401**

* Included in this balance is cash invested in Liquidity Funds totalling £1,402m (2024: £1,260m).
** Included in this balance is £290m in cash in transit and £153m in pending trades.

1.18 Performance

Performance is calculated by Railpen based on changes in the relevant pooled fund unit prices, which are net of fees, over the period.

The performance of the Global Equity Pooled Fund is measured against a composite comparator, which at the year end comprised:

	2025 %	2024 %
FTSE North America Index	25.00	25.00
FTSE All Share Index	20.00	20.00
FTSE Developed Europe (ex UK) Index	20.00	20.00
FTSE Developed Asia Pacific Index	20.00	20.00
MSCI Emerging Markets Index (50% hedged to GBP)	15.00	15.00
	100.00	**100.00**

The Global Equity Pooled Fund adopts a passive hedging strategy, whereby 50% of the overseas developed markets currency exposure in the pooled fund is hedged back to Sterling.

The comparators that all other pooled funds were measured against during the year are shown in the table below:

Pooled Fund	Comparator
Growth	UK Consumer Price Index plus 4% from 1 May 2021 (previously UK Retail Prices Index plus 4%)
Private Equity	MSCI ACWI Index
Property	UK Consumer Price Index +4% from 1 May 2021 (previously UK Retail Prices Index +4%)
DC Long Term Growth	UK Consumer Price Index +4% from 1 May 2021 (previously UK Retail Price Index +4%)
DC Global Equity	FTSE World Developed Markets GBP Hedged
DC Deposit	1M Sonia from 1 December 2021 (previously GBP 1M Libor)
DC Corporate Bond	Bloomberg Barclays Global Aggregate Corporate Index GBP Hedged
DC UK Government Fixed-Interest Bond	FTSE UK Gilts up to 5 Years from 12 September 2024,previously FTSE UK Gilts 15+ Years TR
DC UK Government Index-Linked Bond	Bloomberg Barclays UK Gilts Index Linked 15+ Years
DC Socially Responsible Equity	MSCI World SRI Select Reduced Fossil Fuel
Illiquid Growth	UK Consumer Price Index plus 6% from 1 May 2021 (previously UK Retail Price Index plus 4%)
Government Bond	FTSE World Government Bond Index (WGBI) 3-7 years GBP
Passive Equity	FTSE World Developed Markets GBP Hedged
Long Term Income	UK Consumer Price Index plus 1% from 1 May 2021 (previously UK Retail Price Index)
Short Duration Index Linked Bond	Bloomberg Barclays UK Gilts Index Linked 1 to 10 Years Index
Infrastructure	UK Retail Price Index plus 4%
Non-Government Bond	Bloomberg Barclays Global Aggregate Corporate Index GBP Hedged
Long Duration Index Linked Bond	Bloomberg Barclays UK Gilt 15+ Years Index
Cash	1M SONIA from 1 December 2021 (previously GBP 1M LIBOR)
Matching Short Maturing	Custom Railpen Short Maturing Index
Matching Long Maturing	Custom Railpen Long Maturing Index

1.18 Performance *continued*

The return of each pooled fund as measured by Railpen is shown in the table below:

Pooled Fund	Actual 2025	Comparator 2025	Actual last 5 years	Comparator last 5 years
	(%)	(%)	(%)	(%)
Growth Pooled Fund	13.4	7.5	6.3	9.5
Private Equity Pooled Fund	11.0	13.9	9.0	11.5
Property Pooled Fund	5.7	7.5	3.6	9.5
Illiquid Growth Pooled Fund	(1.1)	9.5	10.5	11.5
Long Term Income Pooled Fund	(1.3)	4.4	(8.3)	6.3
Passive Equity Pooled Fund	20.6	20.7	12.9	12.8
Short Duration Index Linked Bond Pooled Fund	3.0	3.1	2.0	1.8
Global Equity Pooled Fund	20.9	22.4	11.1	10.8
Non-Government Bond Pooled Fund	7.1	7.0	0.4	-
Long Duration Index Linked Bond Pooled Fund	(0.3)	0.1	(15.1)	(14.8)
Infrastructure Pooled Fund	13.2	8.3	13.6	11.0
Cash Pooled Fund	4.3	4.2	2.8	3.0
DC Long Term Growth	13.3	7.5	6.2	9.5
DC Global Equity	20.5	20.7	12.8	12.8
DC Deposit	4.1	4.2	2.9	3.0
DC Corporate Bond[1]	7.0	7.0	3.8	3.9
DC UK Government Fixed Interest Bond[1]	4.8	5.1	(7.2)	(6.9)
DC UK Government Index Linked Bond[1]	(0.2)	0.1	(17.1)	(16.7)
DC Socially Responsible Equity[1]	6.8	7.2	11.2	10.6
Matching Short Maturing Pooled Fund[1]	(2.4)	(1.9)	(8.1)	(7.5)
Matching Long Maturing Pooled Fund[1]	(3.5)	(3.1)	(8.1)	(7.4)

1 These pooled funds have been in existence for less than five years therefore the figures given in the table are since inception returns rather than five year returns. The DC Corporate Bond, DC UK Government Fixed Interest Bond and DC UK Government Index-Linked Bond funds launched 17 May 2022. The DC Socially Responsible Equity fund launched 10 June 2022. The Matching Short Maturing Pooled fund launched 7 December 2023 and the Long Maturing Pooled Fund launched on 16 February 2024.

The Government Bond Pooled Fund closed during the year therefore no returns have been disclosed for that Pooled Fund.

1.19 Commitments

The pooled funds have commitments to fund managers and partnerships that will be drawn down over a number of years. The total amount committed but not yet drawn down is £1,209m (2024: £1,512m).

1.20 Related party transactions

Railpen Limited recognised a Mutual fund liability amounting to £7.1m as at 31 December 2025 resulting from Mutual trading with the Trustee Company (2024: £11.1m). An equivalent Mutual fund asset is attributable to the pooled funds of the railways pension schemes; however, this is not reflected in these financial statements on the grounds of materiality.