

Annual Implementation Statement – For Scheme Year Ending 31 December 2025

Army and Air Force Exchange Service United Kingdom Area Exchange Managed Pension Plan

Introduction

This document is the Annual Implementation Statement, as required by the UK Government, under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulation 2013, as amended and guidance published by The Pensions Regulator (TPR).

The regulations require that the Trustees of the Exchange Pension Scheme disclose any actions taken by the Trustees and how these actions adhere to the Exchange’s Statement of Investment Principles (SIP) for the benefit of the Exchange’s UK employees.

This is the Exchange’s Implementation Statement the Trustees has prepared and covers the year ending 31 December 2025.

A copy of the Implementation Statement is available at the following link:

- <https://www.applymyexchange.com/>
 - Under “Additional Information” in the blue area at the bottom of the page.

SIP Objectives and Disclosure of Changes

The following changes to the SIP were implemented and published in March 2026.

Section 4.5 Rates of Return	Added table for asset class and return assumptions as of year ending December 31, 2025.
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As of the year ending December 31, 2025, no changes to the investment manager, BlackRock, or asset allocation to portfolio which remains at 80% Gilts or 20% Equities.

A copy of the SIP is available at the following link:

- <https://www.applymyexchange.com/>
 - Under “Additional Information” in the blue area at the bottom of the page.

Scheme’s Investment Summary of Voting Behavior for the year ending 31st December 2025

Investment Portfolio. The Scheme’s invests in the following BlackRock funds:

- Aquila Life World (excl. UK) Equity Index Fund
- Aquila Life Currency Hedged World (excl. UK) Equity Index Fund
- iShares Emerging Markets Index Fund (IE) Aggregate
- Aquila Life All Stocks UK Index-Linked Gilt Index Fund
- Aquila Life Over 25 Years Gilt Index Fund

Voting Stewardship. As the Scheme invests in pooled funds, the Trustees do not hold voting rights. BlackRock, as the investment manager, retains full voting authority and does not seek client input on voting matters. The Trustees are satisfied with BlackRock’s explicit strategy for corporate engagement and voting intervention, which aligns with the Scheme’s objectives.

Each year, BlackRock Investment Stewardship (BIS) participates in over 16,000 shareholder meetings in 85 markets targeting 100% voting coverage on behalf of their clients. The BIS team collaborates regularly with analysts and portfolio managers to ensure decisions are informed by thorough research and pre-vote engagements.

BlackRock’s Role. As a fiduciary, BlackRock upholds its responsibility to safeguard clients’ assets and votes in alignment with their long-term interest. While governance guidelines assist in the decision-making process, BlackRock may deviate when specific corporate governance or ESG-related concerns arise, including issues around climate change. Engagement with company management is central to ensuring alignment with shareholder interests and holding directors accountable.

Adherence to SIP Policies. The Trustees confirm compliance with the Scheme’s Statement of Investment Principles (SIP) for the year ending 31 December 2025. They will continue collaborating with their investment consultant (Wilshire) and investment manager (BlackRock) to provide annual status updates on stewardship and voting behavior.

Engagement Activities for the year ending 31st December 2025.

Member Statement	The required annual statement showing the Plan’s financial health was provided to members in June 2025.
Preservation Requirements	The Trustees approved for Aptia to calculate any 2025 early retirement benefit on a case-case-by case basis to ensure the preservation requirements due to inflation are met.
Discretionary COLA Pension Increase – Pre-1997	The Trustees discussed at the Trustee meeting held in December 2025. A standard discretionary increase of 3.8% was approved out of session in January 2026, in line with September CPI.
Discretionary COLA Pension Increase – Post-2005	The Trustees discussed at the Trustee meeting held in December 2025. A standard discretionary increase of 3.8% was approved out of session in January 2026, in line with September CPI.
Risk Register	The Trustees completed a risk register to identify minimum compliance risks and put controls in place to manage those.
Effective System of Governance	The Trustees worked with Willis Towers Watson to draft policy documents to address The Pension Regulator’s expectations set out in the General Code of Practice.
Scheme Valuation	A full valuation of the Plan was conducted in December 2023, and Willis Towers Watson discussed the results with the Trustees prior to finalizing the valuation report to the regulator.