



Smart Pension Master Trust Implementation Statement for the year ending 30 June 2025

Smart Pension Master Trust

Implementation Statement

for the year ending 30 June 2025

Welcome to our Statement of how we implemented the policies and practices in the Smart Pension Master Trust (the “Scheme”) Statement of Investment Principles during the year ending 30 June 2025 (the “Scheme Year”).

Why do the Scheme’s investments matter to me?

The Scheme provides you with benefits on a defined contribution (“DC”) basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

What is the Statement of Investment Principles (“SIP”)?

The SIP sets out the investment principles and practices we follow when governing the Scheme’s investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don’t make a choice), explains the risks and expected returns of the funds used and our approach to responsible investing (including climate change).

The last review of the Scheme’s SIP was completed on 12 December 2024, at the Trustee meeting, and the next review will take place no later than 12 December 2025.

The following changes were made to the SIP during the last Scheme Year:

- Include additional detail on the use of derivatives; and
- Provide detail on the use of illiquids in wider default arrangements.

If you want to find out more, you can find a copy of the Scheme’s SIP (and the Scheme’s Chair Statement) at www.smartpension.co.uk/governance/scheme-governance

What is this Implementation Statement for?

The Implementation Statement sets out how we have complied with the Scheme’s SIP during the last Scheme Year. The Implementation Statement will cover our review of the SIP, with an

explanation of any changes made and describe the voting behaviour of our asset managers. It is the Trustee's view that the policies in the SIP have been followed during the Scheme Year.

How the Scheme's investments are governed

As Trustee, we have overall responsibility for how the Scheme's investments are governed and managed in accordance with the Scheme's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

We have an established Investment Sub-Committee which focuses on investment issues and makes recommendations to the full Trustee Board.

The following changes to the Trustee and the governance processes were made during the last year:

- During the Scheme Year, a full recruitment exercise was undertaken for a new Trustee and a new Chair of the Trustee Board, where Paul Bucksey was appointed with effect from 1 June 2025 and Raj Mody was appointed with effect from 1 July 2025. With effect from 1 September 2025 Raj Mody replaced Capital Cranfield (represented by Andy Cheseldine) as Chair of the Trustee Board. Full details of the recruitment exercises undertaken are included within the Chair's Statement as at 30 June 2025.; and
- A new governance framework was introduced for the synthetic equities structure launched with JP Morgan Mansart.

Full Board meetings were held every quarter.

We have delegated day-to-day investment decisions, such as which underlying investments to buy and sell, to our investment managers: AMX-DWS, Legal and General Investment Management ("LGIM"), Schroders, HSBC, JP Morgan Asset Management, JP Morgan Mansart, Mercer, Clearlake Credit, Mirova, AXA and Barclays. Our investment platform provider over the year was Mobius Life.

We undertook the following during the last Scheme Year to ensure that our knowledge of investment matters remains up to date:

- The Investment Sub-Committee met four times;
- Investment issues are a standing agenda item on all quarterly meetings and a feature of many of the other meetings held in the year;
- Revisited our stewardship priorities for the year, with updates on these provided at each Investment Sub-Committee meeting;
- Discussed areas such as private markets, derivatives, deforestation, net zero, stewardship and engagement, diversity, equity and inclusion and Shariah investing;
- Received investment training on Sharia investment principles, private market investments, illiquid investments,, pension scams and latest industry thinking, small pots, VFM and horizon scanning, and a cyber security refresher. On an annual basis a

review against a skills matrix is undertaken, and a plan agreed with regard to training over the year. A reading room is also available to the Trustee where relevant industry publications and surveys are stored to support learning; and

- Reviewed the performance and ongoing suitability of the investment fund range.

We monitor how well our investment advisers meet the objectives agreed with them. The following objectives for the investment advisers remain in place:

- Deliver an investment approach for the default option that maximises risk-adjusted real returns for members and reflects members' likely benefit choices at retirement, reflects our beliefs and is agreeable to the Scheme strategist. We note that the concept of risk can change throughout a member's career;
- Provide advice in relation to the self-select range that incorporates sufficient choice for members to meet their own needs in terms of investment return, investment risk and retirement choices, reflecting member feedback where relevant;
- Provide advice on cost-efficient implementation of new strategies as required;
- Develop our knowledge and understanding of investment matters;
- Provide services to support our ongoing governance that are proportionate and competitive in terms of costs relative to their peer group;
- Provide relevant and timely advice that reflects our own policies and beliefs, including those in relation to responsible investment;
- Ensure their advice complies with relevant pensions regulations, legislation and supporting guidance.

We have also established measures to judge the performance of our investment advisers on an annual basis and review the appropriateness of the objectives. The objectives were reviewed over the Scheme year and remain suitable.

Hymans Roberston, as Trustee investment adviser, continues to provide good service with their experience in the industry, proactivity and established working relationship with the Trustee and Smart Pension team. The Regulatory and Governance Team supports these observations, that the relationship is strong and Hymans Roberston have been willing to support a range of work as needs have evolved. The investment adviser also attended all Investment-Sub Committee meetings and provided updates on the investments and appropriateness of the new funds proposed. The Trustee obtained and considered advice from their investment adviser during the Scheme Year when new investments were chosen.

How the default arrangements and other investment options are managed

The objectives and rationale are set out in the SIP on pages 4 to 6 for the default arrangements and for the other investment options on pages 6 to 8.

Over the Scheme year, we carried out a review of the default arrangement and other investment options, with input from Hymans to ensure they remain suitable for most members. Hymans also carried out their annual suitability assessment of all the investments in November 2024, which confirmed that the arrangements, including the changes outlined below were suitable for members of the Scheme. This review involved:

- Ensuring that the default arrangement complies with the charge cap;
- Monitoring the investment performance of each fund; and
- Considering whether the funds still meet the investment objectives we have set for the default arrangement and other investment options.

As mentioned, with support from our advisers we reviewed the ongoing suitability of the default arrangement. As detailed in last year's statement, an allocation was made to the Smart Pension Net Zero Pathway Custom Equity Index Fund, managed by JP Morgan Mansart, in the Smart Sustainable Growth and Smart Sustainable Growth Core Funds, during the Scheme Year.

In addition, the suitability of the wider fund range was considered and a number of changes were made:

- Added the Smart Cash fund as a default arrangement;
- Replaced the blend of LGIM Future World equity funds used in a number of blended funds with the AMX-DWS Global Low Carbon Stewardship Fund; and
- Changed the underlying funds within the Mercer Long Term Growth and Smart Schroders ESG Fund.

We aim to communicate our investment options and any changes to members primarily through digital means limiting the impact from a sustainability perspective, but will also communicate by paper where required. Digital communications can take the form of both messages and nudges within the app, as well as emails. Nudges in particular allow Smart Pension, on behalf of the Trustee, to communicate quickly with members, including testing out new ideas and to gain members' views on stewardship and engagement.

Other default arrangements

The Scheme has five additional default arrangements which are used by different categories of members. These have come about due to the take-on and merging into our Scheme of other DC pension arrangements (and their members) which have closed, where sections within the arrangement have been closed, or where we have created new arrangements. We undertake ongoing governance and monitoring of these other default arrangements alongside the main investment strategy.

The Smart Sustainable Growth Core default arrangement is an alternative default arrangement used within the main section of the Scheme.

The Smart Cash fund is a 'temporary' default arrangement, as a result of an external Scheme transfer of assets into the Smart Pension Master Trust.

The Schroders default arrangement was set up from December 2022 following investment advice from our investment consultant and we are satisfied that this also remains suitable for those members.

The Mercer Smart Pension default arrangement was set up from December 2023 following investment advice from our investment consultant and we are satisfied that this also remains suitable for those members.

The Halal Workplace Pension default arrangement was set up from June 2024 following investment advice from our investment consultant and we are satisfied that this also remains suitable for those members.

The Trustee's investment beliefs

We have developed a set of investment beliefs, which are set out on pages 8 to 23 of the SIP, which we use as a guide when making investment decisions. Further detail on investment beliefs, particularly those related to ESG, are set out in the Trustee's separate policies, listed below.

The expected risks and returns on your savings in the Scheme

The investment risks relating to members' benefits are described in the SIP on pages 9 to 13 and the expected returns from each type of investment used by the Scheme are set out in the SIP on pages 13 to 14.

During the last year, we believe that the default arrangement provided a suitable level of investment risk and return for the majority of members. Our views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Scheme invests in over the longer-term) for the Scheme's lifestyle options (which gradually change the funds in which your savings are invested as you approach retirement).

The performance of all funds relative to the benchmarks and objectives are reviewed quarterly by the ISC and Trustee. This assists in measuring the risks stated in the SIP in relation to inflation risk, volatility risk and investment manager risk.

The Trustee maintains a dynamic risk register, with the key risks for the Scheme, which is reviewed at least annually and discussed at each quarterly meeting.

We are comfortable that the changes to the Scheme's default arrangement improve our position to target strong long-term returns and diversification.

Platform providers and fund managers

Choice of platform providers and funds

We and our advisers monitor the service of the platform provider used by the Scheme, Mobius Life, on a quarterly basis, and receive and review assurance reports on internal controls of service.

We and our advisers monitor the performance of the funds used by the Scheme by:

- Receiving and reviewing quarterly fund performance data from Smart Pension Limited;
- Receiving and reviewing fund performance data prepared and presented by our professional investment advisers on a quarterly basis; and
- The Trustee, or its delegates, meets with all investment managers on a rolling basis, meeting each manager at least annually, to assess their performance, stewardship and policies in place.

As noted above, a number of changes were made to the default and wider fund range during the last year.

Ability to invest / disinvest promptly

It's important that your contributions can be invested promptly in the default arrangement or the investment options you have chosen and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another scheme or your benefits are due to be paid out when you retire.

We are satisfied that money can be invested in and taken out of the Scheme's funds without delay as set out in the SIP.

Changes in where funds are invested

We will monitor the volume of buying and selling of the assets carried out by the fund managers for each of the funds members invest in. This is delegated to our investment advisers to monitor on an ongoing basis. Any unexpected changes or issues of concern will be brought to our attention for relevant action.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by us.

Such fluctuations form part of the broader research and monitoring process adopted by the investment adviser in communications with the fund managers, providing the opportunity to identify potential concerns and challenge these directly. In instances where this research

process reveals a material concern, this will be raised with the Trustee for further consideration and potential action.

We also assess the impact of trading in individual funds on an annual basis as part of our overall assessment of transaction costs (which are the costs incurred by fund managers as part of their day-to-day management of funds). Such assessments will lead to further action in instances where it is identified that transaction costs are higher than anticipated for particular funds. Over the course of the year, no such concerns were identified. The assessment of charges including transaction costs is set out in our annual Chair's Statement.

We are satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives as set out in the SIP. If you want to find out more, you can find a copy of the Scheme's SIP and the Scheme's Chair Statement at www.smartpension.co.uk/governance/scheme-governance

Security of your savings in the Scheme

In addition to the normal investment risks faced investing in the funds used by the Scheme, the security of your savings in the Scheme depends upon:

- The financial strength of the investment platform providers used by the Scheme.
- The financial strength of the fund managers used by the investment platforms.
- The legal structure of the funds the Scheme invests in.

The financial strength of the platform providers and the fund managers has a bearing on the risk of losses to the Scheme's members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent. We also review, at least annually, the eligibility of members' funds for protection under the Financial Services Compensation Scheme.

During the last year, with the help of our investment advisers, we have considered information from the platform provider on the provider's financial health and the structure of the funds used by the Scheme.

There have been no material changes to the structure of the funds used by the Scheme during the last year. We are not aware of any material reduction in the financial strength of the investment platform providers or the fund managers used by the platform in the last year.

Conflicts of interest

The Trustee Conflicts of Interest Policy is published online, along with the SIP and Chair's Statement (mentioned earlier). The policy sets out how the Trustee deals with the

identification, notification and management of potential and actual conflicts, both real and perceived.

As described on pages 18 to 19 of the SIP, we consider potential conflicts of interest:

- When choosing fund managers.
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing.
- When the fund manager is making decisions on where each fund is invested.

We expect the fund managers to invest the Scheme's assets in the members' best interests. During the last year we considered the fund objectives when selecting the new managers, detailed previously. As the funds used by the Scheme are held at arm's-length from the Trustee via an investment platform, we receive assurance reports from the platform provider on their own investment governance of the funds including potential conflicts of interest.

A number of the fund managers referred to above are also investors in Smart Pension Limited, which gives rise to a perceived conflict. In reality, the material objectives for the investors and Trustee are aligned and so do not give rise to a significant concern, although this position is monitored on an ongoing basis. Conflicts of interest are declared at the outset of all formal Trustee, and sub-committee meetings.

We are satisfied that there have been no material conflicts of interest during the year which might affect members' benefit expectations.

Manager incentives

As described on pages 20 to 21 of the SIP, we seek to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Scheme are held via an investment platform. While the detail may be subject to commercial confidentiality, we believe it is in the platform provider's best commercial interests to ensure that the fund managers are suitably incentivised to meet their funds' investment objectives. The Trustee expects, where possible, that the investment managers will make decisions based on assessments about medium to long-term, financial and non-financial performance of an issuer of debt or equity.

Responsible Investment

We believe that responsible investing covers both sustainable investment and effective stewardship of the assets the Scheme invests in.

Over the Scheme Year, the Climate and Nature, Responsible Investment and Voting and Engagement policies were updated.

The Climate and Nature policy was updated to provide detail on which funds the policy applies to, further detail on our policies on biodiversity and deforestation, update for our new interim

net zero target, provide further detail on reporting and set out our stance as an advocate for change.

The Responsible Investment Policy was updated to provide more detail on our active ownership and detail our split voting policy, carried out by Minerva, in more depth.

The Voting and Engagement Policy was updated to provide further detail on our split voting policy, update wording on our engagements with managers and companies (including on escalation), and add wording around our influence on UK Government policy .

We continue to evolve our policies to ensure they draw on the latest available evidence, views on best practice and the anticipated needs of members.

Sustainable Investment

We believe that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (collectively called “ESG” factors) can have on the value of the Scheme’s investments and in turn the size of your retirement benefits.

We have considered the length of time members’ contributions are invested in the Scheme when choosing and reviewing the funds used in the investment options. The Scheme potentially has members joining from age 16 who could therefore have savings invested for 50 years.

We periodically review the platform provider’s and fund managers’ approaches to sustainable investing. We receive quarterly reports from our investment adviser on the performance of the fund range and how fund managers have handled these risks.

During the Scheme Year, we continued to evolve our responsible investment approach by improving our investments from an ESG perspective, including strengthening our policies, focusing on our key stewardship areas, consolidating our investments into our bespoke solutions, and implementing split voting within the JP Morgan Mansart strategy. We will continue to look at new and innovative investments which have an impact from an ESG perspective. We will be reporting on our net zero progression and emissions metrics over the Scheme Year within our TCFD report and as part of our net zero updates. Our investment adviser assists with the production of our TCFD report by providing the climate emissions and quantitative scenario analysis for our underlying default growth funds. We have expanded our TCFD approach to consider these same scenarios from a qualitative point of view to demonstrate how the Trustee more broadly considers climate risks on members’ investments.

Investment stewardship

As described on pages 18 to 19 of the SIP, we believe it is important that the fund managers as shareholders or bondholders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on

major issues which affect a company's financial performance (and in turn the value of the Scheme's investments).

As the Scheme's investments are held via investment platforms, we are not always able to instruct the fund managers how they should vote on shareholder issues. For our managers we:

- Implement a split voting policy, where possible, through the manager's selection of Minvera to carry out voting in line with the Trustee's policies.
- Choose fund managers whose voting policies are consistent with the Scheme's objectives.
- Expect fund managers to vote in a way which enhances the value of the funds in which the Scheme invests and use the Trustee's policies (SIP, Responsible Investment Policy, Climate and Nature Policy and Voting and Engagement Policy) as an expression of wish.
- Monitor how the fund managers exercise their voting rights. During the Scheme year this was undertaken by Smart Pension and our investment advisers. We report on the votes undertaken and engagements annually through our Voting and Engagement and UK Stewardship Code Report, available on our website.

LGIM, JP Morgan Asset Management, JP Morgan Mansart, AMX-DWS, Mirova, AXA, Clearlake Credit, Schroders, Mercer, Wahed and HSBC are all responsible for managing funds in which members' assets are invested. LGIM, JP Morgan Asset Management, JP Morgan Mansart, AMX-DWS, AXA, Schroders, Mercer, Wahed and HSBC are equity managers and therefore have voting rights attached to them. These funds are available to members as part of the default fund range, the self-select fund range or through a separate section of the Scheme. The full range of default and self-select funds available to members is set out in the Investment Policy Implementation Document.

During the Scheme Year, the JP Morgan Mansart fund made up the largest proportion of our equity allocation, in our default growth funds. In line with this, our reporting and analysis tends to have a larger focus on votes and engagements with companies in this fund, including through the AMX-DWS fund.

The Trustee's own voting guidelines apply to the AMX-DWS Global Low Carbon Stewardship Fund, managed by AMX-DWS, and the Smart Pension Net Zero Pathway Custom Equity Index Fund, managed by JP Morgan Mansart. Recommendations are carried out by Minerva based on Smart Pension's guidelines. In addition, engagements in the AMX-DWS Fund are carried out by Engagement International in line with this policy. Minerva employs a voting framework that encompasses materiality, directive, and company assessments. This framework is used to determine how votes are cast, particularly when a topic is specialised and not explicitly covered by a specific guideline within the Trustee's own policy.

JP Morgan Mansart is a specialist asset management business focusing on derivative based solutions and manages our equity swap. Smart Pension undertakes monthly monitoring and quarterly reporting to the ISC of the risks being monitored by Smart Pension, Mobius Life ("Mobius") and JP Morgan Mansart on the Smart Pension Net Zero Pathway Custom Equity Index Fund.

As part of our annual review process we looked at our fund managers' stewardship policies and practices. This review, which was supported by our investment advisers, included questionnaires and presentations from the Scheme's fund managers. This process provided us with comfort on the approaches being taken by our fund managers in line with the expectations above, but also provided opportunities for us to work with our advisers to improve our fund managers' stewardship capabilities. More details on the managers and their stewardship approaches are provided in our Voting and Engagement and UK Stewardship Code Report.

How do we monitor this?

We periodically review the platform provider's and fund managers' approaches to stewardship including voting and engagement policies, at least on an annual basis.

Our investment advisers and investment team regularly assess fund managers on how they have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest. Where appropriate, our advisers bring any voting, issues or concerns to our attention.

The Smart Sustainable Growth Fund was used as a default arrangement during the Scheme Year, and a majority of members were invested in this fund. The Trustee, with the in-house investments team and its investment adviser, undertakes an assessment of each investment manager's voting activity (for the listed equity managers), covering priority areas for the Scheme including top holdings, material sectors, votes highlighted by ShareAction and significant votes where a manager's vote could have influenced the overall outcome of the vote. Given the pooled nature of our investments and the number of companies within the funds, this review and engagement with external investment managers is key to determining conflicts or issues arising.

Smart Sustainable Growth Fund (SSGF): top ten holdings

Company	Exposure %	Manager engagements* over the Scheme year
Microsoft	4.3	2
Apple	3.8	2
Nvidia	3.6	3
Meta	1.7	5
Broadcom	1.2	2
TSMC	1.1	1
Alphabet	1.9	1
Eli Lilly & Co	0.8	0
JP Morgan & Chase	0.7	0
Tencent	0.7	0
Top ten holdings	18.8	

Source: Investment managers

*Engagements refer to direct or collaborative meetings, dialogue and issues raised outside the usual voting process.

Smart Sustainable Growth Fund (SSGF): top ten holdings comparison

Sectors (GICS)*	SSGF (%)	MSCI ACWI (%)
Technology	18.1	19.1
Health Care	0.7	0.0
Financials	0.7	0.0
Consumer Discretionary	0.0	3.6
Total	19.5	22.7

*Sectors of SSGF were given by Transition Pathway Initiative Industries, which were then mapped to MSCI's Global Industry Classification Standard (GICS) sectors, therefore some companies may not be mapped like-for-like and these figures are based on estimates.

The top ten holdings have been compared to the MSCI All Countries World Index, as an indication to how overweight or underweight the default growth fund is compared to global equity markets. Over the Scheme year, one company moved out of the top ten holdings; AstraZeneca. Tencent moved into the top ten holdings.

Technology holdings are similar between the default growth fund and the MSCI ACWI. All technology companies in the default growth fund's top ten are also present in the MSCI ACWI's top ten, with the exception of Tencent. A key difference is that the MSCI ACWI includes Tesla and Amazon, two other consumer discretionary companies with a strong technology bias, in its top ten. The default growth fund's top ten, however, includes Eli Lilly & Co (healthcare) and JP Morgan (financial), rather than these companies.

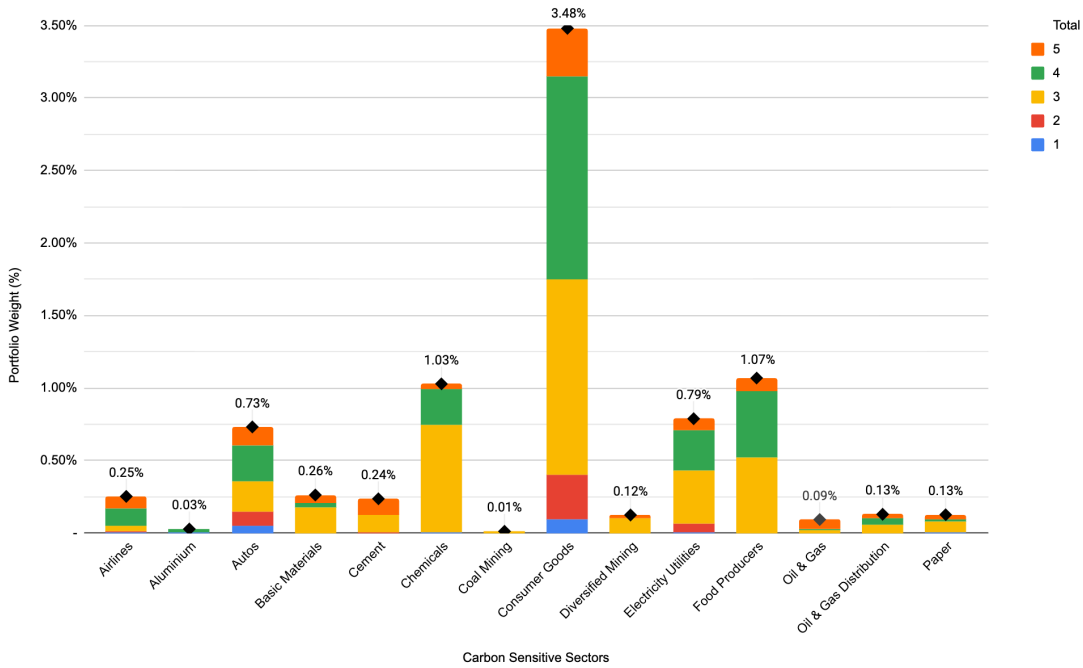
Material sectors

The Transition Pathway Initiative (TPI) is a global initiative, partnering with FTSE Russell, led by asset owners and supported by asset managers. It assesses companies' preparedness for the transition to a low-carbon economy. This analysis helps us to prioritise areas going forward for engagements. Using this initiative, the following analysis was carried out:

1. Exposure to material carbon intensive sectors¹ – airlines, aluminium, autos, cement, coal mining, consumer goods, electricity utilities, oil and gas, oil and gas distribution, other basic materials, paper, services and steel.
2. Management quality – assessment of level of integration of climate considerations in management decisions.

Key: TPI Levels
0 - Unaware of climate change as a business issue
1 - Aware of climate change as a risk and the need to manage it
2 - Building capacity to manage and process the risk climate change
3 - Integrating climate considerations into operations and responsibility
4 - Strategic assessment to understand the risks and opportunities to integrate into business
5 (previously 4*) - Transition planning and implementation across business and value chains, including specific goals and targets

¹ Includes sectors covered in the Paris Agreement Capital Transition Assessment (PACTA) tool.



Source: Transition Pathway Initiative

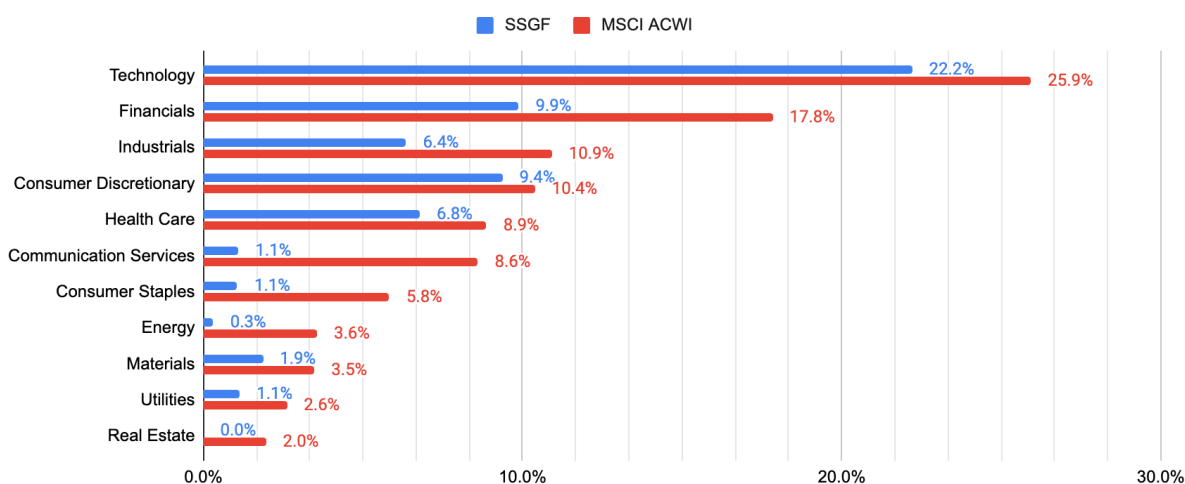
Within the default growth fund, no companies were categorised by TPI as level 0, indicating an awareness of climate change as a business risk throughout the fund. The equity exposure to carbon-intensive sectors, based on TPI classifications, is 8.5%. The consumer goods sector holds the largest exposure, at 3.5% as of 30 June 2025, down from 6.7% last year. This sector also contains the most companies assessed by TPI as level 1, meaning they acknowledge climate change but lack formal tracking and reporting capacities. The food producers sector is the next largest, with no companies assessed as level 1. Auto manufacturers represent the third-largest carbon-intensive sector in the fund, with some companies assessed as level 1; BYD, an electric car manufacturer, is the largest holding in this category at 0.04%.

In our last report, Brilliance China Automotive, Spring Airlines, Qatar Electricity & Water and Saudi Investment Group were flagged in the category “not aware” of climate change. Spring Airlines showed improvement moving into category 1 and the other companies were no longer held. The table below shows the companies that have received a management assessment of 1 by TPI with fund exposures over 0.01%. There were no companies that scored 0 held over the Scheme year.

Company	Exposure	Engagement
D.R. Horton	0.05%	No engagements were undertaken with these companies over the reported period.
Lennar	0.04%	
BYD	0.04%	Engagement International has engaged with these companies on their climate plans on behalf of the Trustee.
Qatar Industries	0.02%	

Source: Investment managers, TPI

The next chart shows a comparison of the default growth fund vs. the MSCI ACWI by Global Industry Classification Sector (GICS) breakdown, which is the sector framework used by MSCI. As a proxy for comparing the default growth fund to the index, we mapped TPI's sector labelling framework to that of GICS. Please note that the mappings may not be like-for-like as, for example, TPI labels combine companies that the GICS framework would label separately as consumer discretionary and consumer staples. However, the mapping provides an estimate to compare the default growth fund's carbon intensive sectors to that of MSCI ACWI.



As expected, the default growth fund has less exposure to carbon-intensive sectors such as energy sector, materials, and industrials. The fund also has a smaller exposure to consumer staples, which includes food and household products. Aggregating all consumer products (both discretionary and non-discretionary) in the default growth fund, totals to 10.4% vs. 16.2% in MSCI ACWI.

Significant votes highlighted by ShareAction

We focused on significant ShareAction resolutions from the past year that were held in our default growth fund, specifically within the equity managers AMX-DWS, JP Morgan Asset Management (“JPMAM”), AXA IM and JP Morgan Mansart (“JPM Mansart”) (if they held the company at the AGM date) due to the high proportion of assets in these funds. Our allocation with AXA IM did not include any companies flagged by ShareAction and is therefore not detailed in the following tables.

In the tables, "N/A" indicates that a company was not held. "Green" signifies alignment with the Trustee's beliefs, "Red" indicates misalignment, and "Yellow" denotes issues where the Trustee has not established specific beliefs in relation to the topic and Minerva's voting framework was followed.

Climate change

Company	Smart %	Resolution	Date	AMX-DW S	JPMAM	JPM Mansart

Goldman Sachs	0.2	Disclose total financing in low-carbon energy supply relative to that in fossil-fuel energy supply	April 2025	For	Against	N/A
Bank of Montreal	<0.1	Disclose lobbying and policy influence activities	April 2025	For	For	For
McDonald's	0.2	Assess whether current climate transition plans can reasonably achieve 2030 and 2050 emissions reduction targets, or whether additional commitments are necessary	May 2025	For	N/A	N/A
Travelers Companies Inc	<0.1	Disclose climate transition plans	May 2025	For	Against	N/A
Coca-Cola Co.	0.3	Report on food waste management	May 2025	For	N/A	N/A
Chubb Ltd	0.1	Disclose and reduce GHG Emissions from underwriting, insuring, and investment activities	May 2025	For	Against	N/A
Amazon.com Inc	0.2	Disclose scope 3 emissions	May 2025	N/A	Against	N/A
Alphabet Inc	1.9	Disclose additional information illustrating if and how company will meet its 2030 climate goals	June 2025	N/A	Against	N/A

Human rights and decent work

Company	Smart %	Resolution	Date	AMX-DWS	JPMAM	JPM Mansart
Next	<0.1	Report on workforce composition and pay, employee turnover and	May 2025	For	N/A	N/A

		the feasibility of paying the real Living Wage.				
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Health

Company	Smart %	Resolution	Date	AMX-DWS	JPMAM	JPM Mansart
Yum! Brands Inc	<0.1	Comply with Expert Guidelines on Antimicrobial Use	May 2025	Against	N/A	N/A

For the climate change related proposals, JP Morgan Asset Management has voted against resolutions asking for additional climate disclosures that would otherwise enhance the holding companies' commitment to their sustainable goals. This is contradictory to the objective of the Trustee and their split voting policy in place for the remaining passive listed equity. This fund's allocation was reduced from 20% to 7% over the Scheme year and there are plans to remove the allocation over the remainder of 2025.

Regarding the Yum! Brands shareholder proposal, under our voting framework applied through Minerva, an "against" was cast due the proposal being considered too directive, which was seen to impact strategic/operational decisions.

How do our fund managers implement their votes?

Over the Scheme Year, investment managers in our default growth fund had their own policies in relation to ESG considerations. Where possible, we intend to have a specific arrangement with the investment managers, where they will vote and engage in line with our own policies, for the proportion of assets held by SPMT. For the Scheme Year this is related to the 20% in the AMX-DWS Global Low Carbon Stewardship Fund and 50% in the Smart Pension Net Zero Pathway Custom Equity Index Fund, managed by JP Morgan Mansart, in the Smart Sustainable Growth fund.

Our Statement of Investment Principles, Responsible Investment, Climate and Nature and Voting and Engagement policies set out SPMT's beliefs and principles in relation to investments held in the Scheme. These are available online and we have shared these with our investment managers as an expression of wish. In our Responsible Investment policy, we set out expectations for managers to be, or working towards becoming, signatories of the UN Principles for Responsible Investment and the UK Stewardship Code. While we also expect managers to use collaborative engagements where suitable, we do not specify which initiatives or organisations they should use. In addition, we have our own Global ESG Proxy Voting Guidelines for our investments in the two funds listed above.

With regards to our managers, JP Morgan Asset Management monitors corporate

actions and may use an independent proxy voting service to assist investment professionals. This service helps with proxy material processing, provides analysis and recommendations based on JP Morgan Asset Management guidelines or its own analysis, and executes votes unless overridden by JP Morgan Asset Management. JP Morgan Asset Management Proxy Committees, comprising members from Investment, Legal, Compliance, and Risk Management, oversee this process quarterly or more frequently. The Global Head of Investment Stewardship ensures global governance, including proxy voting, aligns with regulations and best practices. JP Morgan Asset Management's engagement model is built on four principles of intentionality, materiality, additionality and transparency. However, their voting has not always been in line with Smart Pension's views - see section 4 'voting and engagement' for details. This fund's allocation was reduced from 20% to 7% over the Scheme year.

AXA IM's voting and engagement policy, based on three principles (no abstention, management support, and engagement), includes a "Three Strikes and You're Out Policy" for climate laggards. They use proxy voting and shareholder engagement, believing that company management, directors, and investors are crucial for healthy financial markets and efficient capital allocation, concerning the rights and responsibilities of corporate stakeholders. AXA IM's voting policy aligns with their ESG and sustainability beliefs. As a Proxinvest Steering Committee member, AXA IM assists institutional investors with global asset portfolios in navigating Europe's regulatory diversity by offering corporate governance research and proxy voting advice based on local market expertise. This can make consistent proxy voting or corporate governance engagement challenging for global investors.

Per the above, 20% of the fund invests in the AMX-DWS Global Low Carbon Stewardship Fund and 50% in the Smart Pension Net Zero Pathway Custom Equity Index Fund, managed by JP Morgan Mansart. These funds invest in a bespoke Solactive index aiming for decarbonisation to net zero by 2040. SPMT and AMX-DWS/JP Morgan Mansart have a split voting policy in place, which details voting guidelines set by SPMT, with recommendations carried out by Minerva based on those guidelines. In addition, engagements are carried out by Engagement International in line with this policy.

Mirova manages our 10% allocation to global green bonds and engagements with companies form a part of their responsible investment approach, with the main aim to improve corporate practices. As well as direct engagement, their approach includes advocacy actions to structure and develop sustainable finance. Dialogue with national and international regulators, as well as with various professional organisations, promotes the emergence of specific regulations and standards that promote sustainable finance. Mirova is part of various engagement initiatives, including Finance for Biodiversity Pledge, Ceres, Global Impact Investing Network, Act4Nature and the Alliance for the Preservation of Tropical Forests.

The Clearlake Dual Credit Fund, is a blended manager fund with a strategic asset allocation target of private credit 60% and corporate bonds 40% to allow for daily

liquidity in the fund. The actual asset allocation as at June 2025 was 52% and 48% respectively. Clearlake Credit provides the exposure to private credit, while Loomis Sayles invests the corporate bond allocation. The previous MV Credit team managing the portfolio remains the same, after the Clearlake acquisition. The team focuses its efforts on pre-investment ESG due diligence assessment and engagement with sponsors and the management of prospective borrower companies during the life of the investment. The ISC and internal Smart Pension team met with MV Credit and Clearlake in November 2024, prior to the acquisition, to discuss the acquisition in depth and the potential impact on the strategy and team.

Clearlake Credit have confirmed they will remain a signatory to the UN Principles for Responsible Investing and continue to be part of the Responsible Investment Working Group for AIMA (Alternative Investment Management Association) in line with MV Credit's previous signatories. Furthermore, in 2025 they became a member of ESG Data Convergence Initiative (EDCI), a global partnership of private markets stakeholders committed to streamlining the industry's historically fragmented approach to collecting and reporting ESG data. In 2023, Clearlake became a recognised supporter of the ESG Integrated Disclosure Project (IDP). The ESG IDP is an industry initiative bringing together leading lenders in the private credit and syndicated loan markets to improve transparency and accountability. However, following the acquisition of MV Credit, it was decided to cancel the membership to the European Leveraged Finance Association (ELFA), effective from September 2025. Loomis Sayles uses direct engagement to promote transparency, raise awareness of risks and opportunities and may also engage collectively with an issuer with a view to protecting and enhancing shareholder or bondholder rights, which can be affected by ESG-related matters, such as contract enforcement or questionable behaviour by management that could negatively impact investors. We are exploring allocating solely to Clearlake as a private credit allocation of 5%, without the public credit managed by Loomis Sayles. The project is in the early stages and will focus on potential benefits for members and improving the ESG and stewardship capabilities on the private credit allocation. This is part of a wider private markets project, where we are planning allocations to renewable infrastructure and private equity in 2025/6.

LGIM utilizes ISS ProxyExchange for electronic voting, employing a custom policy, including its Climate Impact Pledge. LGIM selectively lends overseas equities under strict conditions (counterparty credit rating, collateral quality/extent), limiting lending to 50% of fund assets and 10% per counterparty. Stock can be recalled, and borrowers cannot vote on loaned stock. LGIM avoids lending UK stocks due to scrip dividend and voting right loss. Citibank manages the securities lending program within LGIM's risk parameters. HSBC Asset Management is also used within the self-select fund range to manage our Sharia fund and uses ISS for vote instruction and proxy research firms for custom recommendations.

The Trustee reviews managers' approach and developments to voting and engagement,

at least on an annual rolling basis. This forms a key part of oversight of all managers, and examples such as these are discussed with managers when the ISC meets them. The ISC aims to actively encourage the fund managers to engage with key stakeholders (which may include corporate management, regulators and governance bodies) in order to improve corporate behaviours and performance and mitigate financial risks.

Third-party fiduciary arrangements

Over the Scheme year, we also had in place third-party fiduciary arrangements with three different managers; Schroders, Mercer Workplace Savings (MWS) and Wahed. These third-party fiduciary managers are included in the Trustee's annual monitoring of stewardship approach and wider investment strategy.

Schroders applies their voting policy and guidelines (outlined in their Environmental, Social and Governance Policy) to each agenda item. They will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting and engage with companies throughout the year. Schroders also use ISS for the processing of all proxy votes in all markets. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition to ISS's Benchmark research. ISS automatically votes all holdings of which Schroders has less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. Schroders represented 1.23% of total Scheme assets as at the Scheme year end.

MWS use the voting policies of their underlying investment managers and set out expectations and their engagement and review process for these managers. MWS has agreed on a number of themes as the focus of their voting and engagement activities; climate change, biodiversity and natural capital, human rights and labour practices and diversity, equity and inclusion. They will engage with their investment managers regarding these priorities and receive voting and engagement data quarterly, along with excluded activities annually. The Mercer section represented 0.01% of total Scheme assets as at the Scheme year end.

Wahed provides discretionary investment management services and provides discretion whether or not to exercise any voting rights attached to investment, in line with their conflicts of interest policy. Wahed has Proxy Voting Guidelines which will be applied with a measure of flexibility, if it is determined that such action is in the best interests of the Funds. Wahed represented less than 0.01% of total Scheme assets as at the Scheme year end.

Exclusions

Some exclusions are implemented when investing for companies operating in industries or with practices which have inherently negative environmental or social outcomes and poor governance policies. Our managers take this into account in line with their own

responsible investing policies or fund guidelines, therefore some of our funds may have additional selective exclusions on top of those listed here. The funds we select still focus on engagement as a first priority, in order to have the greatest long term impact and maintain diversification throughout our investments.

In terms of reducing our negative impact by removing the worst offending companies, the Trustee seeks to minimise financially material risks to protect long-term returns by excluding companies that:

- are involved in the manufacturing of controversial weapons (chemical weapons, biological weapons, nuclear weapons, anti-personnel mines and cluster munitions) as defined by the United Nations;
- derive the majority of their revenues from coal mining. Not only does coal put out the most carbon dioxide per unit of energy versus other fossil fuels, it also has dangerous working conditions, it causes mercury pollution, acid rain and can pollute nearby water with sediments and chemicals. Therefore we do not see the stewardship benefits, as seen in other fossil fuel companies; and
- violate the United Nations Global Compact standards on human rights, labour, the environment and corruption.

The Trustee will also seek to invest with external managers who:

- offer investment strategies which are aligned with our investment beliefs set out in our policies and our net zero target;
- have a policy in place to cease the financing of fossil fuel expansion; and
- are committed to improving their climate and nature footprints including taking action to remove commodity-driven deforestation in their investments.

During the Scheme Year, we were satisfied with the managers' voting and engagements, incorporating key engagement themes, which will be reported on in the next Scheme Year.

Impact Investing

Impact investing relates to investments that are intended to have a positive and measurable environmental or social impact, alongside a financial return. For instance, investing in businesses and projects which benefit the local community or investing globally in companies and projects which are expected to have a positive impact on greenhouse gas emissions. We are of the view that impact investing can be of financial benefit to the Scheme's members and consistent with the investment objectives of the Scheme's investment options.

The Trustee has a 3% allocation to the AXA Biodiversity Fund and 10% to Mirova Global Green Bond Funds within the main default growth fund.

ESG Investing

The Trustee strongly believes that the interests of its members are best served if its investment strategy is implemented in a sustainable and responsible manner, carefully taking account of ESG including climate and nature issues in investment decisions. Therefore, its

approach is to ensure effective and integrated management of these ESG risks and opportunities, to support the Trustee's desire to protect and enhance value of its member assets over the long term and explore how to engage with its members to understand any specific ESG, climate and nature issues that they want to see reflected in the investment strategy. The Trustee's full Responsible Investment Policy is available [here](#), and its Climate and Nature Policy is available [here](#).

The Scheme will continue to improve the offering of these investment options for members in accordance with the SIP.

Ethical Investing

We recognise that some members will have strong views on where their pension savings should be invested. The Scheme offers members a choice of ethical, environmental and faith-based funds for members who are likely to hold stronger views in these areas than the majority of members.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may underperform other funds with broader-based investment approaches. Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Scheme's investment objectives. Nevertheless, we recognise that it is not possible to cater for everyone's views on non-financial/ethical matters. We monitor the investments held by the Scheme's ethical investment options. We also monitor developments in ethical investing funds which could be appropriate to the Scheme's members. Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Scheme's investment objectives. More information on non-financial matters are detailed in section 3.9 of our SIP.

Our approach to ethical investing has not changed during the last year and the Scheme continues to offer ethical investment options for members in accordance with the SIP.

Approved by the Trustee of Smart Pension Master Trust

11 December 2025

More information

We hope this Statement helps you understand how the Scheme's investment of your savings for retirement has been managed in the last year. If you have any questions or feedback, please contact us by email or post:

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