

Implementation Statement

Background

The regulatory landscape continues to evolve as Environment, Social and Governance (“ESG”) considerations become increasingly important to regulators and society. The Department for Work and Pensions (“DWP”) has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a trustees’ fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles (“SIP”).

The SIP can be found online at the web address [simpsons-malt-sip-final-2025-for-upload.pdf](#), changes to the SIP are detailed in the next section.

The Implementation Report details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP;
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate; and
- voting behaviour covering the reporting year up to 31 December 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

The Trustees agreed to strategic and manager changes over the year to better align the strategy with the Scheme’s agreed long-term objective, and in response to changing market conditions. These changes have been summarised below:

- Prior to the reporting year, the Trustees reviewed the Scheme’s investment strategy at the November 2024 Trustee meeting and agreed to a revised investment strategy in early February 2025, following consultation with the Company.
- In March 2025, the Trustees appointed a new infrastructure equity manager, JP Morgan. The Scheme’s full commitment (£2.7m) was drawn in early October 2025 using proceeds from strategically overweight holdings across the Scheme’s growth assets.

Implementation Statement

This report demonstrates that the Simpsons Malt Group Pension Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed: *Trustees of the Simpsons Malt Group Pension Scheme*

Date: *27 March 2026*

Managing risks and policy actions

Risk/ Policy	Definition	Policy	Actions over reporting period
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 85% of these risks on a Technical Provisions liability basis.	No action or change over the reporting period. The liability hedging target is reflected in the current SIP.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the Liability Driven Investment (“LDI”) mandate when required.	The Trustees agreed to revise the investment strategy over the reporting year, taking into account liquidity and collateral requirements as part of these discussions. The revised investment strategy is reflected in the current SIP.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustees agreed to strategic and manager changes over the year to better align the strategy with the Scheme’s agreed long-term objective, and in response to changing market conditions. These changes have been outlined in the previous section. The revised investment strategy is reflected in the current SIP.

<p>Credit</p>	<p>Default on payments due as part of a financial security contract.</p>	<p>To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.</p>	<p>No additional action or change over the reporting period.</p>
<p>Environmental, Social and Governance (ESG)</p>	<p>Exposure to Environmental, Social and Governance ("ESG") factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.</p>	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. United Nations Principles for Responsible Investment ("UN PRI") Signatory 6. Preferably a signatory of the UK Stewardship Code <p>The Trustees monitor the managers on an ongoing basis.</p>	<p>The Trustees considered ESG criteria when appointing the Scheme's new infrastructure equity mandate over the reporting year.</p> <p>The revised investment strategy is reflected in the current SIP.</p>

Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Allow the Scheme's active managers who invest in overseas securities the flexibility to hedge overseas currency exposure to manage risk.	No additional action or change over the reporting period.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No additional action or change over the reporting period.

Changes to the Statement of Investment Principles ("SIP")

Over the reporting period to 31 December 2025, the Trustees made changes to the SIP.

The updated SIP and Investment Implementation Document ("IID") reflect changes made to the investment strategy over the reporting year, including the appointment of JP Morgan as infrastructure equity manager.

The updated strategic asset allocation and return objective is shown below.

Investment strategy

The Scheme's current investment strategy is invested according to the following broad asset allocation:

Asset Class	Proportion (%)	Control Ranges (%)	Expected Return (relative to fixed interest gilts) % p.a. ⁽¹⁾
Return Seeking	66.0		
Diversified Growth	10.0	+/-5	+3.5
Diversified Credit	15.0	+/-5	+2.6
Semi-Liquid Credit	10.0	+/-5	+3.5
Long Lease Property	8.0	-	+2.5
Infrastructure Equity	10.0	-	+4.6
Asset Backed Securities	13.0	+/-5	+1.0
Liability Matching	34.0		
Liability Driven Investment (Credit-enhanced)	33.0	+/-5	+0.4 (Credit-enhanced)
Other (e.g. Cash)	1.0	-	-
Total	100.0		+2.3

(1) 10-year assumptions as at 31 March 2025 relative to Bank of England 10 Year Gilts (net of management fees).

Current Environment, Social and Governance (“ESG”) policy and approach

ESG as a financially material risk

The SIP describes the Scheme’s policy with regards to ESG as a financially material risk.

To date, the Trustees have not set explicit ESG policies. Instead, they refer to Isio as their investment adviser to research and provide views on the investment managers’ ESG policies and integration to ensure this remains satisfactory by a set of ESG criteria.

The below table outlines the areas which the investment managers are assessed on when their ESG policies and engagements are evaluated by Isio.

Risk management	<ol style="list-style-type: none">1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme.2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees.
Approach / Framework	<ol style="list-style-type: none">3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.4. ESG factors are relevant to investment decisions in all asset classes.5. Managers investing in companies’ debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	<ol style="list-style-type: none">6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.7. ESG factors are dynamic and continually evolving; therefore, the Trustees will receive training as required to develop their knowledge.8. The role of the Scheme’s asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers’ investment decisions.
Voting & Engagement	<ol style="list-style-type: none">9. The Trustees will seek to understand each asset managers’ approach to voting and engagement when reviewing the asset managers’ approach.10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	<ol style="list-style-type: none">11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2025.

Fund name	Engagement summary	Commentary
Apollo Multi-Asset Credit Replacement ("MACR") Fund	Total Engagements: 182 ¹ Environmental: 180 Social: 180 Governance: 182	<p>Apollo have a clear due diligence and engagement framework. The team continually engage with portfolio companies through discussion with management, and these engagements have been a key driver for the production of formal company ESG reports and Key Performance Indicators. As bond investors, Apollo's voting rights are limited, making it more difficult to engage with portfolio companies in comparison to equity investors.</p> <p>Examples of significant engagement include:</p> <p>Clean Harbors, Inc. - Apollo engaged with the Company to discuss progress and challenges in reducing greenhouse gas emissions ("GHG"), waste management and workforce practices. Discussions highlighted operational improvements, including fleet optimisation, vehicle refurbishment and high air-quality standards at new facilities, alongside challenges from business growth and a focus on emissions intensity. Clean Harbors outlined its primary focus on Scope 1 and 2 emissions, while recognising increasing demand for Scope 3 data and investment in improved reporting. Engagement also covered compliance, safety performance, community relations and human capital management, with strong outcomes on employee engagement, retention and safety metrics. Apollo will continue to monitor the efforts to improve transparency and recognition of environmental benefits.</p> <p>TransCanada PipeLines Ltd. - Apollo engaged with the Company to discuss its</p>

		<p>long-term decarbonisation strategy, with a primary focus on methane mitigation and electrification, which has progressed more effectively in Canada due to regulatory incentives and carbon pricing. The Company reiterated its commitment to long-term, 50-year planning, independent of political changes. Discussions also covered emerging capital opportunities linked to demand from data centres and enhanced aviation safety governance following an incident in Mexico.</p>
<p>Legal & General ("L&G") LPI Income Property Fund</p>	<p>L&G currently do not provide quantifiable data for their engagement activities for the LPI Income Property Fund.</p> <p>Isio remains in contact with L&G surrounding the firm's engagement reporting.</p>	<p>Due to the nature of most of the leases within the LPI Fund, L&G can only engage with the tenants of the assets which are held in the Fund. L&G have a targeted tenant engagement programme for all assets. This process is incorporated in their green lease clauses, which they try to place into every new lease.</p> <p>L&G enhance their level of interaction with tenants by engaging with them as far as possible on operational aspects of the buildings. L&G believe that by fostering closer relationships with tenants, they can influence them to use the buildings in a more efficient and sustainable manner.</p> <p>As part of establishing their net zero strategy and roadmap, L&G have developed an Occupier Engagement Handbook to address how they can more effectively engage with occupiers to reduce energy and emissions (Scope 3) that are not in L&G's control and are a critical part of their net zero carbon targets. Occupier engagement is especially key to the Fund's sustainability objectives. They engage with occupiers on all matters relating to ESG.</p>

<p>KKR European Lending Partners</p>	<p>KKR were unable to provide data for their engagements over the reporting period.</p> <p>KKR have not historically tracked individual instances of engagement. Given the Fund's investment period ended in 2019, KKR did not have a robust method of tracking ESG engagement on all investments.</p>	<p>Although KKR engages with different entities (such as companies, regulators, and government) they do not track engagement on any topic, including ESG related issues.</p> <p>Should ESG issues be material to the credit worthiness of a deal, KKR may involve senior advisors and internal experts to engage with the portfolio company pre-investment. Once invested, KKR will monitor deals on an ongoing basis and track and quantify ESG issues where possible.</p> <p>KKR were unable to provide examples of significant engagements in relation to Environmental, Social or Governance concerns.</p>
<p>M&G Total Return Credit Investment Fund ("TRCI")</p>	<p>Total Engagements: 84</p> <p>Environmental: 64</p> <p>Social: 12</p> <p>Governance: 8</p>	<p>M&G have a systematic approach to engagements whereby specific objectives are outlined in advance and results measured based on the outcomes from the engagements.</p> <p>M&G Analysts are expected to have a more granular awareness of key ESG risks which impact the individual issues they monitor. Where engagement is deemed to be necessary, analysts engage with issuers supported by M&G's Corporate Finance & Stewardship ("CF&S") Team, allowing them to leverage their expertise and sustainability themes.</p> <p>Examples of significant engagement include:</p> <p>Synopsis Inc – M&G had a meeting with the Company to discuss their Board composition and encourage them to return the Board level diversity above the 33% expectation threshold. The Company acknowledged the current level of diversity within the Board had fallen below the threshold and confirmed they would share M&G's concerns with the Nomination Committee. M&G will re-assess the Board Composition next year, and take further steps if needed, during its consultation in 2026.</p>

		<p>Porsche Automobil Holding SE – M&G engaged with Porsche as part of its climate engagement programme, writing to the Company, followed by a virtual meeting with Investor Relations to assess their transition planning. Porsche does not consider itself to be deviating from its emissions targets and reaffirmed its commitment to electrification by confirming that its Scope 3 target has been independently validated by SBTi. The Company has already achieved its 2030 Scope 1 and 2 emissions target and continue to view e-mobility as the primary driver of its decarbonisation strategy. M&G agreed to discuss its assessment of the Company’s emissions performance and to feedback the reasons for highlighting Volkswagen Group as being off track.</p>
L&G Diversified Fund	<p>Total Engagements: 3,088¹</p> <p>Environmental: 2,674</p> <p>Social: 48</p> <p>Governance: 263</p> <p>Other: 103</p>	<p>L&G leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.</p> <p>L&G’s Investment Stewardship team are responsible for engagement activities across all funds. L&G share their finalised ESG scorecards with portfolio companies and the metrics on which they are based.</p> <p>L&G currently do not provide examples of their engagement activities at Fund level.</p>
Insight Credit-Enhanced LDI	<p>Insight were unable to provide quantifiable data for their engagement activities for the LDI funds.</p>	<p>Insight engage with industry participants on long term strategic issues in relation to LDI, including:</p> <ul style="list-style-type: none"> - Green gilt issuance - Liaising with the Financial Conduct Authority (“FCA”) and the Task Force on Climate-related Financial Disclosures (“TCFD”) in relation to climate change reporting disclosures - Working with derivative counterparty banks on the integration of ESG factors into the assessment of credit risk

		Insight currently do not provide details of their engagement activities for LDI funds.
Insight Liquid Asset Backed Securities ("ABS") Fund	<p>Total Engagements: c.70</p> <p>Insight currently do not provide details on the underlying engagement themes at Fund level.</p>	<p>Insight engage with their underlying portfolio projects on a range of ESG issues, mainly related to corporate governance within portfolio companies and share issuance.</p> <p>Stewardship analysts are responsible for setting the engagement strategies. On an annual basis Insight identifies key ESG themes and highest priority issuers. A key stewardship focus for ABS is to improve disclosures and data from issuers to enable Insight to assess ESG performance.</p> <p>Examples of significant engagement include:</p> <p>Bavarian Sky ("BSKY") - Insight engaged directly with BSKY, a leading issuer in the European Auto Asset Backed Securities ("ABS") market, to discuss poor transparency in carbon reporting, and to understand the environmental and social impacts of their electric vehicle ("EV") lending. BSKY were open to engagement and focused on 1-2-1s with their Head of Structured Finance. BSKY remain committed to EV lending through its 'Neue Klasse' strategy, anticipating higher EV sales and ABS issuance. Securitisation accounts for 20% of its funding. BSKY noted that their carbon reporting is progressing, with plans to include CO₂ emissions data in future annual reports. No UK issuance is expected until commission findings are released, but updated contracts now ensure greater borrower transparency on commission payments.</p> <p>Pepper - Insight engaged with Pepper since 2022 to address the absence of ESG considerations in its loan origination, underwriting processes and disclosures. Initial discussions raised ESG as a concern, with Pepper acknowledging the need to improve corporate and issuer-level disclosures. Subsequent engagements focused on Energy Performance</p>

		<p>Certificates (“EPC”) data, borrower incentives and product innovation, while later discussions through 2025 covered new issuance, governance, Commercial Mortgaged Backed Securities (“CMBS”) activity and expansion into Iberia. Progress has been positive on disclosures, though loan-level practices remain an area for continued engagement. Insight will continue to engage with Pepper to encourage further improved ESG considerations.</p>
<p>Insight Liquidity Plus Holding Fund</p>	<p>Total Engagements: 22¹</p> <p>Environmental: 16</p> <p>Social: 7</p> <p>Governance: 4</p> <p>Other: 42</p>	<p>Insight proactively engage with counterparties based on different factors including climate change, accounting, financial and impact bond issues.</p> <p>An example of an engagement includes:</p> <p>Scottish Hydro Electric Transmission PLC - Insight engaged with Scottish Hydro to assess the credibility of its transition plan given its placement in the top 70% of Insight’s financed emissions. As a key enabler of renewable integration in the north of Scotland, the issuer plays an important role in the UK’s energy transition. Engagement focused on encouraging clearer commitments on the reduction and elimination of sulphur hexafluoride, in line with the EU fluorinated gas regulation, as well as the adoption of low-carbon construction materials and stronger green financing governance. While progress is evident, the issuer currently lags peers on quantified targets, which Insight will continue to monitor.</p>
<p>Fiera Infrastructure Inc. (“Fiera”)</p>	<p>Total Engagements: 165</p> <p>Environmental: 33</p> <p>Social: 33</p> <p>Governance: 33</p> <p>Other: 66</p>	<p>Fiera engage with portfolio companies on various ESG topics. Fiera currently have one engagement relating to the annual Global Real Estate Sustainability Benchmark (“GRESB”) Infrastructure Assessment and Sustainable Finance Disclosure Regulation (“SFDR”). Climate risk management is crucial for Fiera as it enhances risk management and aligns investments with global low-carbon transition efforts.</p>

		<p>An example of a significant engagement includes:</p> <p>Cory – Fiera has been actively engaging with Cory Group as the asset navigates funding challenges for its previously planned Carbon Capture Storage project, a key component of its 2040 net-zero commitment. Since learning in 2025 that the project may not receive funding, Fiera has supported Cory in exploring alternative decarbonization pathways through regular calls, email updates, and strategic discussions. This collaborative engagement, involving Cory’s ESG lead, Fiera’s ESG and asset management teams, and external consultants, supports UN SDG 13 and continues as Cory refines its long-term plan by holding internal strategy sessions and providing Fiera with regular updates. Fiera continues to monitor Cory’s progress to establish an alternative funding pathway and may consider this in future allocation decisions once a final financial plan is developed.</p>
<p>J.P. Morgan (“JPM”) – Infrastructure Investment Fund (“IIF”)</p>	<p>JPM do not provide a quantifiable breakdown of engagements over the period, but note that they engage frequently with all of the Fund’s portfolio companies due to the Fund having 100% ownership or control positions in the portfolio companies.</p>	<p>JPM’s engagement activities are formed as part of their Stewardship model, in which investment professionals liaise with Stewardship specialists on a global scale. Through JPM’s control position, the Fund is actively engaged with the underlying portfolio companies and management teams with regards ESG matters. Each portfolio company customises a comprehensive ESG framework with specific objectives and goals, as well as monitoring procedures and practical implementation of best practices. In addition, ESG is a Board agenda item, and updates are given at each board meeting.</p> <p>An example of a significant engagement includes:</p> <p>El Paso Electric (“EPE”) Company - JPM engaged with El Paso Electric Company to support the energy transition through active asset management and regulatory collaboration. JPM has worked closely with EPE’s management to improve</p>

		<p>decarbonisation initiatives. Engagement focused on the development of renewable generation which supports community solar programmes and delivers meaningful emissions reductions while creating local jobs. The project strengthens EPE's renewable capacity and energy affordability for customers. JPM will continue working with management and regulators to expand renewable investment and deliver EPE's long-term climate and decarbonisation objectives.</p>
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Notes: ¹For some managers, total engagements do not sum up, as a number of engagements are related to a combination of E,S and G issues.

Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2025.

The Trustees have adopted the managers definition of significant votes and have not set stewardship priorities. The managers have provided examples of votes they deem to be significant.

Fund name	Engagement summary	Examples of significant votes	Commentary
L&G Diversified Fund	<p>Meetings eligible to vote at: 9,539</p> <p>Resolutions eligible to vote for: 100,740</p> <p>Resolutions voted on: 99.9%</p> <p>Resolutions voted with management: 75.8%</p> <p>Resolutions voted against management: 23.0%</p> <p>Resolutions abstained from: 1.2%</p> <p>Resolutions voted contrary to proxy advisor: 14.7%</p>	<p>Shell PLC - Date: 20/05/2025</p> <p>Approximate size of the Fund's holding (as a % of portfolio): 0.3%</p> <p>How you voted: Against</p> <p>Outcome of the vote: Fail</p> <p>Summary of the resolution: L&G voted against Resolution 22, a request for Shell PLC to disclose whether and how its liquefied natural gas ("LNG") strategy aligns with its climate commitments. While acknowledging the underlying intent of the resolution, this decision was informed by a series of engagements with Shell's leadership, during which they committed to improving disclosures on stranded asset risks and financial resilience linked to its LNG activities. L&G recognises the</p>	<p>L&G's Investment Stewardship team uses Institutional Shareholder Services ("ISS's") 'ProxyExchange' electronic voting platform to electronically vote clients' shares.</p> <p>All voting decisions are made by L&G, and they do not outsource any part of the strategic decisions.</p> <p>To ensure their proxy provider votes in accordance with their position on ESG, L&G have put in place a custom voting policy with specific voting instructions.</p> <p>L&G's use of ISS recommendations is purely to augment their research and proprietary ESG assessment tools.</p>

		<p>progress Shell has made in its reporting, which now provides investors with a clearer basis to assess climate-related risks and alignment with different climate outcomes. L&G will continue to engage with Shell and monitor the company's ongoing disclosures and progress at both company and market level.</p> <p>Simon Property Group, Inc – Date: 14/05/2025</p> <p>Approximate size of the Fund's holding (as a % of portfolio): 0.2%</p> <p>How you voted: Against</p> <p>Outcome of the vote: Pass</p> <p>Summary of the resolution: L&G voted against the election of a Board Director following governance concerns. These included a lack of gender diversity at executive leadership level, insufficient board refreshment, the absence of an independent lead director, and the combination of the Chair and CEO roles. L&G expects executives leadership teams to include at</p>	
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		least one woman and be regularly refreshed in order to maintain an appropriate mix of independence. L&G considers this vote a significant escalation under its board leadership and diversity policies and will continue to engage and monitor progress.	
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