

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Smiths Industries Pension Scheme – Statement of Investment Principles (“SIP”) Implementation Statement

Introduction

This SIP Implementation Statement (the “Statement”) has been prepared by the Trustee of Smiths Industries Pension Scheme (“Trustee”) and relates to the Smiths Industries Pension Scheme (“Scheme”). This Statement covers the reporting period 1 April 2024 to 31 March 2025 (“the reporting period”).

This Statement:

- Sets out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the reporting period;
- Describes any review of the SIP undertaken during the reporting period in accordance with regulation 2(1) of The Occupational Pension Schemes (Investment) 2005 (“Investment Regulations”) and any other review of how the SIP has been met;
- Explains any changes made to the SIP during the reporting period and the reasons for the changes;
- Where no such review was undertaken during the reporting period in accordance with regulation 2(1) of the Investment Regulations, gives the date of the last review; and
- Where relevant, describes 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 reporting period and states any use of the services of a proxy voter during that reporting period.

From 1 October 2022, further Department of Work and Pensions (“DWP”) guidance on the reporting of stewardship activities through Implementation Statements came into effect. This updated guidance follows the publication of the Shareholder Rights II and how this guidance has been followed is detailed in this report.

The Statement is split into four sections:

1. An overview of the actions of the Trustee and highlights in the Defined Benefit (“DB”) and Defined Contribution (“DC”) Sections during the reporting period;
2. The policies set out in the Scheme’s SIP for the DB and DC Sections and the extent to which they have been followed in the reporting period;
3. Commentary on any engagement activities undertaken by the fund managers of the DB and DC Sections on behalf of the Scheme during the reporting period; and
4. Commentary on any voting behaviour and significant votes undertaken by the fund managers of the DC Section on behalf of the Scheme during the reporting period.

Overview of Trustee’s actions – DB Section and DC Section

SIP Updates

The SIP was updated during the reporting period, becoming effective from 8 October 2024. Wording on the asset allocation was updated, removing references to the Colliers Capital UK Ltd Fund to reflect the prior completion of the full sale of the Scheme’s property holdings. A minor update was also made to the investment objective of the M&G Multi-asset Credit fund. For the purpose of assessing how the policies in the Scheme’s SIP have been followed, this Statement addresses both the October 2023 and October 2024 versions of the SIP, as it was updated half-way through the reporting period.

The Scheme’s Statement of Investment Principles can be found at the following web address:

<https://pensions.smiths.com/smiths-industries-pension-scheme/statement-of-investment-principles>

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Trustee's policies for investment managers – DB Section

The Trustee relies on investment managers for the day-to-day management of the Scheme's assets but retains control over the Scheme's investment strategy.

Around 36% of the Scheme's invested assets are held in pooled investment vehicles, which are managed according to standardised fund terms.

The Scheme holds segregated mandates for Liability Driven Investment ("LDI") with BlackRock Inc and Buy and Maintain ("B&M") Corporate Bonds with Insight Investments. The Investment Manager Agreement ("IMA") for the Scheme's Insight B&M Corporate Bond mandate was updated in March 2025 to reflect the new reduced target duration of the mandate. This was done as part of an exercise to de-risk the Scheme's portfolio, which involved a £70m reduction in the allocation to Insight B&M as well as a reduction in the target duration of the remaining mandate from 10-12 years to 5-7 years. The sale proceeds were reinvested in the BlackRock LDI mandate. The IMA for the Scheme's BlackRock LDI mandate was also updated in March 2025 to incorporate the updated cashflows of the Insight mandate following the transition. The target liability hedge ratio was also updated to reflect the increase in the Scheme's funding level.

In addition to the above, BlackRock's IMA was updated in July 2024 to incorporate the new LDI benchmark from the 2023 actuarial valuation, with the target liability hedge ratio being updated to align it with the funding level. The IMA updates also incorporated the refreshed cashflows for the Insight B&M mandate, as well as updated wording on collateral and margin adequacy to bring it in line with BlackRock's standard wording for its clients, given the manager's process was updated following the 2022 gilt market crisis. The Trustee appoints its investment managers with an expectation of a long term partnership, which encourages active ownership of the Scheme's assets, and expects its investment managers to invest with a medium to long term time horizon, and use any rights associated with the investment to drive better long term outcomes where relevant.

Trustee's policies for investment managers – DC Section

The Scheme's DC Section provides supplementary benefits to certain members i.e. members who made Additional Voluntary Contributions ("AVCs"), funds held for members who have transferred benefits from schemes relating to previous employments and additional contributions made by the employer in respect of senior employees ("MPS Section").

During this reporting period, the DC Section's investments were held with Legal & General ("L&G"), Phoenix Life, Prudential and Santander. In 2024 Santander exited the AVC investment market and following advice from Aon, the Trustee disinvested the Santander policies and invested them in the L&G Cash Fund. Members received appropriate communications.

It is the Trustee's policy to review arrangements within the DC Section regularly to ensure they continue to be appropriate, and to obtain written advice from its DC Investment Adviser.

The Trustee uses the criteria set out in the Investment Regulations when selecting direct investments.

The Trustee asked its DC Investment Advisers to formally review the DC Section arrangements during the reporting period and the report was circulated in June 2024. The review considered the providers' financial strength and standards of administration, quality and suitability of the available investment options (including liquidity) and the costs and charges paid by members.

The review concluded that the providers and the Scheme's DC Section arrangements remained fit for purpose.

The review of the DC Section arrangements and the actions taken by the Trustee as a result show that the Trustee adhered to the policies set out in the SIP over this reporting period.

Final remarks – DB Section and DC Section

The Trustee confirms that it has acted in accordance with the policies outlined in the Scheme's SIP over the reporting period of this Statement.

Whilst acknowledging the Trustee is ultimately responsible for stewardship activities taken on behalf of the Scheme, the Trustee delegates the exercise of day-to-day stewardship activities to the Scheme's investment managers. The Trustee expects the managers to exercise their voting powers with the objective of preserving and enhancing long term shareholder value.

The Trustee recognises that stewardship encompasses engagement with the companies in which the Scheme invests, as this can improve the longer-term risk-adjusted returns from the Scheme's investments. The Trustee therefore encourages the Scheme's investment managers to actively engage with portfolio companies in order to improve the risk-adjusted returns from the Scheme's investments. In order to best channel managers' stewardship efforts, the Trustee has decided to focus on climate change as its stewardship priority, or theme. Specific engagement examples by the Scheme's investment managers are provided under "Voting and Engagement – DB Section".

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Review of SIP policies – DB Section and DC Section

Policy	Has the policy been followed?	Evidence
Policy review		
The SIP will be reviewed at least every 3 years or following a change in investment policy.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP was updated and finalised in October 2024. The main change was the removal of references to the Colliers Capital UK Ltd Fund to reflect the prior completion of the full sale of the Scheme's property holdings.

Investment objectives and strategy – DB Section

One key strategic change was made to the DB investment strategy over the period. This was done to de-risk the portfolio in line with the long term objective to reach full funding on the Solvency basis and to support preparing the portfolio for a potential full buy-in. As mentioned previously, these changes were as follows:

- Under advice from the Scheme's DB investment adviser, the Trustee agreed to transfer £70m from the Insight B&M mandate to the BlackRock LDI mandate.
- As part of this transition, the Trustee also reduced the target duration of the remaining B&M mandate from 10-12 years to 5-7 years.
- This was a strategic decision in light of relatively tight credit spreads on investment grade ("IG") credit. The transition reduced the portfolio's overall risk.

In January 2025, following a proposal from BlackRock and advice from its DB investment adviser, the Trustee instructed BlackRock to switch part of the swap exposure in its LDI portfolio into gilts. This was designed to take advantage of the relative attractiveness of the pricing of gilt-based assets relative to swaps at the time. However, this transition also enhanced the liquidity of the LDI portfolio, helping the Trustee to take another step towards preparing the portfolio for a potential full buy-in.

Policy	Has the policy been followed?	Evidence
Investment objective and strategy		
The Trustee's objective is to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee uses a risk management framework (known as the "Pension Risk Management Framework" or "PRMF") to monitor the Scheme's progress towards its funding objective.</p> <p>This framework includes a risk budget, which helps the Trustee to ensure that portfolio risk remains at acceptable levels. The Trustee has set tolerances around this budget and other metrics in the PRMF. If these tolerances were breached, appropriate action is taken. The Trustee monitors the Scheme's position against the objective using the risk budget, other metrics and tolerances. The investment adviser formally reports on this on a quarterly basis. At each quarterly meeting there is a discussion around whether corrective action is required.</p>

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
The PRMF exists to ensure that both the level of risk and outperformance target are monitored by the Trustee on a regular basis and calls to action for funding, risk, hedging and liquidity are easily identified.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee monitors this on a quarterly basis using reports issued by its investment adviser, with more frequent updates provided during periods of market volatility. The investment adviser notifies the Trustee of any calls to action, which are then discussed by the Investment Committee ("IC"). If a tolerance range around one of the metrics in the PRMF is breached but no action is required, this is still raised with the Trustee and a decision is taken.</p> <p>As mentioned previously, during the reporting period, the Scheme's liability benchmark was updated by the Scheme Actuary following the 31 March 2023 actuarial valuation. As part of the valuation, the Technical Provisions basis was updated, with this now being the basis used for the Scheme's liability hedging. Following this, the target hedge ratio was updated to align it with the Technical Provisions funding level.</p>
The Trustee monitors the bulk annuity market in order that it can take advantage of future opportunities if appropriate.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee is currently aiming to secure a full buy-in for the Scheme and has taken steps to improve the overall liquidity profile of the Scheme's assets. In February 2024, the Scheme's investment adviser considered whether any action was required to streamline the Scheme's LDI portfolio ahead of a potential full buy-in transaction. The investment adviser recommended that there were no immediate actions, highlighting instead the potential actions for the Trustee to take nearer to a full-buy-in transaction.</p> <p>As mentioned above, in January 2025 BlackRock – the Scheme's LDI manager – made the Trustee aware of an opportunity to switch part of the swap exposure in the Scheme's LDI portfolio into gilt-based assets to take advantage of more favourable pricing for the latter. The Trustee approved this. This switch further enhanced the liquidity of the LDI portfolio, helping the Scheme to take another step towards preparing the portfolio for a potential full buy-in.</p> <p>The Trustee will continue to consider the actions highlighted previously for preparing the portfolio for a full buy-in, and will implement these as appropriate as the Scheme progresses towards a potential transaction.</p>
The Trustee and Smiths Group have agreed to reduce investment risk over time in a phased manner and in the event that the funding level improves ahead of expectation.	Yes, the Trustee is satisfied that this policy has been followed.	The transition in Q1 2025 to transfer £70m from the Insight B&M mandate into the BlackRock mandate was executed in line with this policy. The transition reduced the overall risk of the portfolio, as well as further enhancing overall portfolio liquidity.
The investment strategy agreed between the Trustee and Smiths Group targets an expected return over the liabilities with the intention of achieving a fully funded position within agreed timescales.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee's primary investment objective is for the Scheme to be fully funded on a Solvency (buyout) basis by 2030. As at 31 March 2025, the expected return of the Scheme's assets remains above the return required to meet its objective.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
Risk		
The Trustee continues to monitor the risks detailed in the SIP using the PRMF, and receives formal quarterly reports on funding, cashflows, investment managers (including performance) and diversification.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee receives quarterly reports from its service providers covering these points, which are then discussed quarterly when relevant. With respect to the Scheme's investment managers, the Trustee's investment adviser proactively monitors each manager against ten key factors and actively engages on the Trustee's behalf on any issues highlighted with respect to these factors. A decision is then taken regarding whether action is required.</p> <p>The Trustee is satisfied that the Scheme's risks have been well managed throughout the reporting period.</p>
Counterparty risk is reduced by limiting the exposure to any one counterparty, together with the use of a collateral mechanism for derivative positions that is calculated daily.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Scheme's LDI manager reports on the Scheme's counterparties every quarter and this is monitored by the Trustee's investment adviser. The Trustee is satisfied that the Scheme's counterparty risk has been appropriately managed and diversified over the reporting period.</p> <p>The LDI manager also monitors the Scheme's collateral position daily and notifies the Trustee if the Scheme's collateral needs replenishing.</p>
Operational risk is reduced as far as possible by due diligence on the appointment and review of investment managers, annuity providers and advisers, and by contracts of engagement.	Yes, the Trustee is satisfied that this policy has been followed.	<p>Reviews of the Scheme's providers and mandate/contract terms are carried out by the Scheme's legal advisers prior to investment. The Trustee's investment adviser reviews operational controls as part of their manager selection and monitoring process and any significant issues are discussed with the Trustee. No new managers were selected during the reporting period.</p> <p>In terms of ongoing monitoring, the Scheme's investment adviser brings to the Trustee's attention any concerns that they are aware of.</p> <p>Investment adviser performance is measured on a regular basis against an agreed set of objectives. If an adviser review was required, investment advisers would be selected using a documented tender process. Contract terms would be reviewed by the Scheme's legal advisers prior to appointment. During the reporting period, the IC reviewed its DB and DC investment advisers' performance at the September 2024 meeting. The results of the reviews were positive, consistently tending towards the upper end of the scoring range, with only minor areas identified for comment or improvement.</p>

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
General governance		
The Trustee, and investment managers (where delegated), will use the criteria set out in the Occupational Pension Schemes (Investment) Regulations 2005, when selecting direct investments on behalf of the Scheme.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee and its managers have met the criteria set out in the Investment Regulations when selecting investments on behalf of the Scheme.
Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate, and written advice will be obtained from the investment adviser.	Yes, the Trustee is satisfied that this policy has been followed.	An annual review of the suitability of the Scheme's DC providers is carried out by the DC investment adviser and presented to the IC. Annual due diligence is carried out by the Trustee's risk adviser in respect of the bulk annuity providers with whom buy-ins have been transacted, and this is presented to the IC who will discuss any concerns raised. No such concerns were raised during the reporting period.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
Responsible investment (RI): environmental, social and governance (ESG) factors		
<p>ESG issues may be financially material to the investment portfolio over the Scheme's time horizon. The Trustee considers the long term financial interests of the Scheme to be paramount and, where appropriate:</p> <ul style="list-style-type: none"> • Expects investment managers to consider financially material environmental (including climate change risks), social and governance issues in investment decision-making. • Expects investment managers to practise good stewardship, which includes engaging with issuers of debt or equity on financially material ESG issues. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The investment adviser considers ESG risks when making recommendations to the Trustee, and the Trustee considers ESG risks when making investment decisions.</p> <p>No new managers were selected during the reporting period.</p> <p>In terms of ongoing monitoring, ESG issues are a key consideration within the investment adviser's manager research process. The investment adviser monitored the approach of the Scheme's managers throughout the reporting period and raised no concerns about the managers' consideration of ESG risks.</p> <p>In addition to ongoing monitoring, the investment adviser also provides an annual RI update on the approaches of the Scheme's managers. The report was presented and discussed at the IC meeting in May 2024.</p> <p>In terms of voting, as the DB section of the Scheme does not currently invest in assets that have voting rights attached to them, there is no voting data to report.</p> <p>To help in its monitoring, the Trustee submitted its second annual climate disclosure report. As part of the required disclosures, the Trustee has selected four climate-related metrics, which are reviewed and reported against annually.</p> <p>These four metrics are: total carbon emissions of the DB Section assets and DC Section assets, carbon intensity of the DB Section assets and DC Section assets, impact on DB Section funding level in a chosen climate scenario (and impact of the DC Section asset value in a chosen climate scenario), and finally alignment to the goals of the Paris Agreement (as measured through Science Based Targets initiative scores) for the DB Section assets and the DC section assets. The Trustee has reviewed its selected metrics and believes they remain appropriate except for the third metric, which is currently the output of the 'disorderly' climate scenario. Since this metric was selected, industry standards and best practice have progressed and, as acknowledged in last year's report, the output currently has limited use in the context of investment decision-making. The Trustee therefore chose to begin monitoring data quality instead in the 31 March 2025 report as this metric will provide insight into the reliability of underlying climate data and therefore provide useful context for interpreting the emissions-based metrics.</p> <p>Through this reporting, the Trustee is able to track whether each metric is in line with the Trustee's expectations. Where it is not, the Trustee may consider engaging with the relevant manager through available channels.</p> <p>Engagement examples are included in the "Voting and Engagement – DB Section".</p>

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
Stewardship policy		
<p>When selecting, monitoring and de-selecting asset managers, engagement is factored into the decision-making process to the appropriate level for the specific asset class in question.</p> <p>The Trustee's policy is to delegate responsibility for direct engagement with underlying companies (as well as other relevant persons) in respect of shares and debt to investment managers. Investment managers are, in the Trustee's opinion, best placed to make judgments and to engage with the underlying issuers. Where relevant, the Trustee expects its managers to use voting rights to achieve the best possible sustainable long term outcomes.</p> <p>The Trustee requires its investment adviser to report annually on how the managers have acted in accordance with the Trustee's policy on stewardship and engagement.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>When selecting and monitoring the Scheme's investment managers, the Trustee considers a manager's ESG and stewardship capabilities. Managers' approaches to ESG are one of several key factors that are assessed by the Scheme's investment adviser when making any manager recommendations to the Trustee, and these are monitored on an ongoing basis after appointment.</p> <p>The Trustee expects all its investment managers to practise good stewardship. When selecting new managers, the Trustee's investment adviser assesses the ability of each investment manager to engage with underlying companies to promote the long term success of the investments and reports any significant findings to the Trustee.</p> <p>All of the Scheme's asset managers are signatories to the UN Principles of Responsible Investment (UN PRI).</p> <p>No new managers were selected over the reporting period. The Scheme's investment adviser provides updates if there are any concerns regarding the approaches taken by the Scheme's managers. Moreover, in the previously mentioned annual Responsible Investment Update, the investment adviser provided an update on their views on the approach of the Scheme's managers to responsible investment. The Trustee was satisfied with the approach taken by the Scheme's investment managers and that no action was required.</p> <p>To help in its monitoring, the Trustee receives an annual stewardship update from its investment adviser. The second update was provided at the May 2024 IC meeting, and this covered the stewardship activities undertaken by the Scheme's investment managers over the reporting period, focussing on those related to the Trustee's chosen stewardship theme, climate change. In addition, the Trustee also receives annual ESG analysis on its managers from its investment advisers, including reporting on the Scheme's chosen TCFD metrics.</p> <p>The Trustee also requires its managers to practise good stewardship on its behalf in order to promote the long term value of the Scheme's investments. Being cognisant of the DWP's updated guidance emphasising the need for asset owners to be more "active" in their approach to stewardship, the Trustee continues to place greater emphasis on its stewardship actions through the following:</p> <ul style="list-style-type: none"> • In meetings with Investment managers, the IC (on behalf of the Trustee) will continue to ensure specific examples of engagement are presented, with questions raised to the managers specifically on their stewardship progress. • The annual stewardship update by the Scheme's DB investment adviser will continue to summarise the investment managers' stewardship actions over the reporting period, including engagement activity. • The Trustee will continue to ensure that the selected key theme for its stewardship activity, climate change, will be communicated to all new investment managers. This is in line with the SIP and ensures alignment across all stewardship and engagement actions.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
The Trustee meets directly with each of its investment managers at least annually and – where relevant and appropriate – questions the manager on their activities with respect to stewardship and engagement.	Yes, the Trustee is satisfied that this policy was followed.	The Trustee met with at least one of its investment managers in each of its quarterly IC meetings and questioned them on stewardship/engagement activities. The Trustee is satisfied with the approaches of the Scheme's investment managers. Over the reporting period, the Trustee was able to meet with all five of the Scheme's investment managers.
Whilst the Trustee chooses managers that align with its beliefs on stewardship, there are instances where the Trustee has less direct influence over the managers' policies on the exercise of investment rights (for example, where assets are held in pooled funds). In these cases, the Trustee monitors and discloses any voting behaviour carried out on its behalf. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.	Yes, the Trustee is satisfied that this policy has been followed.	As mentioned previously, as the DB section of the Scheme does not currently invest in assets that have voting rights attached to them, there is no voting data to report.
The Trustee has a preference for "engagement" rather than "exclusion" as a method of incorporating environmental, social and governance risks into an effective risk management framework. However, this preference is kept under review and may be updated in the future should circumstances change. The Trustee expects its investment managers to independently consider whether exclusion or engagement is more appropriate within their investment process.	Yes, the Trustee is satisfied that this policy has been followed.	<p>In terms of ongoing monitoring, the Scheme's investment adviser monitored the approach of the Scheme's investment managers throughout the reporting period and raised no concerns about the managers' engagement practices. The investment adviser also provided an update on the managers' engagement capabilities as part of the annual RI review in May 2024.</p> <p>Examples of engagement from the Scheme's investment managers are also provided in the "Voting and Engagement – DB Section" on pages 70 to 71.</p>

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
Asset manager policy		
For pooled arrangements, the Scheme's investments are managed according to standardised fund terms, which are reviewed by the Scheme's legal and investment advisers at the point of investment to ensure that they are aligned with the Scheme's long term investment strategy and market best practice. These terms are reviewed at the point of investment and following any material changes notified by the manager.	Yes, the Trustee is satisfied that this policy has been followed.	As far as the Trustee is aware, all pooled investment mandates in which the Scheme invests have been managed in line with the standardised fund terms during the reporting period.
For segregated arrangements, the terms of the long term relationship between the Trustee and its managers are set out in separate IMAs. These document the Trustee's expectations of their managers, alongside the investment guidelines they are required to operate under. The investment guidelines are consistent with the policies set out in the SIP.	Yes, the Trustee is satisfied that this policy has been followed.	The Scheme has segregated mandates with BlackRock and Insight. The IMAs have been kept up to date throughout the reporting period, with changes having been made to the IMAs with both Insight and BlackRock over the reporting period, as mentioned previously in this statement.
The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.	Yes, the Trustee is satisfied that this policy has been followed.	Where feasible, the Trustee's investment adviser monitors transaction costs and portfolio turnover on a regular basis and notifies the Trustee of any points of concern. There were no such issues during the reporting period of this Statement.
The Trustee appoints its investment managers with an expectation of a long term partnership, which encourages active ownership of the Scheme's assets.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has maintained its partnerships with its appointed managers. Investment managers are selected based on their strategic fit for the Scheme over the long term. No new investment managers were appointed during the reporting period.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Policy	Has the policy been followed?	Evidence
Managers are paid an ad valorem fee for a defined set of services. The Trustee reviews the fees annually to confirm they are in line with market practices	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee reviews investment manager fees annually. The last review was presented to the IC at its February 2025 meeting and the IC was satisfied with the outcome.

Investment objectives and strategy – DC Section

Policy	Has the policy been followed?	Evidence
General Governance		
Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate, and written advice will be obtained from the investment adviser.	Yes, the Trustee is satisfied that this policy has been followed.	An annual review of the suitability of the Scheme's DC providers is carried out by the DC investment adviser and presented to the IC. This was carried out during the reporting period in June 2024.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Voting and engagement – DB Section

Where the Scheme holds equity investments in companies, the Trustee (or managers acting on their behalf) has the right to vote at the shareholder meetings of these companies. The DB Section of the Scheme did not hold equities over the reporting period; therefore, there is no voting data to report.

The Trustee expects the nature of engagement to vary between asset classes. The Trustee believes engagement should take place across the Scheme's investments and is not restricted to equity investments. With this in mind, shown below are examples of engagement by the Scheme's credit managers.

CQS – Direct Engagement

Company: American steel manufacturer

Focus of the engagement: Decarbonisation

Details of the engagement: As a producer of steel, CQS identified this company as a higher emitter with a higher fund WACI contribution score. CQS sought to ensure that the business is being proactive and thoughtful in reducing their carbon footprint. During CQS' engagement, the company disclosed that it will look into reducing emissions of its recent acquisition by leveraging its current industry-leading technologies. The company highlighted that it has achieved its 2030 greenhouse gas (GHG) emissions reduction target and revised its targets in May 2024. These targets include updated Scope 1, 2 & 3 GHG emissions reduction targets by 2035, and a long term target of alignment with the Paris Agreement's 1.5 degrees Celsius scenario to reduce all three scopes to near net zero by 2050. The company also expressed that it could achieve lower than industry emissions metrics due to the use of lower-carbon fuels like natural gas, consuming higher amounts of recycled materials, purchasing renewable energy and utilising HBI (Hot Briquetted Iron).

Outcome of the engagement: CQS were pleased to see that the company plans to apply best practices and has made significant progress so far in achieving its 2030 GHG reduction targets well in advance. CQS will continue to monitor the company's metric trends going forward.

TwentyFour – Direct Engagement

Company: Barclays

Focus of the engagement: Exposure to fossil fuel financing

Details of the engagement: This engagement was conducted as part of TwentyFour's Carbon Emissions Engagement Policy where it engaged with Barclays regarding its exposure to fossil fuel financing after identifying some gaps in Barclays' policies. In particular, TwentyFour found that fossil fuel financing as a percentage of Barclays' loan book is the highest in Europe. In addition, absolute volumes also ticked up in 2023 after falling in previous years. Regarding financing policies, TwentyFour asked some clarifications about the phase-out of coal financing and the transition of current oil & gas financing off the balance sheet. Regarding the tick up in fossil fuels financing, Barclays clarified that the bank engaged with the Rainforest Action Network (RAN) about their methodology before the report's publication as it does not agree with the classification or attribution of some transactions. According to its audited Annual Report, the bank's TCFD-aligned exposure to high-risk carbon sectors has decreased by 4% year-over-year, covering both carbon-emissive and renewable energy financing. Barclays also clarified that the bank will not finance new clients or existing clients with more than 30% of their revenues from coal mining or coal-fired power generation. The bank's Client Transition Framework (CTF) informs decision-making on business and credit appetite, with energy companies failing to reduce emissions or transition facing difficulty accessing financing. The bank has committed to no longer financing new upstream oil and gas projects and expects its energy clients to submit transition plans by 2025 and set decarbonisation targets by 2026. Barclays has established targets for eight high-emitting sectors and has reduced its energy-related emissions by 44% since 2020. It is also investing in clean tech through its £500 million Sustainable Impact Capital fund.

Outcome of the engagement: TwentyFour stated that Barclays' response was satisfactory as it outlined a clear and comprehensive climate strategy, including restrictive financing policies and progress on reducing emissions. TwentyFour will continue to closely monitor the company's financing of fossil fuels and track its progress against the set targets. TwentyFour also plan to engage with Barclays again in the future to assess whether they are making continued progress on their climate-related goals and commitments.

M&G – Direct Engagement

Company: Hannover Rueck SE

Focus of the engagement: Thermal coal exposure and disclosure of carbon emissions and decarbonisation targets

Details of the engagement: M&G met with the company's Head of Sustainability, a specialist on its sustainability team and a member of its investor relations team to ensure the company had a plan to address thermal coal exposure, as well as oil & gas, and to encourage the company to calculate and publish its category 15 scope 3 emissions, to publish clear, near-term and net zero absolute emission reduction targets, and to have these targets validated by the Science Based Target initiative (SBTi). M&G also asked for some additional enhancement to the way the company discloses climate data. By way of background,

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Hannover Rueck had a short term scope 1 & 2 GHG emissions reduction target that it met at the end of 2023, and it now aims to reduce its asset management emissions footprint (corporate bonds, covered bonds, equities) by 30% by 2025, using a 2019 baseline). It appeared that references to 2030 operational emissions reduction targets and net zero for 2050 had been removed from its sustainability reporting, but this was not entirely clear.

Outcome of the engagement: Hannover Rueck confirmed that it was undertaking the process of calculating its category 15 scope 3 emissions, but that it was a time-consuming process. It said it would be publishing new targets in line with the Corporate Sustainability Reporting Directive (CSRD), but that the requirements were intense, taking up a lot of capacity. Given the specific impacts on target setting, decision makers in the company were shying back from committing to targets before the requirements of CSRD have fully bedded in (the regulation has been constantly changing, and certainty is difficult). Once the company completes the first reporting cycle, it can then revisit the idea of SBTi approved targets (M&G will revisit this after its first CSRD report is published next year). In terms of coal exposure, the company has a strategy in place to phase out of coal by 2038 on the Property & Casualty (P&C) book, which is easier to reach in some parts of the business than it is in others, hence the target is 2038. The current position on oil, gas and coal is more around exclusions – i.e. excluding exposure for all new risks. Deep-sea mining is also excluded. M&G are now aiming to encourage enhanced disclosure ahead of the company's next sustainability report, and after its first CSRD report, to ensure clarity and consistency in the targets it has in place.

Insight Investments – Direct Engagement

Company: Engie SA

Focus of the engagement: Investigating a global energy company's carbon offset plans

Details of the engagement: Insight monitor Engie's decarbonisation journey as a significant contributor to Insight's financed emissions (within the top 50% of financed emissions). The company has set targets, including achieving net zero by 2045. The company also envisages using carbon capture and storage (CCS) technology in its plans to decarbonise. Insight engaged with the issuer to find out if it is investing directly in the development of CCS technologies and if it has agreed how it will use offsets in its transition plan. The issuer stated that CCS is an emerging technology that will be developed during the next phase of its decarbonisation trajectory. As a result, it has not yet invested in any CCS development. However, it stated it commissioned studies on the future of some of its power plants to use CCS. The issuer also confirmed it will not use avoided emissions offsets and will only use carbon sequestration for its net zero target. It also stated that its climate objectives are defined in terms of gross emissions and that it is currently finalising its carbon sequestration strategy and has not used any offsets in 2023.

Outcome of the engagement: Insight believe the disclosures around the issuer's use of CCS are weak and it has no Key Performance Indicator around limiting offsets used to achieve its decarbonisation targets. Insight recommended the issuer provides enhanced disclosures around its planned studies in CCS and provided the issuer with guidance on best practice.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Voting and engagement – DC Section

The UN PRI says that voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practise in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's material DC funds. The voting information provided is for the year to 31 March 2025 for the LGIM Multi-Asset Fund and to 31 December 2024 for the Prudential With Profits Fund.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM Multi-Asset Fund¹	105,710	99.8	22.3	1.1
Phoenix Life With Profits Fund	Not available			
Prudential With Profits Fund	51,817	99.1	6.8	0.7

Source: Fund managers

¹ This is the underlying fund for the Legal & General (PMC) Multi Asset Fund

Use of proxy voting advisers

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support. Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

The table below describes how the DC Section's managers use proxy voting advisers:

	Description of use of proxy voting adviser(s)
LGIM	<p>"LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.</p> <p>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. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.</p> <p>We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action."</p>
Phoenix Life	<p>Phoenix Life delegates fund management to a number of fund managers. The voting is carried out by those fund managers. We have reported how abrdn uses proxy voting advisers below, as abrdn is Phoenix Life's investment management partner.</p> <p><u>abrdn</u> - "To supplement our own analysis, we make use of the benchmark research and recommendations provided by ISS, a provider of proxy voting services. In the UK we also make use of the Investment Association's (IA) Institutional Voting Information Service. We have implemented regional voting policy guidelines with ISS which ISS applies to all meetings in order to produce customised vote recommendations. Within our custom policies, however, we do specify numerous resolutions which should be referred to us for active review."</p>
Prudential	<p>Management of the With Profits Fund is delegated to twelve fund managers. The voting is carried out by those fund managers. We have reported how M&G Investment Managers use proxy voting advisers below, as they are the material underlying manager for the Prudential With Profits Fund.</p> <p><u>M&G Investment Managers</u> - "Voting decisions are taken in the best interests of clients and decision-making takes into account a wide range of factors. Whilst we do not solicit clients' views we would take them into account should they be known to us."</p>

Source: Fund Managers

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Significant voting examples

To illustrate the voting activity being carried out on the Trustee's behalf, we asked the DC Section's investment managers to provide a selection of what they consider to be the most significant votes in relation to the DC Section's funds. An example of a significant vote by LGIM and Prudential is provided in the table below.

We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

LGIM Multi-Asset Fund	Company name	Shell Plc
	Date of vote	21 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.55%
	Summary of the resolution	Resolution 22: Approve the Shell Energy Transition Strategy
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity ("NCI") targets, coupled with the ambition to grow its gas and Liquefied Natural Gas ("LNG") business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.
	Outcome of the vote	Pass

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Prudential With Profits Fund	Company name	Toyota Motor Corp
	Date of vote	18/06/2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
	Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	No
	Rationale for the voting decision	Concern over enshrining requirement in the company's articles
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
	On which criteria have you assessed this vote to be "most significant"?	Environmental and social

Source: Fund Managers

SMITHS INDUSTRIES PENSION SCHEME

YEAR ENDED 31 MARCH 2025

IMPLEMENTATION STATEMENT

Engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the DC Section's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the DC Section.

Funds	Number of engagements		Themes engaged on
	Fund specific	Firm level	
LGIM Multi-Asset Fund	3,576	4,399	<p>Environment - Climate Impact Pledge - Deforestation - Circular Economy - Climate Adaptation - Climate Change - Climate Mitigation - Energy</p> <p>Social - Human Rights - Gender Diversity - Ethnic Diversity - Supply Chain - Lobbying and Political Donations</p> <p>Governance - Capital Management – Remuneration - Board Composition - Mergers and Acquisitions - Nominations and Succession</p> <p>Other - Corporate Strategy - Company Disclosure & Transparency - Regulation</p>
Prudential With Profits Fund	Not available	Not applicable	<p>Environment - Net Zero/Decarbonisation - Climate Change - Nature and Biodiversity - Green credit - Environmental management system - Energy Mix - Environmental Targets and penalties - Climate Disclosure - Carbon emissions reduction target - Sustainable travel</p> <p>Social - Diversity & Inclusion - Human Rights - Modern Slavery - Supply Chain Labour Management - Indigenous Peoples Rights - Other Human Capital Management issues - Health and Safety - Community relations - Social Risks and Opportunities - Inclusive finance</p> <p>Governance - Board gender diversity - Corporate Strategy - Board Composition & Effectiveness - Business Ethics and Integrity - Leadership - Supply chain management - Talent retention</p> <p>Other - Privacy and Data Security</p>

Source: Fund Managers

Data limitations

Although it is material in terms of the proportion of assets invested, this report does not include commentary on the L&G Cash Fund, because of the limited materiality of stewardship to this asset class.

Prudential have reported engagement activity for the twelve underlying managers of the With Profits Fund which we have summarised above. It has not confirmed which underlying managers are material.

At the time of writing, Phoenix Life did not provide any information requested.