



NatWest
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Cushon Master Trust Stewardship Policy

October 2025

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1 Introduction

This Stewardship Policy (the “Policy”) has been prepared by the Trustees of the Cushon Master Trust (the “Scheme”) with advice from their investment adviser, Isio Group Limited (“Isio”). Implementation is delegated to the Investment Office of NatWest Cushon.

This policy supports the Scheme’s Responsible Investing Policy (“RI Policy”). The RI Policy provides detail on the Trustees’ investment beliefs and broader consideration of Environmental, Social and Governance (“ESG”) factors in the Scheme’s investment strategy. One of the Trustees’ commitments in the RI policy is to act as responsible stewards of the assets the Trustees manage on behalf of members. This Policy formalises this commitment and expands on the processes and expectations the Trustees have with respect to stewardship of the assets they manage on behalf of members. This policy will be made available to members via the NatWest Cushon website: <https://cushon.co.uk/workplace-pensions/climate-focused>.

The RI Policy also explains the Trustees’ climate targets for their Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy default strategies:

1. For the carbon footprint (scope 1 & 2) to be at least 80% lower than the 2022 baseline by 30 Sep 2030.¹
2. Achievement of net zero well in advance of 2050.

This Policy intends to support these targets, as the Trustees are aware that stewardship activities can contribute towards real-world decarbonisation. The Trustees have set five stewardship priorities, as set out below. These are issues where the Trustees believe effective stewardship can help in mitigating risks and/or offer opportunities within the investment strategy.

1. Climate alignment – decarbonising and minimising emissions
2. Climate adaptation
3. Biodiversity risk and management
4. Labour rights including modern slavery
5. Diversity and inclusion (on boards in particular)

These stewardship priorities form the policies and processes which are outlined in this document and the priorities will form part of the Trustees’ investment governance reporting framework, which is used to monitor effective implementation and management of the Scheme’s investment portfolio on behalf of members.

On an annual basis, the Trustees will prepare an Implementation Statement that is published on the NatWest Cushon website and included within the annual report and accounts. This will include an overview of each investment manager’s approach to stewardship and voting and engagement information (including most significant votes) relating to the Trustees’ stewardship priorities. The latest implementation statement can be found here: <https://www.cushon.co.uk/files/cushon-master-trust-implementation-statement-2024.pdf>.

¹ As reported in the latest Climate Change Report, this target has been achieved. The Trustees are working across 2025 to refresh their Sustainability strategy and establish new climate targets which will be disclosed in the subsequent climate change report.



The Scheme's assets are held on the Mobius Life Limited ("Mobius Life") platform via an insurance policy called a Trustee Investment Plan. Details of Mobius Life's Stewardship Policy can be found here: <https://mobiuslife.co.uk/wp-content/uploads/2025/09/mobius-life-stewardship-report-2023.pdf>.

2 Voting & Engagement Policies and Processes

It is the Trustees' intention that the investment managers appointed to manage the Scheme's assets will share similar responsible investment beliefs, and therefore any voting and engagement by them with underlying companies are expected to be in line with the Trustees' investment beliefs and stewardship priorities.

The Trustees deem votes directly associated with their stewardship priorities to be 'significant'.

The Trustees expect their investment managers to have effective voting and engagement policies and processes in place, including a set of actions that can be undertaken should companies not meet various ESG expectations (i.e. escalation policies).

The Trustees' engagement and reporting expectations of the investment managers include:

- For the investment managers to notify the Trustees of planned engagements that are misaligned with the Trustees' agreed stewardship priorities (i.e. any activity that would negatively impact these priorities). This information should be provided to the Trustees, NatWest Cushion's Investment Office and the Trustees' investment adviser Isio ahead of the planned engagement activity.
- For the investment managers to provide annual reporting on all engagement activity that corresponds to each stewardship priority, with specific case study examples. This information will be used to feed into the Scheme's annual Implementation Statement and for the Trustees to assess alignment.

The Trustees recognise that the implementation of their sustainability strategy requires a comprehensive and coordinated effort across all aspects of the investment strategy. Key to this effort is the active role played by the underlying investment managers. It is imperative to the Trustees that the underlying investment managers do engage and vote in line with the Trustees' five stewardship priorities, with particular emphasis on climate alignment in relation to their decarbonisation goals. The investment managers will be periodically assessed on their alignment to these priorities, as explained in Section 4.

The Trustees also recognise public policy engagement as an important process in this area, in order to address systemic risks and market failures relating to the Trustees' stewardship priorities. Where possible, the Trustees will participate in collaborative initiatives either directly or via the investment advisor, the scheme funder or other relevant parties to the scheme. This may include responding to policy/regulatory consultations, or publicising work relating to government policy/regulations. The Trustees' will report on this area of engagement in the Implementation Statement as and when it occurs.



3 Exclusions

The Trustees have established an exclusions policy as part of their responsible investment pledge. While their preferred approach would be via engagement with investee companies to better align them to the Trustees’ five stewardship priorities, they recognise that this would not be feasible in all circumstances, depending on the nature of the investee company and its activities. To mitigate the associated risks of investing in misaligned companies, the Trustees have taken the decision to exclude multiple business activities and criteria, which have been reflected in the NatWest Cushion co-designed equity index as detailed in the table below:

Cushion White-Labelled Fund	Underlying Fund	Exclusion	Rationale
Cushion Global Equity	Macquarie Sustainable True Index	Exclusion of companies with verified ongoing failure to respect established international norms. The core normative framework consists of the Principles of the United Nations (UN) Global Compact, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.	Companies that violate international norms, or that have a significant negative impact on the UN SDGs pose significant risks to investors, including reputational damage, legal liabilities, and financial instability. Such companies may be involved in activities that can lead to environmental degradation, human rights abuses, or corruption, which go completely against the Trustees’ responsible investment beliefs and stewardship priorities. By excluding these companies from the investment strategy, exposure to these potential risks are reduced.
		Exclusion of companies with significant negative impact on the UN’ Sustainable Development Goals (UN SDGs), i.e. an overall SDG Impact rating of ≤ -5.1 .	
		Exclusion of companies with verified ongoing involvement in the area of controversial weapons (including chemical, biological and nuclear weapons (both under and outside the Treaty on the Non-Proliferation of Nuclear Weapons), depleted uranium munitions, cluster munitions, and anti-personnel mines).	The use of controversial weapons have devastating humanitarian consequences, as well as negative environment effects, and the Trustees recognise that this completely opposes their responsible investment beliefs and stewardship priorities.

These index exclusions contribute to the Scheme’s decarbonisation goals. On each selection day the carbon emissions of each index component are defined. Final weights are derived by applying an optimisation to achieve a carbon emissions reduction of

60%, an SDG Impact Rating increase of 20%, a Carbon Risk Rating increase of 10%, and a Green Revenue increase by 100% compared to the investible universe and an annual minimum carbon emissions reduction of 7% compared to the carbon emissions of the index on the Base Day in a geometric progression. For instance, if a company were to breach the “ ≤ -5.1 UN SDG rating” exclusion threshold due to an increase in carbon emissions, this would negatively impact the Scheme’s overall decarbonisation goals, and consequently the index would divest its holdings.

Other mandates in the Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy portfolios and some of the alternative self-select investment options made available to members also incorporate exclusions which are managed by the respective investment managers. These exclusions were carefully considered as part of the fund selection process, as the Trustees sought to select investment managers who shared similar responsible investment beliefs. For the list of implemented exclusions throughout the rest of the investment strategy, see the Appendix.

4 Manager Assessment

As stated above, it is the Trustees’ intention that the investment managers appointed to manage the Scheme’s assets will share similar responsible investment beliefs. As such, voting and engagement activity is expected to be in line with the Trustees’ investment beliefs and stewardship priorities.

The Trustees will review each manager’s track record of voting and engagement on at least an annual basis and assess the extent to which stewardship activities undertaken are aligned with the Trustees’ stewardship priorities. This assessment analyses the manager’s overarching approach to stewardship and activity that has taken place throughout the year.

When considering a manager’s approach to stewardship, the Trustees will consider:

- The manager’s stewardship commitments (with reference to their own stewardship policy).
- Performance of the manager against their commitments.
- The size of the manager and resources available to them.
- Any changes to the manager’s stewardship approach in the year.

Where relevant, the Trustees (or their delegates on their behalf) will discuss these points with the investment managers when preparing the assessment. When considering stewardship activity that has taken place throughout the year, the NatWest Cushon Investment Office will look at the amount of voting and engagement that has been completed (compared to prior years). The NatWest Cushon Investment Office will also review how activity aligns with each of the Trustees’ stewardship priorities, using a Red, Amber, Green (RAG) rating system. The factors considered when allocating a RAG rating to an investment manager are typically: the number of overall votes on both a strategy and firm-level, the number of votes on topics that the Trustees deem significant, the number of resolutions filed, and the overall approach to stewardship. This assessment is qualitative and for internal use only and will be presented by the NatWest Cushon Investment Office to the Trustees on an annual basis.

This assessment is predominantly internal and discussed at a quarterly Trustees' meeting. Parts of this assessment will be published in the Trustees' annual Implementation Statement. This will include voting and engagement information relating to the Trustees' stewardship priorities.

Where the Trustees believe that managers could do more in terms of stewardship they will formally write to managers and explain this, referring to the expectations set out in this Policy. Where managers continue to underperform the Trustees' will consider further escalation which may ultimately result in disinvestment.

5 Member Engagement

As part of the Trustees' investment governance reporting framework, the Trustees will seek to review member engagement data including any feedback or interaction with the NatWest Cushon App or member portal. The Trustees will seek to periodically engage with members to the extent that is reasonably practical, via surveys or polls, in order to incorporate considerations to their stewardship approach, to the extent that to do so does not conflict with the Trustees' legal obligations and fiduciary duties as pension scheme trustees.

6 Monitoring and Reviewing this Policy

The Trustees will monitor the Scheme's investment objective against this Policy on an ongoing basis, with support from their investment adviser, Isio, and NatWest Cushon.

The Trustees view the development of this Policy as an ongoing process, as approaches to responsible investment and stewardship evolve over time. When reviewing this Policy, the Trustees will consider any significant developments with the intention of taking a good practice approach. This Policy will be reviewed in line with regulation and at least every three years, or more frequently if necessary.

Signed: 

Name: Roger Mattingly – Chair of Trustees

Date: 22 October 2025



Appendix

List of exclusions in the Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy, which are delegated to the underlying investment managers: -

Cushon Fund	Underlying Fund	Exclusion
Cushon Global Bonds	Wellington Global Impact Bond	Production of nuclear and controversial weapons, including cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.
		Production, distribution, retail or supply of tobacco related products.
		Thermal coal extraction or thermal coal-based power generation.
		Production and generation of tar sands.
	Lombard Odier TargetNetZero Global IG Corporate	Controversial weapons (i.e. companies that produce, trade or store controversial weapons (biological and chemical weapons, antipersonnel mines, cluster weapons, depleted uranium, white phosphorus).
		Companies that are deriving more than 10% of their revenues from either production of tobacco products or retailing of tobacco products/services
		Companies that are deriving more than 10% of their revenues from thermal coal extraction, or coal power generation.
		Companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration
		Material breaches of UN Global Compact Principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions: Companies involved in the most severe breaches of the UN Global Compact Principles ("Level 5 Controversies").
	NinetyOne Total Return Credit	Will not invest in companies that are directly involved in the manufacture and production of controversial weapons (including biological and chemical weapons, cluster munitions, anti-personnel landmines, nuclear); Will not invest in those that companies that are deemed to be in violation of the UNGC principals; Will not in companies that derive >5% of their revenue from tobacco or adult entertainment
	LGIM Future World GBP Corporate Bond Index	The fund screens out companies on the L&G Future World Protection list. This list includes companies that are involved in and derive parts of their revenues from areas such as controversial weapons and pure coal mining, and certain companies that do not comply with the United Nations Global Compact screening criteria. Following this screening, the index provider re-weights the remaining index constituents by tilting according to environmental, social and corporate governance (ESG) scores.



Cushon Multi Asset Growth	Schroders Capital Climate +	Exclude companies identified as being involved in the production of stockpiling, transfer and use of cluster munitions, anti-personnel mines, chemical weapons and biological weapons Exclusion of companies that generate more than 20% of their revenues from thermal coal mining.
	Aviva Investors Carbon Removal Fund	Follow a baseline exclusion policy set by Aviva Group, which includes: - <ul style="list-style-type: none"> - Exclusion of controversial weapons, including cluster munitions, land mines, civilian firearms, biological & chemical weapons, laser-blinding weapons and the manufacture of phosphorous weapons and weapons which use non-detectable fragments; companies that supply state nuclear weapons programmes where the state lacks credible commitments to effective arms controls, disarmament and non-proliferation as outlined in the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) - Thermal coal, arctic oil and oil sands - Tobacco, including manufacturing, distribution and sale - Divestment of companies that do not meet UNGC principles The strategy also excludes: - <ul style="list-style-type: none"> - High risk jurisdictions - Projects that convert or change non-degraded native ecosystems - Projects that have invasive or genetically modified species - Commercial forestry that does not have FSC certification.

List of exclusions in the Cushon Self Select funds, which are delegated to the underlying investment managers: -

Cushon Fund	Underlying Fund	Exclusion
Cushon Sustainable Global Equity	L&G Future World Global Equity Index	Companies on the L&G Future World Protection list are screened out. This list includes companies that are involved in, and derive parts of their revenues from areas such as controversial weapons and pure coal mining, and certain companies that do not comply with the United Nations Global Compact screening criteria. Following this screening, the index provider re-weights the remaining index constituents by tilting according to environmental, social and corporate governance (ESG) scores.
Cushon Sustainable UK Equity	L&G Future World UK Equity Index	
Cushon Sustainable Europe (ex UK) Equity	L&G Future World Europe (ex UK) Equity Index	
Cushon Sustainable Japanese Equity	L&G Future World Japan Equity Index	
Cushon Sustainable North American Equity	L&G Future World North America Equity Index	
Cushon Sustainable Pacific ex Japan Equity	L&G Future World Asia Pacific (ex-Japan) Developed Equity Index	
Cushon Sustainable Emerging Markets Equity	L&G Future World Emerging Markets Equity Index	
Cushon Sustainable UK Corporate Bonds	L&G CCAT Future World GBP Corporate Bond Index	The Index excludes shares of companies that generate more than 5% of income or revenue from the
Cushon Shariah	HSBC Islamic Global Equity Index	



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		business activities such as: alcohol, tobacco, pork-related products, conventional financial services, weapons and defences, certain entertainment. The Fund will only invest in shares of companies that meet Shariah compliance principles as interpreted or approved by the Shariah Committee.
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