S.E.H. Europe Retirement Benefits Plan

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 30 April 2022

Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance ('ESG') factors and climate change set out in the Statement of Investment Principles ('SIP') have been followed during the year to 30 April 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 as amended and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustees primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Plan.

The objectives set out above provide a framework for the Trustees when making investment decisions.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Plan's investments over the appropriate time horizon. This includes, but is not limited to, ESG factors.

The Plan's SIP includes the Trustees policies on ESG factors, stewardship and climate change. The policies in question were last approved on 23 September 2020.

In order to establish these policies, the Trustees discussed ESG and the latest regulatory requirements governing the inclusion of ESG policies at the Trustee meeting of 17 September 2019. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.

Plan's Investment Structure

The Plan invests in pooled investment vehicles managed by three investment managers. As such, the Trustees have a direct relationship with the Plan's underlying investment managers. The Trustees have the responsibility of selecting the pooled funds, in conjunction with advice received from their investment advisor, Mercer.

Trustees Engagement

In the relevant year the Trustees have not engaged with either the underlying pooled investment managers on matters pertaining to ESG, stewardship or climate change.

The Trustees are working with Mercer on an ongoing basis, to consider actions that can be taken to engage with their investment managers going forward. In doing so, Mercer provides fund specific ESG ratings (with ratings derived by Mercer) for the funds the Plan is invested in. This helps to determine whether further action should be taken in respect of specific funds.

Voting Activity

The Trustees have delegated their voting rights to the investment managers of the Plan. The Trustees have not been asked to vote on any specific matters over the Plan year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled fund for which voting is possible (i.e., the fund which includes equity holdings).

We note that best practice in developing a statement on voting and engagement activity is evolving and we will continue to take on board industry activity in this area before the production of next year's' statement.

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Baillie Gifford Diversified Growth Fund	*ISS and Glass Lewis* used for recommendations only, along with specialist proxy advisors in the Chinese and Indian markets for more nuanced market specific information. All client voting decisions are made in-house.	1537 resolutions (c.88% votes cast)	c.3%	c.1%	No formal definition provided but the list below exemplifies potentially significant voting situations. The list is not exhaustive: — Baillie Gifford's holding had a material impact on the outcome of the meeting — The resolution received 20% or more opposition and Baillie Gifford opposed — Egregious remuneration — Controversial equity issuance — Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders — Where there has been a significant audit failing — Where Baillie Gifford have opposed: mergers and acquisitions; the financial statements/annual report and the election of directors and executives.	**RIO TINTO PLC** – Voted against the remuneration report. **Rationale**: Baillie Gifford opposed the remuneration report as they did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards. **Outcome**: Pass **Implications**: Following the submission of Baillie Gifford's votes they engaged with the company to communicate their concerns. Whilst they did not support the backwards looking remuneration report, they took the decision to support the forward looking remuneration policy. Billie Gifford continue to be focussed on having good open communication with the leadership team which they believe is valuable as long-term investors. **Significance:** This resolution is significant because Baillie Gifford opposed remuneration.

Note: The information in the table has been provided by the investment manager as 12 months to 31 March 2022