

S.E.H. EUROPE RETIREMENT BENEFITS PLAN ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 30 April 2025

Introduction

This Engagement Policy Implementation Statement (the “Statement”) sets out how, and the extent to which, the stewardship policy and policies on environmental, social and governance (“ESG”) factors and climate change, set out in the Statement of Investment Principles (the “SIP”), have been followed during the year to 30 April 2025 (the “Plan Year”). This Statement has been produced in accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and subsequent amendments; and the statutory and non-statutory guidance from the Department of Work and Pensions.

The Statement is based on the SIP that was in place during the Plan Year, which can be accessed online: https://www.sehe.com/wp-content/uploads/2023/10/SEHRBPSIP_2023.pdf

Trustees’ Investment Objectives

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set.

As outlined in the SIP, the Trustees’ “overall objective” for the Plan 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.

Policy on ESG, Stewardship and Climate Change

The Trustees recognise that ESG factors can influence the investment performance of the Plan’s portfolio, and it is therefore in the members’ and the Plan’s best interest that these factors are taken into account within the investment process.

The Plan’s SIP includes the Trustees’ policies on ESG factors, stewardship and climate change. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially. The policies were last reviewed in September 2023.

The Plan’s assets are invested in pooled fund investment vehicles and therefore the Trustees accept that they have very limited ability to influence the ESG policies and practices of the companies in which the investment manager invests. The Trustees therefore rely on the policies and judgement of the investment manager.

The Trustees expect the investment manager to evaluate ESG factors, including climate change considerations and stewardship obligations attached to investments and engagement activities in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

Plan’s Investment Structure

The Plan invests in pooled fund investment vehicles, which are managed by the investment manager, Insight. As such, the Trustees have a direct relationship with the Plan’s investment manager. The Trustees have the responsibility of selecting and monitoring the pooled fund investment vehicles, in conjunction with advice received from their investment advisor, Mercer.

Trustees' Engagement

Over the Plan Year, the Trustees have not directly engaged with the pooled fund investment manager on matters pertaining to ESG, stewardship or climate change. The engagement initiatives are driven by the investment manager, mainly through regular engagement meetings with the companies in which they invest.

However, the Trustees consider how ESG, climate change and stewardship are integrated within the investment process when appointing a new investment manager, implementing investment strategy decisions, and monitoring the existing investment manager:

- The Trustees review the ESG ratings of funds when undertaking an investment strategy review.
- Mercer will notify the Trustees of changes in ESG ratings of the funds in which the Plan invests.

This enables the Trustees to monitor the development of the ESG scores and determine whether further action should be taken in respect of specific funds.

The Trustees note that further information on Insight's approach to responsible investment and engagement is available at the following website:

<https://www.insightinvestment.com/investing-responsibly/>

The Trustees also note that Insight has been a signatory of the UK Stewardship Code since 2021. (Source: FRC website.)

Taking all the above into consideration, the Trustees are satisfied that responsible investment is embedded appropriately in the investment manager's approach to investing and are satisfied that Mercer's ESG scores for the Plan's current holdings are satisfactory.

Voting Activity

The Plan does not hold assets with voting rights. As such, it does not assess any form of voting information as it is not applicable to the Plan's investments.

Assessment of how the Engagement and Voting policies in the SIP have been followed in the Plan Year

The Trustees are satisfied that the engagement and voting policies set out in the SIP, which was in place over the Plan Year, have been followed.