

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

Financial Year Ending 30 April 2024

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 2024 (the “Plan Year”). This Statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, and the guidance published by the Pensions Regulator.

The Statement is based on, and should be read in conjunction with, the SIP that was in place for the Plan Year. The latest version of the SIP 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 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, following a change to the Plan’s investment strategy to de-risk the portfolio.

The Plan’s assets are invested in pooled funds and therefore the Trustees accept that it has very limited ability to influence the ESG policies and practices of the companies in which the 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 exercise voting rights 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.

The Trustees can confirm that they have acted in accordance with the SIP in relation to voting and engagement activities over the Plan Year.

Plan's Investment Structure

The Plan invests in pooled investment vehicles 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 funds, in conjunction with advice received from its investment advisor, Mercer.

Trustees' Engagement

Over the Plan Year, the Trustees have not directly engaged with the pooled investment manager on matters pertaining to ESG, stewardship or climate change. The engagement initiatives are driven by 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.

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 disinvested from pooled funds with exposure to equities and therefore no longer holds 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.