

# Implementation Statement for the year ended 30 September 2023

## Introduction

The Trustees of the Timet UK Limited Pension Plan have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can endeavour to influence an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustees have an allocation to alternative assets within the Plan's investment strategy. Whilst most of the mandates of the underlying investment managers that comprise the alternatives portfolio will have an exposure to equity performance, the nature of these mandates means that the investment managers may be short-term investors in equities or the equities investment is via derivatives which do not accrue voting rights. Therefore, the commentary and data in the remainder of this Statement specifically excludes the alternatives portfolio. The Trustees do however carry out an annual review of the voting and engagement approach of each of the investment managers within the alternative assets portfolio.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 30 September 2023. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustees, in conjunction with their investment consultants, appoint their investment managers and choose the specific pooled funds to use which are aligned with the Plan's policies. They expect their investment managers to make decisions based on assessments about the financial performance and risks of underlying investments (including environmental, social and governance (ESG) factors), and that they engage with issuers of debt or equity to improve their performance (and thereby the Plan's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

During the year, the Trustees received training from their investment consultant on ESG issues, including stewardship and engagement. The training received over the period is noted below.

Date	Provider	Subject
October 2022	Buck	Investment Consultant Objectives – new DWP regulations
March 2023	Buck	Maintaining LDI Resilience
June 2023	Buck	Managing Risks When Using Leveraged LDI
June 2023	Buck	SIP and Implementation Statement Changes

## Stewardship - monitoring and engagement

The Trustees recognise that the investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees acknowledge that the concept of stewardship may be less applicable to some of their assets, particularly for short-term money market instruments, gilt and liability-driven investments. As such the Plan's investments in these asset classes are not covered by this engagement policy implementation statement.

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The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees produce this Engagement Policy Implementation Statement annually which describes the voting behaviour by, or on behalf of, the Trustees over the Plan's financial year.

The Trustees' policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
MFS	Yes	Yes
MSIM	Yes	Yes
Vontobel	Yes	Yes
Blue Diamond	Yes	No
Cheyne	Yes	No
Glazer	No	No
QIM	No	No
Clearance	No	No
Prophecy	No	No
Ashmore	Yes	Yes
Haidar	No	No
Pharmakon	No	No
System 2	No	No
Voloridge	No	No
RLAM	Yes	Yes
Insight	Yes	Yes
Pemberton	Yes	No
Ares	Yes	No
LGIM	Yes	Yes

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The Trustees have not set out their own stewardship priorities but follow that of the investment managers.

The Trustees will engage with a manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustees from time to time.

If the Trustees finds any manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

The majority of the Plan's assets are held in pooled vehicles, other collective investment vehicles and cash. The Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

### Investment manager engagement policies

The Plan's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on each investment manager's websites.

Engagement is defined as purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.

The latest available information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

<b>Engagement</b>			
	<b>MFS Global Equity Fund</b>	<b>MSIM Global Brands Fund</b>	<b>Vontobel Global Equity Life Fund</b>
Period	01/10/2022 - 30/09/2023	01/10/2022 - 30/09/2023	01/01/2022 - 31/12/2022
Number of companies engaged with over the year	18	33	10+
Number of engagements over the year	26	109	20+

<b>Engagement</b>	
	<b>Ashmore SICAV Emerging Markets Total Return Fund</b>
Period	01/01/2022-31/12/2022
Number of companies engaged with over the year	50+
Number of engagements over the year	70+

RLAM were unable to provide engagement information.

**Exercising rights and responsibilities**

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustees have selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustees did not communicate with the manager in advance about the votes they considered to be the most significant.

The investment managers publish online the overall voting records of the firm on a regular basis.

All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour and any positive outcomes.

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (for mandates that contain public equities) is as follows:

<b>Voting behaviour</b>			
	<b>MFS Global Equity Fund</b>	<b>MSIM Global Brands Fund</b>	<b>Vontobel Global Equity Life Fund</b>
<b>Period</b>	<b>01/10/2022 - 30/09/2023</b>	<b>01/10/2022 - 30/09/2023</b>	<b>01/10/2022 - 30/09/2023</b>
Number of meetings eligible to vote at	88	33	49
Number of resolutions eligible to vote on	1,508	528	758
Proportion of votes cast	100.0%	100.0%	100.0%
Proportion of votes for management	94.2%	88.1%	88.5%
Proportion of votes against management	5.8%	11.7%	11.4%
Proportion of resolutions abstained from voting on	0.1%	0.2%	0.1%

During the period under review the Trustees have exercised their rights in relation to their holdings.

**Trustees' assessment**

The Trustees have considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustees may also consider reports provided by other external ratings providers.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees will consider whether to engage with the investment manager.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

**Appendix**

Links to the engagement or relevant policies for each of the investment managers can be found below (please note that some managers do not have engagement policies or equivalents in place):

<b>Investment manager</b>	<b>Engagement policy</b>
Ashmore	<a href="https://ir.ashmoregroup.com/corporate-governance/corporate-responsibility">https://ir.ashmoregroup.com/corporate-governance/corporate-responsibility</a>
MFS	<a href="https://www.mfs.com/content/dam/mfs-enterprise/mfscm/backlot/Directive%20II%20-%20InstiCli.pdf">https://www.mfs.com/content/dam/mfs-enterprise/mfscm/backlot/Directive%20II%20-%20InstiCli.pdf</a>
MSIM	<a href="https://www.morganstanley.com/im/publication/resources/msim-sustainable-investing-policy-en.pdf">https://www.morganstanley.com/im/publication/resources/msim-sustainable-investing-policy-en.pdf</a>
RLAM	<a href="https://www.rlam.co.uk/about-rlam/the-stewardship-code/">https://www.rlam.co.uk/about-rlam/the-stewardship-code/</a>
Vontobel	<a href="https://am.vontobel.com/en/insights/esg-investment-principles-and-policy">https://am.vontobel.com/en/insights/esg-investment-principles-and-policy</a>
Clearance	<a href="https://www.realestatealternatives.com/pillar-iii-and-remuneration-code-disclosure/">https://www.realestatealternatives.com/pillar-iii-and-remuneration-code-disclosure/</a>
Cheyne	<a href="https://www.cheynecapital.com/esg-responsible-investment/">https://www.cheynecapital.com/esg-responsible-investment/</a>
Voloridge	<a href="https://www.voloridge.com/our-approach">https://www.voloridge.com/our-approach</a>
Ares	<a href="https://www.aresmgmt.com/sites/default/files/2020-04/Ares-ESG-Policy.pdf">https://www.aresmgmt.com/sites/default/files/2020-04/Ares-ESG-Policy.pdf</a>
Pemberton	<a href="https://pembertonam.com/wp-content/uploads/2023/02/ESG-Report-2022.pdf">https://pembertonam.com/wp-content/uploads/2023/02/ESG-Report-2022.pdf</a> <a href="https://pembertonam.com/esg/#:~:text=Pemberton%20became%20a%20signatory%20of%20the%20United%20Nations,monitoring%2C%20an%20ESG%20Committee%2C%20and%20an%20ESG%20Questionnaire.">https://pembertonam.com/esg/#:~:text=Pemberton%20became%20a%20signatory%20of%20the%20United%20Nations,monitoring%2C%20an%20ESG%20Committee%2C%20and%20an%20ESG%20Questionnaire.</a>
Insight	<a href="https://www.insightinvestment.com/globalassets/documents/responsible-investment/stewardship-code/eu---insight-uk-stewardship-code-2022.pdf">https://www.insightinvestment.com/globalassets/documents/responsible-investment/stewardship-code/eu---insight-uk-stewardship-code-2022.pdf</a>
LGIM	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf</a>

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Information on the most significant votes for each of the funds containing public equities is shown below.

<b>MFS Global Equity Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Oracle Corporation	Kubota Corp.	The Walt Disney Company
Date of Vote	16/11/2022	24/03/2023	03/04/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.8%	1.0%	1.2%
Summary of the resolution	Elect Directors (Compensation Committee)	Elect Director Kitao, Yuichi	Report on Political Expenditures
How the fund manager voted	Against Management	Against Management	Against Management
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	While MFS may engage with issuers ahead of their vote at a shareholder meeting, MFS may not disclose their final vote decisions that are considered on a case-by-case basis prior to the meeting.		
Rationale for the voting decision	As a reflection of MFS strong, ongoing concerns with the company's pay practices, MFS also voted against the re-election of the members of the compensation committee for the second consecutive year due to what MFS consider to be poor responsiveness to shareholders in addition to consecutive years of low say-on-pay vote results.	MFS voted against the top executive due to what MFS consider to be insufficient gender diversity on the board of directors. Specifically, less than 10% of the board comprises gender-diverse directors.	MFS voted FOR this proposal, as a report on the company's congruence of political expenditures with stated values would enable shareholders to have a more comprehensive understanding of how the company oversees and manages risks related to its political partnerships.
Outcome of the vote	70.3% (average) against	Not disclosed	36.2% against
Implications of the outcome	Multiple years of low-level support for the executive	MFS embrace opportunities to engage with issuers on issues	Understanding the initiatives that the company supports

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compensation plan indicates that the compensation committee continues to demonstrate insufficient responsiveness to shareholder concerns. MFS expect the compensation committee to enhance its engagement efforts with shareholders in order to understand their concerns and demonstrate accountability by making meaningful changes to the executive compensation program so that it better aligns with the expectations of shareholders.

such as this, and seek productive dialogues around gender diversity and the broader diversity among directors.

through its political contribution efforts allows us as shareholders better gauge how the company views and manages the potential risks associated with its direct and indirect political contribution expenditures.

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Criteria on which the vote is assessed to be "most significant"

For the purpose of this questionnaire, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities, vote considered engagement with the issuer, vote relates to certain thematic or industry trends, etc.

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<b>MSIM Global Brands Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	The Procter & Gamble Company	Broadridge Financial Solutions, Inc.	The Estee Lauder Companies Inc.
Date of Vote	11/10/2022	10/11/2022	18/11/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.7%	1.3%	1.3%
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Director
How the fund manager voted	Against	Against	Withhold
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No, MSIM does not share voting intentions with any parties internally or externally prior to the vote.		
Rationale for the voting decision	Concern with the lack of disclosure of performance metrics.	Concern with the long-term incentive plan structure and short vesting period of the plan.	Recommend against due to overboarding concern.
Outcome of the vote	Passed	Passed	Passed
Implications of the outcome	May engage on the topic if considered a financially material long-term ESG risk or opportunity.	May engage on the topic if considered a financially material long-term ESG risk or opportunity.	May engage on the topic if considered a financially material long-term ESG risk or opportunity.
Criteria on which the vote is assessed to be "most significant"	MSIM considers a vote against management significant.		



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Vontobel Global Equity Life Fund	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	UnitedHealth Group Incorporated	Flutter Entertainment Plc
Date of Vote	13/12/2022	01/06/2023	01/04/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	5.1%	3.6%	3.6%
Summary of the resolution	Report on Development of Products for Military	Submit Severance Agreement (Change-in-Control) to Shareholder Vote	Re-elect Gary McGann as Director
How the fund manager voted	Against Management	Against Management	Abstained
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	No	No	Yes - see details in space for comments below
Rationale for the voting decision	<p>This proposal called for a report assessing potential reputational/financial risks associated with military contracts. A strong military capability is essential for the sustainability of the United States and its allies, and MSFT has rightfully worked with the Department of Defense for the past four decades. However, it would still be helpful for shareholders to understand how the scope of MSFT's defense business is expanding.</p>	<p>The company has already established reasonable limits on cash severance payments. Still, Vontobel believe it would help transparency to have a shareholder say on the severance plan. Thus, Vontobel voted for this proposal (against mgmt.).</p>	<p>Vontobel policy called for a vote against the Chair because of the less than 10% racial/ethnic diversity (only 1 out of 12 members is a minority). Vontobel discussed the issue with the board secretary. Flutter's annual report contained some information about how the Board worked hard to improve gender diversity (e.g. recruiting from a shortlist of only women) but had no specifics on how to improve the racial/ethnic diversity. Vontobel discussed their policy, and the work to be done in this space.</p>
Outcome of the vote	Fail	Fail	Pass

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Implications of the outcome	Vontobel will continue to advocate for more transparency for asset owners.	Vontobel will continue to advocate for more transparency for asset owners.	Vontobel encourage the companies in which they invest to establish and set a plan to meet diversity goals.
Criteria on which the vote is assessed to be "most significant"	Weight in portfolio / Weight of float held (across the Quality Growth boutique) / impact of vote on company sustainability/value.		

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Information on the most significant engagement case studies for MFS as a manager of a fund containing public equities or bonds as at 30 September 2023 is shown below:

<b>MFS – firm level</b>	<b>Case Study 1</b>	<b>Case Study 2</b>	<b>Case Study 3</b>
Name of entity engaged with	Rolls Royce Holdings PLC	Danone	Glencore PLC
Topic	Environment - Climate Change	Governance - Board effectiveness - Diversity	Environment - Climate Change
Rationale	<p>The factors that MFS assess and engage upon for a given company will vary over time and by industry. In general, MFS approach to engagement is centered around two aims, and in many cases overlap:</p> <ul style="list-style-type: none"> <li>• Knowledge exchange/monitoring — MFS seek engagement opportunities to improve our understanding of investee companies, which enhances MFS investment decisions. By engaging with a company to achieve specific goals, MFS are improving their understanding of the material ESG risks it faces, and also have the opportunity to share MFS' own values and broader expectations.</li> <li>• Engagement with focus on real-world change — When necessary, MFS seek to challenge issuers' behaviour in relation to ESG considerations. MFS generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy.</li> </ul>	<p>The factors that MFS assess and engage upon for a given company will vary over time and by industry. In general, MFS approach to engagement is centered around two aims, and in many cases overlap:</p> <ul style="list-style-type: none"> <li>• Knowledge exchange/monitoring — MFS seek engagement opportunities to improve their understanding of investee companies, which enhances MFS investment decisions. By engaging with a company to achieve specific goals, MFS are improving their understanding of the material ESG risks it faces, and also have the opportunity to share MFS' own values and broader expectations.</li> <li>• Engagement with focus on real-world change — When necessary, MFS seek to challenge issuers' behaviour in relation to ESG considerations. MFS generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy.</li> </ul>	<p>The factors that MFS assess and engage upon for a given company will vary over time and by industry. In general, MFS approach to engagement is centered around two aims, and in many cases overlap:</p> <ul style="list-style-type: none"> <li>• Knowledge exchange/monitoring — MFS seek engagement opportunities to improve their understanding of investee companies, which enhances MFS investment decisions. By engaging with a company to achieve specific goals, MFS are improving our understanding of the material ESG risks it faces, and also have the opportunity to share MFS' own values and broader expectations.</li> <li>• Engagement with focus on real-world change — When necessary, MFS seek to challenge issuers' behaviour in relation to ESG considerations. MFS generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy.</li> </ul>

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	<p>MFS believe this engagement illustrates their involvement with Climate Action 100+ Rolls Royce engagement group. The objective is to focus on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen).</p>	<p>This engagement illustrates a key area of focus on board diversity and independence.</p>	<p>MFS engaged with this company to discuss progress of the company's climate transition plan.</p>
<p>What the investment manager has done</p>	<p>While the engagement described below took place during the one-year timeframe to end June 2023, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are long-term in nature.</p> <p>MFS engaged on a collective basis as part as MFS membership of the Climate Action 100+ Working group on Rolls Royce.</p> <p>MFS conversations focused on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen). The company has already run both large and small engines on 100% sustainable aviation fuels. However, the adoption of such fuels will likely continue to be constrained by regulation for some time. The team was more positive on the company's small</p>	<p>While the engagement described below took place during the one-year timeframe to end June 2023, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are long-term in nature.</p> <p>MFS continued to engage with Danone during the first quarter of 2023 as part of MFS participation in Climate Action 100+. Some of the key topics discussed were climate change, natural capital and deforestation, plastics, decarbonization planning, SBTi certification and capital allocation. Overall, MFS note that progress has been made in several areas on the company's climate plans. For one, Danone's SBTi validation has come through in December 2022 and is now aligned with 1.5 degree pathway and includes new forestry, land use and agriculture targets.</p>	<p>While the engagement described below took place during the one-year timeframe to end June 2023, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that are long-term in nature.</p> <p>Meeting date: Multiple</p> <p>Led by: CSO, Stewardship team, portfolio managers, industry analyst.</p> <p>Members of the MFS investment team engaged with the sustainability lead, carbon lead and company secretary of Glencore ahead of the upcoming AGM and vote on the progress report of the company's climate transition plan. MFS' discussion provided additional colour to the dynamics and factors shaping the decarbonization pathway for thermal coal and provided insight on both the progress and challenges in detailed public disclosure.</p>

modular nuclear reactor business. Given that nuclear has always suffered from cost overruns and higher than expected energy prices, Rolls Royce is going to manufacture these small module reactors in a central facility which will reduce time to energy production and the higher costs associated with traditional reactor construction.

Danone's businesses greenhouse gas emissions for the agricultural business segment represent 60% of overall GHG emissions, which was challenging for target setting before the publication of the Forestry, Land use and Agriculture (FLAG) report. Before the FLAG report, sectoral pathways applicable to Danone were not defined. FLAG now provides companies with very precise guidance and tools that are specific to the FLAG sector – land-based emissions and removals. Removals are key to the FLAG sector.

The company stated that it participated in several working groups to shape the FLAG pathway. Targets have been filed for scope 1,2 and 3. The commitment Danone took is now more complicated and will require precise monitoring.

With regard to plastics, the company has release KPIs on plastic and packaging and it is one of the major topics for the company and core category. As for the targets, Danone stated that in staples sector it was always perceived as one of the leaders with regards to its approach on plastics and packing; it is focusing on increasing recyclability and finding alternatives, trying to find new innovations. The ambition of Danone is to be a pioneer and it

Regarding product use emissions data, MFS encouraged Glencore to do more on customer engagement, including supporting the transfer of knowledge on carbon capture from Australia into Asia. MFS also identified areas where MFS would like to see enhanced disclosure in the future.

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will want to keep this ambition.

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Outcomes and next steps

MFS will continue to keep engaging with the company on these issues.

MFS will continue to keep engaging with the company on these issues.

Shortly after MFS engagement with Glencore, they followed up with written correspondence mentioning that MFS plan to support the vote approving the progress report, despite limited implementation progress, and outlining feedback on multiple related topics. MFS further identified areas where they would like to see enhanced reporting on thermal coal in order to provide continued support of future progress reports such as capital allocation, the company's future emissions pathway, action to reduce customer emissions and mine rehabilitation.

Regarding capital allocation, MFS requested further detail on the use of expansionary capital in thermal coal, such as location and activity, and the tests used to determine alignment of capital within the transition plan. MFS hope to meet again with the company in the coming months to continue engaging on these topics.

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Information on the most significant engagement case studies for the MSIM as a manager of a fund containing public equities or bonds as at 30 September 2023 is shown below:

<b>MSIM Global Brands Fund</b>	<b>Case Study 1</b>	<b>Case Study 2</b>	<b>Case Study 3</b>
Name of entity engaged with	SAP	Nike	L'Oreal
Topic	Social - Diverse and inclusive business	Social - Human and labour rights	Environment - Natural resource use/impact (e.g. water, biodiversity)
Rationale	<p>MSIM selected this engagement as an example because it outlines their engagement on diversity, equity and inclusion (DEI), which the team considers to be a to be a potentially financially material risk and opportunity for this European multinational software company as attracting and retaining top talent is key to its performance as a software business. Research has found that companies in the top quartile for gender diversity on executive teams are 25% more likely to have above-average profitability than companies in the bottom quartile (see reference 1 below) and increasing the diversity of leadership teams leads to more and better innovation and improved financial performance (see reference 2 below). Moreover, boards with higher levels of gender diversity tend to experience fewer instances of governance-related controversies, including bribery, corruption and</p>	<p>MSIM selected this engagement as an example as it outlines our multi-year engagement on supply chain visibility with the world's largest supplier of athletic shoes and apparel, following a second shareholder resolution the company faced on the topic.</p> <p>MSIMs objective was to understand the steps the company is taking to mitigate supply chain risks. In the apparel and footwear industry, a lack of raw material traceability can pose a material risk to the sustainability of a company's long-term returns.</p> <p>While not directly connected to a UN SDG, as the SDGs were written for governments and a majority of the targets and indicators are in governments' hands, this engagement may align with the spirit of Goal 1: No poverty, Goal 10: Reduced inequalities and Goal 8: Decent work and economic growth, specifically targets 8.7 (which seeks to eradicate forced labour,</p>	<p>MSIM selected this case study as an example of MSIMs thematic engagement on financially material biodiversity-related risks.</p> <p>MSIMs objective was to understand the company's dependency and impact on nature and how they are managing and mitigating against such risks.</p> <p>While not directly connected to a UN SDG, as the SDGs were written for governments and a majority of the targets and indicators are in governments' hands, this engagement may align with the spirit of Goal 6, more specifically target 6.3 (By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally), Goal 12: Responsible Consumption and Production, more</p>

fraud (see reference 3 below).

The company missed its target to have 30% women in management positions by the end of 2022. Furthermore, it was unclear from their disclosures, including their DEI report, what their current DEI targets were, how they were progressing against them and what their future targets would look like given the company's existing targets were coming to an end. The MSIM team wanted greater comfort that the company was managing its workforce-related risks and opportunities appropriately and ensuring they remain competitive against peers to ensure they can continue to attract and retain top talent.

While not directly connected to a UN SDG, as the SDGs were written for governments and a majority of the targets and indicators are in governments' hands, this engagement may align with the spirit of Goal 5: gender equality, specifically target 5.5 (which seeks to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life).

Please note the MSIM team does not formally align their engagements with the SDGs and therefore the alignment provided here is for the

end modern slavery and human trafficking) and 8.8 (which seeks to protect labour rights and promote safe and secure working environments for all workers, including migrant workers and those in precarious employment).

Please note the MSIM team does not formally align their engagements with the SDGs and therefore the alignment provided here is for the purpose of responding to the reporting request only.

specifically target 12.2 (By 2030, achieve the sustainable management and efficient use of natural resources) and 12.6 (Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle), and Goal 15: Life on Land, more specifically 15.1, 15.2, 15.3 and 15.3, which all have a link to sustainable use of nature.

Please note the MSIM team does not formally align their engagements with the SDGs and therefore the alignment provided here is for the purpose of responding to the reporting request only.

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	purpose of responding to the reporting request only.		
What the investment manager has done	<p>In the MSIM team's opinion, direct engagement is the best route to assess a company's approach, which includes understanding a company's strategy, policies and reporting. As such the MSIM team engaged with the company in Q1 2023 on various financially material ESG topics including DEI. In particular, the team encouraged clearer reporting on DEI targets and progress against them as well as the creation of new targets. The company acknowledged the reporting request and stated it would look into improving reporting and are committed to reaching their missed target by the end of 2023. To gain greater comfort on the company's actions and to better understand the company's DEI strategy and targets, the MSIM team sought a follow up meeting with the Chief Diversity &amp; Inclusion Officer in Q2. The team also reiterated their concerns and asks, including encouraging the company to communicate the financial benefit of DEI more clearly in their reporting.</p>	<p>MSIM have had a multi-year engagement with Nike on human rights in their supply chain. In 2021 they supported a shareholder resolution asking Nike to produce a report on the human rights impact of its cotton sourcing practices, given MSIMs view that failure to manage raw material traceability may pose financially material regulatory, reputational and commercial risks. MSIM then engaged with Nike to better understand their practices and encouraged them to explore partnering with Oritain, a company offering traceability technology that helps verify suppliers' claims of origin. In September 2022 Nike faced a further shareholder resolution which asked the company to immediately stop any raw material sourcing from China to avoid the risk of US government penalties after the introduction of the Uyghur Forced Labor Prevention Act. MSIM abstained from the vote (against management's recommendation) because, while MSIM believe Nike could make further improvements, the request within the resolution was impractical. MSIM then engaged with Nike again in October 2022 to understand their progress on traceability.</p>	<p>MSIM had an engaging meeting on key long-term financially material ESG risks including nature-related risks, living wages and reporting the business benefits of ESG action. Although MSIM believe L'Oréal has strong practices in key areas, MSIMs engagement focused on encouraging progress in material areas where MSIM believe the company can make even greater progress. For example, on biodiversity, the company has an ambitious, market leading plan with strong targets and demonstrable progress. Even so, MSIM encouraged L'Oréal to introduce internal pricing on key commodities such as water, given the companies' reliance on commodities that are at risk of increasing in price as society puts a higher cost on common goods. MSIM also asked the company to disclose their operations in biodiversity-sensitive regions and promote regenerative agricultural practices. By doing so, MSIM believe the company will better manage its biodiversity-related risks.</p> <p>The engagement was led by the portfolio manager, and MSIM Head of Sustainable Outcomes also attended. The meeting</p>

took place in March 2023.

<p>Outcomes and next steps</p>	<p>Following the meeting, the MSIM team are comforted as the company is on track to meet its target, albeit late, and that new targets are being set, which will be realistic but ambitious, ensuring the company remains strong in the competition for talent. Given the potentially financially material risk this issue presents, the engagement remains ongoing and the MSIM team will continue to encourage further progress.</p>	<p>MSIM learnt that the company conducts extensive monitoring and reporting on supplier factories where the garments are assembled, but currently has far less visibility over earlier stages in the supply chain, such as cotton production, spinning and weaving. They noted that they are working with a range of third parties to improve working conditions in their supply chains through the use of audits, remediation, and capability building efforts.</p>	<p>The engagement confirmed MSIMs view that the company already has an ambitious, market leading biodiversity plan with strong targets and demonstrable progress. The company noted MSIM asks to disclose their operations in biodiversity-sensitive regions and promote regenerative agricultural practices and also stated a desire to improve disclosure on action taken against breaches with regard to deforestation linked to palm oil. MSIM were also pleased to see the company paying a living wage across 100% of strategic suppliers, which MSIM believe could support building resilience in supply chains.</p>
		<p>While they have a policy of not sourcing anything from Xinjiang – and have made this clear to the factories they use – they are reliant on their suppliers adhering to this. For any instances of noncompliance within their factories, there is a remediation and escalation process in place: any reported issues are immediately investigated with the aim of correction. If the factory fails to make progress, it is subject to review and sanctions, including potential termination.</p>	
		<p>There is now a team of seven dedicated to traceability, including new hires in their supply chain team with human rights expertise. In line with MSIMs earlier suggestion, they now work with Orbitain to</p>	

verify suppliers' claims  
of origin.

The company agreed to  
share more information  
on supply chain  
responsibility when  
MSIM next engage with  
them; given the  
financially material risk  
this issue presents,  
MSIM engagement  
remains ongoing and  
we aim to encourage  
further progress.

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## Timet UK Limited Pension Plan

Information on the most significant engagement case studies for Vontobel as a manager of a fund containing public equities or bonds as at 31 December 2022 (latest available) is shown below:

Vontobel – firm level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Otis Worldwide	Vulcan Materials	Techtronic Industries
Topic	Environment - Climate change	Governance - Leadership - Chair/CEO	Gender Diversity - Governance: Board effectiveness
Rationale	<p>While Vontobel's portfolios start from a base weighted average carbon intensity well below the benchmark simply due to their investment approach, not all their holdings have low emissions. Vontobel strongly believe in the benefit of investors working with management teams in partnership to encourage change, but to also listen to what they need from us in return. Some will require their votes, and they will vote to support plans when given the opportunity, as long as they appear sensible, and Vontobel regard them to represent the best long-term interests of their clients. Vontobel have launched an engagement program across a number of their holdings. The primary goals at this stage are to strongly encourage disclosures and to discuss, understand and encourage what rates of abatement may be possible. Vontobel also want to know what it will take in terms of time and investment.</p>	<p>The employees of a company report to managers, who report to executive officers and the CEO. The C-suite, in turn, reports to the board of directors. Vontobel believe it generally in the best interest of the board, and therefore the company, for the board chair position to operate independently of the management team. This is not a one-size fits all approach. Where they see combined CEO/Chair roles, Vontobel do engage with the company to discuss the situation.</p>	<p>Diversity not only brings the strongest minds to a task, but also different perspectives to decision-making. Vontobel's view is that a flowing and well managed meritocracy is of self-interest for shareholders. To that end, their Gender Diversity engagement is focused on boards where fewer than 10% of the directors are female. Vontobel's objective is to encourage increased diversity at the board level.</p> <p>Vontobel see ESG as an integral part of a long-term investment process, and their thematic engagements as a natural extension of this process. Vontobel believe diversity can add value to both shareholders and society.</p> <p>This aligns both with Vontobel's investment philosophy, and their custom voting policy. The voting policy as of year-end 2021 will vote against Board Chairs and the Chair of the nominating committee for boards where less</p>

			<p>than 10% of the directors are female.</p> <p>This thematic engagement is directly connected to Goal 5, Gender Equality, of the UN Sustainable Development Goals.</p>
<p>What the investment manager has done</p>	<p>Vontobel engaged their portfolio companies on three distinct criteria: (1) Companies which have yet to provide any Scope 1 and 2 disclosure; (2) Companies that have high emissions intensity vs industry peers; and (3) Companies with overall high absolute intensity. While still fairly early in this campaign Vontobel have been encouraged by the discussions they have had thus far.</p>	<p>Vontobel had a discussion on the topic with the Head of Legal and Investor Relations. The board appears to realize that the combined role can be an issue but have high confidence in their CEO. The board also has an active lead independent director. Historically the company has had both combined and separated CEO/Chair roles.</p>	<p>For thematic engagements, Vontobel first establish criteria around an issue that they believe reflects a consistent underlying issue/risk. Vontobel then screen their holdings across all strategies within Quality Growth. They will then select from the list companies to engage with. Generally, they do not engage with more than 20 companies on a single thematic campaign at a given time. Vontobel then engage to check their views appear accurate and if confirmed will reach out to senior management or the board depending on the issue. In the case of gender diversity their approaches included letters to the Chair of the board and directors representing controlling interests. Where responses were received, if where there are further questions Vontobel will respond with further communication.</p> <p>The engagement approach has evolved to be more consultative than hard pressure. Vontobel have found that trust is an important element of making progress and that involves understand both sets of needs, and</p>

what constitutes progress for both investors and the other stakeholders at a company, how long changes may take, and how much investment may be required.

Regarding escalation, in this case Vontobel are looking at gender diversity on the board, so it only makes sense to communicate with senior board members. From here there is no sensible escalation – beyond the press, which they would rather avoid as this is sometimes damaging to the long-term building of trust and understanding between investor and managers.

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Outcomes and next steps

This is a long-term engagement; Vontobel will continue to monitor and engage with the company on this issue in order to encourage and support their efforts.

There was no escalation. Vontobel will continue to keep an open dialogue on this subject with any and all portfolio companies when the situation arises.

Vontobel engaged with Techtronic Industries (Hong Kong/capital goods), owner of the Milwaukee power tools brand. Their initial engagement on diversity with the company was in 2020. At the time there were no female directors and they encouraged them to bring more diversity to the board. Management responded positively and added Ms. Virginia Wilmerding to the board as an independent director later in the year. Vontobel wrote to the Chair of the board in 2021 to encourage adding further female director to cross the 10% threshold for their 11-person board. Again, they were receptive and informed Vontobel that they are searching for a candidate. Vontobel have continued their dialogue.

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## Timet UK Limited Pension Plan

Information on the most significant engagement case studies for Ashmore as a manager of a fund containing public equities or bonds as at 31 December 2022 (latest available) is shown below:

<b>Ashmore – firm level</b>	<b>Case Study 1</b>	<b>Case Study 2</b>	<b>Case Study 3</b>
Name of entity engaged with	Provider of car parts	Middle Eastern bank	Sovereign Issuer
Topic	Environment - Climate change	Social - Human capital management (e.g. inclusion and diversity, employee terms, safety)	Environment - Climate change
Rationale	<p>This is a leading provider of car parts to the global automotive industry. The company has announced medium term GHG reduction targets for 2026 and 2031 but did not provide further guidance beyond this, which in Ashmore's view is lagging industry best practice.</p> <p>The objective for Ashmore's engagement was to highlight to the management of the importance of setting ambitious long term greenhouse gas emission reduction target setting and the value to both investors and issuers of this being done in a clear and transparent fashion.</p>	<p>This is a successful Middle Eastern bank that has experience strong growth in the past decade. As the bank grew, including via M&amp;A, Ashmore feel the board has not evolve to appropriately deal with the challenges pose by a larger operation.</p> <p>Ashmore have concerns regarding the level of representation on the board and have told them that Ashmore believe that their board lacks independent members. Gender diversity on the board is also lacking compared to other banks.</p>	<p>An engagement was conducted with Chile to encourage the government to issue sustainability-linked bonds (similar to Uruguay's structure) and to issue more in green/social bond formats.</p>
What the investment manager has done	<p>Ashmore have reached out to the management in Q3 2022 asking if they could provide long term targets for GHG reduction and especially if they can confirm if they have a net zero long term target.</p>	<p>Ashmore have raised both issues to them in a call with the management during Q3 2022. The management understands the issue and assured Ashmore they will raise this with the current board. Yet they pointed out that there is little they can</p>	<p>The engagement activity took place in person at a one-on-one meeting by Ashmore with the Central Bank Governor and Finance Minister. The objective of the engagement was to raising awareness of the benefits of SLBs and the increasing</p>

		do as it is up to the shareholders to change the board. This is the second time Ashmore have engaged with the bank, having previously engaged with the bank in 2021 also on ESG related transparency concerns.	investor demand for such bond formats.
Outcomes and next steps	<p>The management came back to Ashmore stating that they do have the ambition to reach net zero by 2050 and they are currently working on a business plan to get there. Unfortunately, they were not ready to formally commit (and publicly announce) such a target at this point.</p> <p>Ashmore remain invested as they like the credit and will continue to engage with them on this topic. Ashmore hope that in 2023 they might be able to make a formal commitment towards a net zero target for 2050.</p>	<p>The management has recommended to the board for non-executive directors to be added as well as improved gender diversity. A number of existing board members are expected to retire soon and Ashmore believe the situation will improve in the future.</p> <p>Ashmore acknowledge that the process of changing board members is a lengthy one and as such will continue to monitor the composition of their board and engage with them on this topic again at their next meeting.</p>	<p>The Finance Minister and the Head of Debt Management confirmed that the country is actively studying the green/sustainability-linked debt market. They prefer to issue in conventional green/social bond formats as they have been doing, instead of SLBs, as Uruguay did with their unusual step up/step down coupon. They said they prefer to have structures where the issuer (Chile) will get punished with higher coupons if they do not meet emission targets.</p> <p>The government sees the potential demand for green/sustainability-linked debt instruments and will continue to study the markets.</p> <p>The engagement has not led to specific portfolio allocation decisions. Ashmore will continue to encourage the Ministry of Finance to borrow in green or sustainability-linked formats.</p>

RLAM were unable to provide their most significant engagement case studies as a firm.