

Devro Limited (UK) Pension Plan Implementation Statement for the year ended 31 March 2024

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Devro Limited (UK) Pension Plan (“the Plan”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Plan’s investments, and engagement activities during the year ended 31 March 2024 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

The Trustees’ investment policies are documented in the Statement of Investment Principles (“SIP”). This was updated during the reporting year, in August 2023, to reflect strategic decisions made by the Trustees in relation to the Plan’s investment portfolio and to set out the Trustees’ policy on oversight of the voting and engagement practices of the Plan’s investment managers. The SIP was updated again following the end of the reporting year, in May 2024, to reflect further changes to the Plan’s investment strategy. The policies in relation to Environmental, Social and Governance (“ESG”), voting and stewardship of assets were not updated as part of this latest SIP update.

The Trustees’ policy on ESG and stewardship of assets

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan’s investment managers. The Trustees require the Plan’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to Plan’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees will periodically meet with their investment managers to discuss engagement which has taken place. The Trustees will also expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers. The Trustees will then discuss the findings with the investment adviser, in the context of their own preferences, where relevant. This will include considering whether the manager is a signatory to the UK Stewardship Code. The Trustees recognise the UK Stewardship Code as an indication of a manager’s compliance with best practice stewardship standards. As at the year-end, all of the Plan’s investment managers, as well as the Trustees’ investment adviser, were signatories to the UK Stewardship Code.

Manager selection exercises

One of the main ways in which the Trustees’ policy on ESG and stewardship of assets is expressed is via manager selection exercises. When appointing a new investment manager, the Trustees seek advice from their investment adviser on the extent to which potential investment managers are incorporating views on ESG and climate change risks into their investment management process, and the extent to which the investment managers are demonstrating strong active ownership. During the reporting year, the Trustees introduced two new funds: the Schroders ISF Securitised Credit Fund and the M&G Sustainable Alpha Opportunities Fund (“SAOF”). ESG considerations were key to the decision to invest in the M&G SAOF, as it was introduced to the Plan’s investment portfolio as a direct replacement for the M&G Alpha Opportunities Fund (“AOF”). The “Sustainable” version of the fund follows a similar process to the AOF, with added sustainability criteria.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in the SIP. Further, the Trustees have set XPS the objective of helping the Trustees to implement an investment strategy which adds value through the integration of ESG (including climate change) and stewardship considerations in their investment manager appointments.

Over the reporting year the Trustees received assurance from their investment managers that the managers were effectively undertaking stewardship activities on their behalf.

During the year the Trustees met with some of their investment managers to discuss the performance of their investments, and ESG was an agenda item for each of these discussions. The managers reiterated their approach towards engagement and provided evidence of their engagement activity within the relevant funds. The responses received were deemed by the Trustees to be at a satisfactory level.

The Trustees of the Plan are responsible for making investment decisions and have an Investment Committee to consider investment issues and make recommendations to the Trustee board. The Investment Committee attended regular meetings with the Trustees' investment advisers throughout the year. These meetings included performance monitoring of the Plan's assets, along with periodic updates on views about the selected investment managers, including a the adviser's ESG research rating, which is reviewed on an annual basis. The SIP sets out the Trustees' policies for managing the Plan's assets, and outlines the investment strategy and stewardship policy which was in place over the reporting period.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policies on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Plan has specific allocations to publicly listed equities through funds managed by Baillie Gifford and Legal and General Investment Management (LGIM). A summary of the voting behaviour and most significant votes cast by each of the investment managers is shown below.

Whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the manager.

As the Plan invests in pooled equity funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the investment managers.

The information below is the investment managers' activity in relation to voting.

Disclaimer: Neither XPS nor the Trustees have vetted these votes. Please note that all information provided on voting activity has been written by the respective investment managers, and this is reflected in the use of "we/us" throughout. Any views expressed are not necessarily those of the Trustees.

Voting Information

The manager voted on 94.4% of resolutions of which they were eligible out of 1,290 eligible votes.

Investment Manager Client Consultation Policy on Voting

All voting decisions are made by our ESG team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Investment Manager Process to determine how to Vote

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.

How does this manager determine what constitutes a 'Significant' Vote?

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- Management resolutions that receive 20 per cent or more opposition in the prior year
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that received 20 per cent or more support from shareholders in the prior year
- Where there has been a significant audit failing
- Mergers and acquisitions
- Where we have opposed the financial statements/annual report
- Where we have opposed the election of directors and executives
- Where we identify material 'E' 'S' or 'G' issues that result in Baillie Gifford opposing management

Does the manager utilise a Proxy Voting System? If so, please detail.

Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
MASTERCARD INCORPORATED	27/06/2023	1.94%	Shareholder Resolution - Governance	Against	Fail (the resolution did not pass)

Why the vote was deemed significant:

This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Where voted against the company, was this communicated:

No.

Rationale:

We opposed a shareholder resolution requesting a report on lobbying payments and policy. We believe that the company's existing disclosures on this topic are sufficient. We also note that the company is regarded as a leader in political disclosure and accountability in the CPA Zicklin Index, issued by an independent not-for-profit organisation.

Implication:

We will be monitoring the progress in the disclosure of the peers and have relevant conversations if the Company does not catch up. However, as of now, we are satisfied with the level of disclosure.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
THE ESTEE LAUDER COMPANIES INC.	17/11/2023	0.50%	Remuneration	Against	Pass (the resolution passed)

Why the vote was deemed significant:

This resolution is significant because we opposed remuneration.

Where voted against the company, was this communicated:

No.

Rationale:

We continued to oppose executive compensation due to the continued practice of granting sizable one-off awards.

Implication:

We have been opposing since 2016 and taking action against compensation committee members since 2018 due to continued granting of one-off awards. We remain concerned with this practice and the lack of response to our concerns.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
MICROSOFT CORPORATION	07/12/2023	3.86%	Shareholder Resolution - Social	Against	Fail (the resolution did not pass)

Why the vote was deemed significant:

This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Where voted against the company, was this communicated:

No.

Rationale:

We opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. We believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights.

We therefore do not believe that supporting this proposal is necessary at this time.

Implication:

This proposal received over 33% support. We did not support as we believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
ANALOG DEVICES, INC.	13/03/2024	1.34%	Shareholder Resolution - Governance	For	Pass (the resolution passed)

Why the vote was deemed significant:

This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Where voted against the company, was this communicated:

Yes.

Rationale:

We supported the shareholder proposal on simple majority voting. We believe that supermajority voting requirements can lead to entrenchment and make it difficult to implement positive corporate government reforms.

Implication:

We see that this resolution received 89% support and passed. Although this is an advisory resolution, we expect that the company will take action in response to this result. We will monitor the company's response.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
HOSHIZAKI CORPORATION	27/03/2024	0.27%	Elect Director(s)	Against	Unknown

Why the vote was deemed significant:

This resolution is significant because we opposed the election of a director.

Where voted against the company, was this communicated:

Yes.

Rationale:

We opposed the election of the board chair due as we believe the company's capital strategy is not in the interests of shareholders and due to the absence of a shareholder vote on the dividend.

Implication:

Ahead of the AGM we joined a call with the Chair of the Board, where we communicated our rationale for previously abstaining on the Board Chair due to concerns with the company's capital strategy. We explained that our position was unlikely to change ahead of the 2024 AGM. We intend to continue to engage on this topic.

LGIM Future World Global Equity Index Fund

Voting Information

The manager voted on 99.9% of resolutions of which they were eligible out of 52,210 eligible votes.

Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to

develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure that it continues to help its clients in fulfilling their reporting obligations. LGIM believe public transparency of LGIM's vote activity is critical for clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what is deemed 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide clients access to 'significant vote' information. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny.
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote.
- Sanction vote as a result of a direct or collaborative engagement.
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in its quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. LGIM publicly discloses its vote instructions on LGIM's website.

Does the manager utilise a Proxy Voting System? If so, please detail.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
The Coca-Cola Company	25/04/2023	0.55%	Resolution 7 – Report on Congruency of Political Spending with Company Values and Priorities	For	Fail - 29.1% (the resolution did not pass)

Why the vote was deemed significant:

Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.

Where voted against the company, was this communicated:

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Rationale:

LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. While we appreciate the level of transparency Coca-Cola provides in terms of its lobbying practices, it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values. We believe that the company is potentially leaving itself exposed to reputational risks related to funding organisations that take positions that are contradictory to those of the company's stated values, and potentially attracting negative attention that could harm the company's public image and brand. Producing a report on the congruency of political spending with company values and priorities may help the company to identify and question its previous political spending priorities.

Implication:

LGIM will continue to engage with the company and monitor progress.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
---------	--------------	-----------------------	----------------	--------------------------------------	---------

JPMorgan Chase & Co.	16/05/2023	0.85%	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	For	Fail - 34.8% (the resolution did not pass)
---------------------------------	-------------------	--------------	---------------------------------------------------------------------------------------------------------------------------	------------	---------------------------------------------------

Why the vote was deemed significant:

Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Where voted against the company, was this communicated:

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Rationale:

We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.

Implication:

LGIM will continue to engage with the company and monitor progress.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Amazon.com, Inc.	24/05/2023	1.30%	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	For	Fail - 29.0% (the resolution did not pass)

Why the vote was deemed significant:

Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Where voted against the company, was this communicated:

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Rationale:

A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that

investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

Implication:

LGIM will continue to engage with the company and monitor progress.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Alphabet Inc.	02/06/2023	1.02%	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share	For	Fail - 30.7% (the resolution did not pass)

Why the vote was deemed significant:

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Where voted against the company, was this communicated:

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Rationale:

Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.

Implication:

LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

Company	Date of Vote	Size of fund holdings	Voting subject	How did the Investment Manager Vote?	Outcome
Mastercard Incorporated	27/06/2023	0.64%	Resolution 1a - Elect Director Merit E. Janow	For	Fail - 34.8% (the resolution did not pass)

Why the vote was deemed significant:

Thematic - Investor Rights and Engagement: This vote is considered significant due to the focus on the thematic area of engagement on investor rights.

Where voted against the company, was this communicated:

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Rationale:

Governance concerns: A vote in favour is applied as no significant concerns were highlighted. While we note the dual-class share structure with A and B shares outstanding, the Company has confirmed that the legacy B shares do not confer any rights and therefore do not negatively affect the rights attached to the commonly traded A shares.

Implication:

LGIM will continue to monitor the development of this issue in the market.