

IMPLEMENTATION STATEMENT

Sembcorp Utilities Teesside Pension Scheme Ltd

The Trustee of the Sembcorp Utilities Teesside Pension Scheme has prepared this implementation statement in compliance with the governance standards introduced under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), dated 22 July 2019 and updated on the 16 September 2020. This statement covers the period 31 March 2021 to 31 March 2022.

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. The Scheme only invests via pooled investment funds, meaning that the Scheme's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustees still monitor and engage as much as possible.
- ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.
- iii. SEI, the Scheme's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.
- iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services.
- v. SEI will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Trustee will consider whether the approach taken was appropriate or whether an alternative approach is necessary.
- vi. Trustee will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors.

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has received and reviewed quarterly reports from SEI that set out
 - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.
- SEI's engagement priorities which for 2021 included priorities in each of the following categories:

- Climate change
 - Sustainable Agriculture
 - Modern Slavery
 - Future of Work
 - Board Governance
- The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
 - The Trustee reviewed the above quarterly reports throughout the Scheme year and monitored performance. The Trustee was satisfied with the content of the report and that SEI's performance was in line with the SIP and the Trustee' expectations.
 - The Trustee has considered SEI's voting practices and stewardship policies noting that they are a signatory to the UN Principles for Responsible Investment.
 - The Trustee has a process in place to review SEI's performance against objectives, including ESG factors.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required at this stage, albeit the Trustee will continue to monitor the performance of this policy and SEI's performance in the future.

B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider, namely BMO REO for 2020 and Glass Lewis for votes cast in 2021, as a proxy for all voting. SEI provide the Specialist provider with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 31 March 2020 to 31 March 2021, across the Scheme's holdings¹ SEI voted as follows, including the percentage of overall votable items voted on:

Fund Name	Global Managed Volatility	Global Select Equity	Dynamic Asset Allocation	US Small Cap
ISIN	IE00B19H3542	IE00B295X008	IE00B5NNKL10	IE0002513582
Number of Votable Meetings	544	589	805	390
Number of Votable Items	6355	9461	15100	3576
% of Items Voted	93%	95%	94%	100%
For	91%	93%	93%	95%
Against	7%	6%	6%	3%
Abstain/ Withheld/ Other	1%	1%	0%	2%

¹ SEI has shown voting data for the relevant quarters the fund was invested in.

% of votes with management	92%	93%	93%	95%
% of votes against management	8%	7%	6%	5%
% of votes other	0%	1%	0%	0%
Voting Against/Abstain by Category				
Capital Related	7%	4%	7%	1%
Board/Directors/Governance	48%	43%	41%	33%
Remuneration Related	16%	21%	22%	44%
Shareholder Proposals	22%	28%	28%	9%
Other	7%	4%	3%	13%

Fund Name	UK Fundamental Equity	UK Quantitative Equity	Pan Euro Small Cap	Emerging Markets Equity
ISIN	IE00B3KF4Q98	IE00B3KF5336	IE0033306527	IE0002515637
Number of Votable Meetings	52	242	237	854
Number of Votable Items	976	3940	3687	7271
% of Items Voted	94%	99%	88%	99%
For	98%	98%	94%	82%
Against	2%	2%	5%	13%
Abstain/ Withheld/ Other	1%	0%	1%	5%
% of votes with management	98%	98%	94%	80%
% of votes against management	2%	2%	6%	15%
% of votes other	0%	0%	1%	6%
Voting Against/Abstain by Category				
Capital Related	0%	0%	15%	16%
Board/Directors/Governance	52%	28%	27%	54%
Remuneration Related	24%	39%	39%	11%
Shareholder Proposals	19%	9%	1%	1%
Other	5%	24%	17%	19%

C. Significant Votes

A highlight of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they have a material impact on the company or the wider community. SEI selects votes based on one or more of the following criteria:

- Votes SEI consider to be high profile which have such a degree of controversy that there is high client and/ or public scrutiny.
- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to companies on one of SEI's watch lists. Watch lists cover ESG topics such as climate and diversity as well as initiatives including Climate Action 100 + and the United Nations Global Compact.

- Votes relating to our 2021 thematic priorities as described in section A.

To date the Trustee has accepted SEI's position on what constitutes a significant vote but this will be kept under consideration.

Company Name	Held in Fund(s)	Theme	Description
Boeing Co	Dynamic Asset Allocation	Governance	Boeing supplied the aircraft for the Lion Air Flight 610 and the Ethiopian Airlines Flight 302 that fatally crashed in October 2018 and March 2019 respectively. The investigations and hearings which followed these crashes have indicated that it was due to poor oversight by many parties including the board, the firm's executives and U.S. Federal Aviation Administration's aircraft certification process. SEI therefore voted Against the re-election of Edmund Giambastiani and Lawrence Kellner who are the longest serving members on the board and were on the audit committee when the planes were being developed and the certification of them. Therefore, they had a significant role in the decisions regarding these planes. This vote is considered high profile as it addresses concerns over passenger safety and helps to hold the board accountable for the fatal consequences of the Boeing crashes. Boeing also has a high ESG risk rating and is part of the Climate Action 100+ initiative.
DuPont de Nemours Inc	Dynamic Asset Allocation	Environmental	Voted For the proposal for a 'Report on Plastic Pollution'. Although DuPont have made commitments to reducing its environmental footprint by plastic pollution e.g. zero discharge of plastics to marine and freshwaters it has not provided much disclosure on how it is going to meet these commitments. Therefore, this report will provide better oversight of this. This vote is considered significant as it addresses important environmental issues and DuPont is part of the United Nations Global Compact as well as having a high ESG risk rating.
Petroleo Brasileiro S.A. Petrobras	Emerging Markets	Governance	Voted Against the proposal for the 'Dismissal of Director Roberto da Cunha Castello Branco'. This proposal is considered to be a politically motivated change in governance as it was proposed by the Brazilian Government who are the biggest shareholder. Branco who is the current CEO is set to be replaced by the Government's proposed candidate Joaquim Silva e Luna; a retired army general and former Minister of Defense. It is questionable whether a military official has the right professional background for this role and considering the risk of political intervention SEI believes he might not act in the shareholders' interests. Due to the

			political aspect of the vote it is considered significant as it has an impact of society which poses serious business risks for the company. Petroleo Brasileiro S.A – Petrobras also has a severe ESG risk rating and is part of Climate Action 100+ and United Nations Global Compact.
General Electric Company	Dynamic Asset Allocation	Governance	Voted Against the proposal on 'Advisory Vote on Executive Compensation'. This vote decision was mainly driven by the CEO's updated inducement award to 9.3 million shares from 5 million and its lower performance goals. Despite this increase being due to the drop in value of the award (pandemic impact to the share value) and a need to retain top executives, SEI believe that this award and its targets misalign long-term performance and pay outcomes. This vote is considered significant due to the high executive pay and the impact this has on governance of a high profile company. General Electric Company has a severe risk rating and is part of multiple watch lists including Climate Action 100+ and United Nations Global Compact.
Glencore	UK Quantitative Equity Dynamic Asset Allocation	Climate Change	Voted For the 'Advisory Vote on Climate Action Transition Plan'. Glencore's plan which will be updated every 3 years and targets to become net total emissions by 2050. This proposal would encourage the engagement between the company and the shareholders to ensure the company is producing strong reporting on climate related issues. The company have also clarified that the Board would remain responsible for the management and oversight of all risks and opportunities relating to climate change and the vote would not be a way for the Board to defer issues of strategy to shareholders. This vote is deemed high profile due to the nature of Glencore's business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Glencore has a high ESG risk rating and is part of Climate Action 100+ and United Nations Global Compact.
Imperial Oil Ltd	Dynamic Asset Allocation	Climate Change	Voted For the 'Shareholder Proposal Regarding Net Zero by 2050 Ambition'. Many companies, particularly energy companies are adopting net zero emission goals to align their operations with the goals of the Paris Agreements. This proposal was flagged as a Climate Action 100+ shareholder proposal and requests an ambition to achieve net zero carbon emissions at or before 2050 on Scope 1 and 2 emissions. Considering the market and regulatory momentum towards cutting carbon emissions this proposal is important since this company is one of Canada's largest integrated oil companies. This vote is deemed high profile due to the nature of Imperial Oil Ltd.'s business, which has a high exposure to ESG issues.

			Therefore, this vote will help to address its environmental impact on the wider society. Imperial Oil Ltd. has a high ESG risk rating and is part of Climate Action 100+.
Indivior Plc	UK Quantitative Equity	Governance	Voted Against the 'Remuneration Report' proposal. In June 2020 the former CEO pleaded guilty for charges related to the marketing of the drug Suboxone. Despite being sentenced to six months in federal prison and a fine of \$100,000 he was treated as a 'good leaver' and eligible for his incentive-based pay. Therefore, given his involvement in this marketing scandal SEI cannot support this report on remuneration. This vote is considered significant to hold the CEO accountable for misleading users of Suboxone as well as Indivior Plc having a severe ESG risk rating.
Johnson & Johnson	Global Managed Volatility Global Select Dynamic Asset Allocation	Community Relations	Voted For the 'Shareholder Proposal Regarding Racial Impact Audit'. Johnson & Johnson have faced many legal challenges on the safety of its talc-based baby powder where patients alleged it caused cancer. It has also been accused of marketing the product to minority women even after concerns about potential carcinogens in the product were raised. Although the legal battle continues, this report will require a third party audit to assess the racial impact of its policies, products and services. This vote is deemed high profile because of the concerns of product safety and its impact on society. This issue disproportionately impacted women of colour due to the focused marketing therefore the report will help to identify and mitigate potential risks. Johnson & Johnson has a high ESG rating and is part of SEI's United Nations Global Compact watch list.
Phillips 66	Dynamic Asset Allocation	Climate Change	Voted For the 'Shareholder Proposal Regarding Greenhouse Gas Reduction Targets'. The proposal implicitly requests the company to set Scope 1, 2 and 3 emissions reduction targets on its operations and energy products. Although the company has raised that it is working towards setting attainable targets that are tied to projects, SEI believes that they should do more given the regulatory momentum in US which could make Phillips 66 and others in the industry significantly reduce their emission levels. Scope 3 targets can require significant operational changes but for a company that has not set scope 1 or 2 emission reductions it is lagging behind oil and gas industry peers. This vote is deemed high profile due to the nature of Phillips 66 business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Phillips 66 has a high ESG risk rating and is part of Climate Action 100+.

Rio Tinto Ltd	Dynamic Asset Allocation	Governance	<p>Voted Against the proposal 'Remuneration Report'. SEI is hesitant to support the remuneration report due to the size of the awards for the former CEO. In May 2020 in Western Australia as part of an iron-ore mine expansion, the company blasted two ancient rock shelters in the Juukan Gorge. This caused permanent damage to an Aboriginal cultural heritage site. Despite knowing the cultural significance of them before blasting, it went ahead and also later admitted they did not advise the traditional owners of other options available, which would not have involved destruction of the shelters. As CEO at the time, they would have had a significant role in this decision and therefore SEI does not support the high Long Term Incentive Plan of the CEO as part of the remuneration report. This vote is deemed high profile as the destruction of the Gorge sparked a public outcry and therefore, it seeks to address poor corporate behaviour by not compensating those responsible. Rio Tinto has a high ESG risk rating and is part of Climate Action 100+.</p>
Santos Ltd	Dynamic Asset Allocation	Climate Change	<p>Voted For 'Shareholder Proposal Regarding Disclosure of Paris-aligned Capital Expenditure and Operations'. As one of the largest oil and gas producers in Australia, additional reporting on how the Company's capital expenditures is consistent with the climate goals of the Paris Agreement would benefit shareholders and provide insight into how the Company manages an important issue and wider climate goals. This vote is deemed high profile due to the nature of Santos Ltd's business, which has a high exposure to ESG issues. Therefore, this vote will help to address its environmental impact on the wider society. Santos Ltd has a high ESG risk rating and is part of Climate Action 100+.</p>
Alibaba	Emerging Markets Equity	Governance	<p>Voted Against the proposal 'elect Joseph Tsai Chung'. SEI believes shareholders are best served if the board has basic standards of independence for its board leadership and committees. Chung is executive vice chair of the Company and is a member of the compensation committee. SEI does not believe it is appropriate for an executive to serve on their own company's compensation committee, as they would be in charge of setting their own compensation. Additionally, he also serves as chair of the nominating and corporate governance committee which SEI believes should consist of solely independent directors. Finally, the board has no independent chair or lead director since both roles are held by company insiders. An independent chair is better able to oversee the executives of the company without conflicts. Alibaba has a high ESG risk rating and the company is deemed</p>

			high profile after recent investigations by the Chinese regulatory body overseeing business.
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