

Implementation Statement

The Trustee of the Sembcorp Utilities Teesside Pension Scheme has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. 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 2020 to 31 March 2021.

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. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.
- ii. SEI, the Fund'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.
- iii. 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.
- iv. 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.
- v. The SIP dated 16 September 2020 set out new policies in respect of asset manager arrangements. In relation to voting, stewardship and engagement, a policy was introduced that the 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. No other changes were made to the voting, stewardship and engagement policies.

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

- The Trustee has received 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 2020 included priorities in each of the following categories:
 - Climate Change
 - Public Health
 - Environmental stewardship
 - Labour Standards
 - The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
- The Trustee has considered SEI's voting practices and stewardship policies noting that they are a Tier 1 signatory to the UK Stewardship code and 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 remain aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required.

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 as a proxy for voting and provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 1 April 2020 to 31 March 2021, across the Scheme's holdings SEI voted as follows:

| Fund Name | Global Managed Volatility | Global Select Equity | Dynamic Asset Allocation | US Small Cap |
|------------------------------------|---------------------------|----------------------|--------------------------|--------------|
| ISIN | IE00B19H3542 | IE00B295X008 | IE00B5NNKL10 | IE0034296800 |
| Number of Votable Meetings | 584 | 510 | 760 | 358 |
| Number of Votable Items | 7905 | 8796 | 14927 | 3467 |
| % of Items Voted | 97% | 97% | 97% | 100% |
| For | 74% | 80% | 81% | 74% |
| Against | 22% | 18% | 17% | 19% |
| Abstain/ Withheld/ Other | 4% | 2% | 2% | 7% |
| % of votes with management | 75% | 81% | 82% | 74% |
| % of votes against management | 25% | 19% | 18% | 26% |
| Voting Against/Abstain by Category | | | | |
| Capital Related | 4% | 4% | 5% | 0% |
| Board/Directors/Governance | 54% | 43% | 40% | 41% |
| Remuneration Related | 23% | 28% | 30% | 40% |
| Shareholder Proposals | 7% | 9% | 9% | 2% |
| Other | 13% | 15% | 16% | 16% |

| 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 | 214 | 269 | 631 |
| Number of Votable Items | 982 | 3738 | 4197 | 5843 |
| % of Items Voted | 96% | 100% | 78% | 99% |
| For | 93% | 96% | 86% | 79% |
| Against | 6% | 4% | 13% | 16% |
| Abstain/ Withheld/ Other | 1% | 0% | 1% | 5% |
| % of votes with management | 93% | 96% | 87% | 82% |
| % of votes against management | 7% | 4% | 12.5% | 17% |
| % of votes other | | | 0.5% | 2% |
| Voting Against/Abstain by Category | | | | |
| Capital Related | 8% | 0% | 10% | 14% |
| Board/Directors/Governance | 26% | 33% | 28% | 49% |
| Remuneration Related | 48% | 45% | 42% | 14% |
| Shareholder Proposals | 0% | 4% | 6% | 3% |
| Other | 18% | 18% | 13% | 21% |

Significant Votes

A highlight of some of the significant votes during the period are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, the ones below have been drawn out as they are part of wider engagement that SEI has been conducting with the particular company and hence reflect the achievement of an engagement milestone.

| Company Name | Held in Fund(s) | Theme | Description |
|---------------------------------------|---|----------------------|--|
| Kellogg Company | Global Managed Volatility Global Select Equity | Corporate Governance | Introduced annual election of directors (instead of staggered or classified election) through our voting. |
| Intel | Global Managed Volatility Global Select Equity | Labour Standards | Voted against a report on Global Median Gender/ Racial Pay Gap due to the shortcomings of the report methodology. Whilst we are overall supportive of enhanced diversity and pay equity disclosure, we consider that a 'global median gender/racial pay gap' report would not produce meaningful information about the worker fairness because categories or underrepresented minorities differ from country to country. |
| Kroger co | Global Managed Volatility Global Select Equity | Human Rights | Although the Management recommendation was Against the proposal, we voted For the report on Human Rights Due Diligence Process in Operations and Supply Chain. The company faces risks related to human rights in its global operations. Good practice includes developing a clear code of practice along with monitoring and effective disclosure to ensure risks are managed effectively and communicated to shareholders. |
| Diversified Healthcare Trust | US Small Companies | Corporate Governance | Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through our voting. |
| Industrial Logistics Properties Trust | US Small Companies | Corporate Governance | Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through our voting. |
| Service Properties Trust | US Small Companies | Corporate Governance | Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through our voting. |
| Vistra Energy Corp | US Small Companies Dynamic Asset Allocation | Corporate Governance | Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through our voting. |
| Marathon Petroleum Corp | Dynamic Asset Allocation | Corporate Governance | Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through their voting. |

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|------------------------------|---|----------------------|---|
| Royal Dutch Shell PLC | Quantitative UK Equity Dynamic Asset Allocation UK Equity | Climate Change | Voted Against a proposal to request Shell to set and publish targets for Greenhouse Gas (GHG) Emissions. Companies should improve their public disclosure and strategy setting in relation to climate change. With the accelerated Net Carbon Footprint ambition, Shell already meets most of the demands of the resolution to set and publish targets that are aligned with the goal of the Paris agreement. Therefore, because of Shell's responsiveness to engagement and its actions to increase accountability, SEI accept the fact that Shell does not set formal targets, but less binding ambitions. However, SEI will continue our engagement with the company and ask for a clear short and medium term roadmap for the strategy and capital allocation plans of the traditional business, the new energy business and the levers aimed at reducing the net carbon footprint. |
| Volkswagen AG | Global Select Equity Dynamic Asset Allocation Fundamental UK Equity | Corporate Governance | Voted Against the discharge of all management and supervisory board members because in fiscal 2019 Volkswagen AG paid a settlement of EUR 830 million to over 260,000 plaintiffs in relation to the diesel emissions scandal. The current work's council chair Bernd Osterloh is currently under criminal investigation for allegations of aiding and abetting in the embezzlement of several million euros. Therefore, there are still ongoing legal and civil actions, concerns about the company's governance and internal controls and continued poor response to the diesel crisis. |
| Citizens Financial Group Inc | Dynamic Asset Allocation | Corporate Governance | Enhanced shareholder rights by giving shareholders the right to call a special meeting. Previously shareholders did not have the ability to do so. SEI advocated for this change through our votes at shareholders' meeting. |
| Bakkavor Group Plc | Quantitative UK Equity | Corporate Governance | Voted Against the reappointment of PricewaterhouseCoopers LLP as Auditors. The lead audit partner of PricewaterhouseCoopers LLP was also the lead partner at Redcentric plc during FY2016, where a number of accounting issues were identified which resulted to significant restatements in the 2016 accounts of Redcentric. The UK's accounting regulator – the Financial Reporting Council (FRC) – has fined PwC and the lead audit partner for its role in restatement of Redcentric accounts. The FRC also noted that in certain cases the breaches were of a basic and / or fundamental nature, evidencing a serious lack of competence in conducting audit work. |
| Vistra Energy Corp | US Small Companies Dynamic Asset Allocation | Corporate Governance | Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through their voting. |