

STILL MATERIALS HANDLING LIMITED PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 5 APRIL 2022

Engagement Policy Implementation Statement ('EPIS')

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations require that the Trustee produces an annual implementation statement which outlines the following:

- Explain how and the extent to which they have followed their engagement policy, which is outlined in the Statement of Investment Principles ("SIP").
- Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast) during the scheme year and state any use of a proxy voting service.

The Engagement Policy Implementation Statement ("EPIS") has been prepared by the Trustee and covers the Scheme year 6 April 2021 to 5 April 2022. Where investment managers provided voting information to a different period, this is detailed.

Scheme Stewardship Policy Summary

The below bullet points summarise the Scheme Stewardship Policy in force over the majority of the reporting year to 5 April 2022.

- The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately this creates long-term financial value for the Scheme and its beneficiaries.
- The Trustee reviews the suitability of the Scheme's appointed investment managers in broader stewardship matters and the exercise of voting rights. If an incumbent manager is found to be falling short of standards expected by the Trustee, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.
- The Trustee annually reviews the stewardship activities of the investment managers covering both engagement and voting actions. The Trustee will review the alignment of their policies to those of the scheme's investment managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The full SIP can be found here: <https://pensioninformation.aon.com/still>

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Voting and Engagement Activity – Equity

Over the period, the Scheme was invested in the Legal & General Investment Management (“LGIM”) Global Equity Fixed Weight 50:50 Index fund.

Legal & General Investment Management

Voting

LGIM make use of the Institutional Shareholder Services (“ISS”) proxy voting platform to electronically vote and augment their own research and proprietary environmental, social and governance (“ESG”) assessment tools, but do not outsource any part of the strategic decisions. They have put in place a custom voting policy with specific instructions that apply to all markets globally, which seek to uphold what they consider to be minimum best practice standards all companies should observe. LGIM retain the ability to override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

Global Equity Fixed Weight 50:50 Index (31 March 2021 to 31 March 2022)

Number of resolutions eligible to vote	34,597
% of resolutions voted on for which the fund was eligible	99.92%
Of the resolutions on which the fund voted, % that were voted against management	17.00%
Of the resolutions on which the fund voted, % that were abstained from?	0.12%

Voting example

In April 2021, LGIM voted, on a fund level, against a resolution to elect a Director of Johnson & Johnson. LGIM has a longstanding policy advocating for the separation of the roles of Chief Executive Officer (“CEO”) and board chair. LGIM believes that these two roles are substantially different, requiring distinct skills and experiences. Since 2015 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it has been voting against all combined board chair and CEO roles. Furthermore, LGIM has published a guide for boards on the separation of the roles of chair and CEO and has reinforced its position on leadership structures across all stewardship activities.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

The outcome of the resolution was that 93.4% of shareholders were in favour of the resolution. LGIM considers this vote to be significant as it is an application of an escalation of its voting policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

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Engagement

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public Policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

LGIM have also begun producing quarterly stewardship reports, more detail on recent activity can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/esg-impact-report-q1-2022.pdf

Engagement Activity – Fixed Income

The Scheme also invests in fixed income strategies. While the Trustee acknowledges the ability of fixed income managers to engage and influence companies may be less direct in comparison to equity managers, from the information received the Trustee is encouraged that the manager is aware and active in their role as a steward of capital.

In Summary

Based on the activity over the year by the Trustee and their service providers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee notes that most of their applicable investment managers were able to disclose satisfactory evidence of voting and engagement activity.

The Trustee expects improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.