Lubrizol Retirement and Death Benefits Plan (“The Plan”)

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (‘SIP’) produced by the Trustees has been followed during the year to 31 December 2024.

This statement has been produced in accordance with the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are as follows:

- To make sure that the Trustees can meet the obligations which have been promised to the beneficiaries of the Plan by the Employer.

- To ensure consistency with the Plan’s funding arrangements.

- To pay due regard to the Employer’s interests on the size and incidence of employers' contribution payments.

Policy on ESG, Stewardship and Climate Change

The Plan’s SIP includes the Trustees’ policy on Environmental, Social and Governance (‘ESG’) factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The SIP was last reviewed in March 2025 and updated to reflect de-risking that was agreed in Q1 2025. The policies on ESG, Stewardship and Climate Change included in the SIP were considered to be in line with the Trustees’ views and Pension Scheme Regulations.

The Trustees consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers, monitoring existing investment managers and retaining or withdrawing from investment managers. The relative importance of these factors compared to other factors will depend on the asset class being considered.

The following work was undertaken during the year to 31 December 2024 relating to the Trustees’ policy on ESG factors, stewardship and climate change, and sets out how the Trustees’ engagement and voting policies were followed and implemented during the year.

Engagement

UK Stewardship Code

- The Trustees requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. All of the Plan’s investment managers confirmed that they are signatories of the current UK Stewardship Code.

Review of Investment Managers

- The Plan's investment performance reporting was reviewed by the Trustees on a six-monthly basis (at the end of June and December six-month periods) – reporting includes ratings (both general and specific to ESG) from the investment consultant. The Trustees also reviewed the Plan's holdings and manager ratings every other quarter (Q1 and Q3) with a 'red flags report' produced by the investment consultant. Where managers may not be highly rated from an ESG perspective the Trustees continue to monitor and engage with those managers. The investment performance report includes how each investment manager is delivering against their specific mandates. The Trustees also reviewed investment manager ESG ratings relative to peers in Q2 2024.

- The Trustees receive regular reports from the Plan's managers and Mercer, in its role as investment consultant for the Plan. The Trustees also meet with the Plan's investment managers periodically. Combined with discussion in regular Trustees' meetings this allows the Trustees to check that nothing has occurred that would bring into question the continuing suitability of the current investments.

- Investment managers are appointed based on their perceived capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics for the asset class or specific investment strategy they are selected to manage over a suitably long time horizon. This includes, in relation to active management, appropriate levels of outperformance, and in relation to passive management suitable levels of "tracking error" against a relevant benchmark.

- The Trustees seek expert advice in relation to these appointments. This advice may consider factors such as the manager's idea generation, portfolio construction, implementation, business management, timeliness and quality of reporting, as well as the investment manager's approach to ESG and engagement activity, as they apply to the specific investment strategy being considered.

ESG Review

- The Trustees review Mercer's ESG ratings which are provided in the six monthly reports.

- The Trustees will continue to monitor the managers' ESG policies going forward, and will also use Mercer's ESG ratings to assess the appointed managers' strategies for ESG integration. The Trustees have not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

- The Trustees only consider factors that are expected to have a financial impact on the Plan's investments. "Non-financial matters" (where "non-financial matters" includes members' ethical views separate from financial considerations such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments. The Trustees may review this policy in response to significant member demand.

Voting Activity

The Trustees consider a significant vote as any vote relating to material holdings (a company that represented at least 5% of the year-end market capitalisation of any fund in which the Plan was invested during the majority of the year), in each of the following thematic areas:

- Climate Change: including (but not necessarily limited to) low-carbon transition and physical damages resilience;

- Human Rights: including (but not necessarily limited to) modern slavery, pay & safety in the workforce and supply chains and abuses in conflict zones; and/or

- Diversity, Equity and Inclusion: including (but not necessarily limited to) equal pay, board equality, and inclusive & diverse decision-making.

Over the year, there were no votes that strictly fit the Trustees' definition of a significant vote, however, in the next section the Trustees highlight a few examples of votes deemed as significant by the investment managers, which align to the Trustees' priorities.

The Trustees have delegated their voting rights to the investment managers.

If the Trustees are specifically invited to vote on a matter relating to a policy or contract held with any of the Plan's investment managers, the Trustees may exercise their right in accordance with what they believe to be in the best interests of the majority of the Plan's membership.

Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The reports will be reviewed by the Trustees to ensure that they align with the Trustees' policy.

The voting and engagement policies of the managers have been considered by the Trustees and the Trustees deem them to be consistent with their own investment beliefs. The Trustees do not use the direct services of a proxy voter. Over the last 12 months, some of the key voting activity on behalf of the Trustees was undertaken by LGIM, MFS Investment Management and Ruffer LLP, noting these mandates invest in equities as opposed to the other Plan investments which are predominantly property or fixed income holdings. A summary of their activity is shown below.

LGIM – Global Equity:

LGIM relies on the service of a proxy advisor, Institutional Shareholder Services ("ISS"), but have developed and implemented their own custom policies. LGIM retains the oversight and the decisions made on the voting rights. LGIM's voting and engagement activities are led by internal ESG professionals and their assessment of the requirements in these areas in order to achieve the best outcome for clients. These policies are reviewed annually at stakeholder roundtables where clients and other stakeholders (civil society, academia, governments, and other market participants) are able to directly express their views to members of LGIM's stewardship team.

Voting activity undertaken over the year to 31 December 2024 is summarised in the table below for the Plan's LGIM equity fund.

Fund	Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management
RAFI Fundamental Global Reduced Carbon Pathway - GBP Currency Hedged	3,411	38,104	99.68%	80% / 19%*

*Source: LGIM. Figures subject to rounding. *For the remaining 1% LGIM abstained from voting.*

Examples of LGIM's voting and engagement on behalf of the Trustees over the year to 31 December 2024 are shown below:

- **Apple Inc.** (2.3% of the fund value as at the date of the vote)**:** In February 2024, LGIM voted against the resolution to Report on Risks of Omitting Viewpoint and Ideological Diversity from the Equal Employment Opportunity (EEO) Policy. A vote against was applied as LGIM felt that Apple appeared to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies. LGIM also noted that including viewpoint and ideology in EEO policies does not appear to be a standard industry practice. The vote failed.

- **Microsoft Corporation** (1.3% of the fund value as at the date of the vote)**:** In December 2024, LGIM voted for the resolution to Report on AI Data Sourcing Accountability. LGIM felt that a vote for this resolution was warranted as the company was facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would have benefited from greater attention to risks related to how the company uses third-party information to train its large language models. The vote failed.

MFS Investment Management – Global Equity:

MFS use ISS to perform various proxy-voting related administrative services, such as vote processing and record keeping functions. MFS also receive research reports and vote recommendations from Glass, Lewis & Co. and analyse all proxy voting issues within the context of the MFS Proxy Policies.

Voting activity undertaken over the year to 31 December 2024 is summarised in the table below.

Fund	Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management
Global Equity	87	1,524	100%	94% / 3%

Source: MFS. Figures subject to rounding.

Examples of MFS's voting and engagement on behalf of the Trustees over the year to 31 December 2024 are shown below:

- **Alphabet inc.** (2.3% of the fund value as at the date of the vote)**:** In June 2024, MFS voted against (and against management) the re-election of John L. Hennessy as Director. MFS voted against the nominee, as the nominee is the Chair of the Nominating Committee, and the board is comprised of less than 24% female directors.

MFS embraces opportunities to engage with issuers on issues of this nature and seek productive dialogues around gender diversity and the broader diversity among directors. The vote passed.

- **United Parcel Service, Inc.** (0.77% of the fund value as at as at the date of the vote)**:** In May 2024, MFS voted for (and against management) the resolution to report on effectiveness of Diversity, Equity and Inclusion efforts. MFS voted for this resolution, as reporting quantitative and comparable diversity statistics would allow shareholders to better assess the effectiveness of the company's diversity initiatives and its management of related risks. The vote failed.

Ruffer – Absolute Return:

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although they are cognisant of proxy advisers' voting recommendations, they do not delegate or outsource stewardship activities when deciding how to vote on shares.

Voting activity undertaken over the year to 31 December 2024 is summarised in the table below.

Mandate	Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management
Ruffer Absolute Return	61	1,037	100%	97% / 3%

Source: Ruffer. Figures subject to rounding.

Examples of Ruffer's voting and engagement on behalf of the Trustees over the year to 31 December 2024 are shown below:

- **Amazon** (0.57% of the fund value as at the date of the vote)**:** In May 2024, Ruffer voted for the shareholder resolution (against management) on the topic of human labour rights. Ruffer voted in favour of a shareholders resolution requesting the Board of Directors to commission an independent third-party report, assessing Amazon's customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations. Ruffer's support for the resolution is based on the belief that such a report may highlight some concerning issues that may protect Amazon from future reputational damage. Ruffer will continue to monitor the company and may seek to engage if no progress is seen. The vote failed.

- **Bank of America** (0.15% of the fund value as at the date of the vote)**:** In April 2024, Ruffer voted against (and against management) the shareholder resolution on the topic of energy transition. Among the several shareholder proposals on the slate at the 2024 AGM, Ruffer voted against management for the request of a report on clean energy supply financing ratio. This was because they believe Bank of America is committed to its Net Zero targets and provides much of the necessary data to support this. While Ruffer support enhanced disclosures more broadly, the proponent's required ratio is already available via a third-party (Bloomberg). Hence, in support of greater uniformity within the responsible investing space, Ruffer feel that a vote against this proposal was the best option rather than company itself calculating this ratio with a possibly varying methodology. The vote failed.