

## **Lubrizon 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 2025.

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 and updated in March 2025 to reflect changes to the investment strategy as a result of a de-risking exercise. 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 2025 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 manager ratings and specific ESG analysis 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 regarded 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 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 framework (as assessed by Mercer's ESG integration indicator) which is 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 framework 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 L&G 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.

### **L&G – Global Equity:**

L&G relies on the service of a proxy advisor, Institutional Shareholder Services ("ISS"), but have developed and implemented their own custom policies. L&G retains the oversight and the decisions made on the voting rights. L&G'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 L&G's stewardship team.

Voting activity undertaken over the year to 31 December 2025 is summarised in the table below for the Plan's L&G 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	3,462	38,457	99.95%	79% / 20%*

Source: L&G. Figures subject to rounding. \*For the remaining 1% L&G abstained from voting.

Examples of L&G's voting and engagement on behalf of the Trustees over the year to 31 December 2025 are shown below:

- **Microsoft Corporation** (1.5% of the fund value as at the date of the vote): In December 2025, LGIM voted against the resolution (and against management) to Elect Director Satya Nadella as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. The vote passed.
- **Cisco Systems, Inc.** (0.4% of the fund value as at the date of the vote): In December 2025, L&G voted against the resolution (and against management) to Elect Director Charles H. Robbins as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. The vote passed.

#### 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 2025 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	162	2,350	100%	98% / 2%

Source: Ruffer. Figures subject to rounding.

Examples of Ruffer's voting and engagement on behalf of the Trustees over the year to 31 December 2025 are shown below:

- **Rio Tinto** (0.5% of the fund value as at the date of the vote): In April 2025, Ruffer voted for the shareholder resolution (and in line with management) on the topic of climate target setting. Ruffer elected to approve Rio Tinto's Climate Action Plan. While the company faces sector wide challenges as a provider of raw material to the steelmaking industry, Rio Tinto publish a thorough greenhouse gas emissions footprint and has set specific Scope 3 targets. The company also clearly state that its Scope 1 and Scope 2 emissions targets are not derived using a Sectoral Decarbonisation Approach but were externally assured as aligned with the goals of the Paris Agreement. Moreover, Rio provides disclosures on the key elements outlined in Ruffer's climate strategy checklist. The vote passed.

- **Deere & Co** (0.3% of the fund value as at the date of the vote): In February 2025, Ruffer voted against (and in line with management) the shareholder resolution on the topic of workforce diversity and inclusion . Ruffer chose to vote against a shareholder resolution requesting a report on the statistical differences in hiring across race and gender at Deere & Co. Ruffer believes that Deere’s disclosure related to its workforce (which includes three calendar years of comprehensive metrics) coupled with its array of policies related to its respect for human rights (including Code of Business Conduct, Supplier Code of Conduct, Dealer Code of Conduct, and John Deere’s Support of Human Rights in Business Practices), signal there is little to be gained from additional reporting. Comparing Deere's diversity in race and ethnicity relative to the US Census suggest there are marginal differences which may reflect the global footprint of its business. Ruffer will continue to monitor the company and may seek to engage if no progress is seen. The vote failed.

### **Wellington:**

Wellington’s Multi-Asset Credit fund is a fixed income mandate, and therefore the manager does not vote at AGMs. Nonetheless, Wellington engage with companies and supported approximately 11% of environmental shareholder proposals in 2025, which pertain primarily to climate related themes. Wellington’s primary rationale for not supporting shareholder proposals involved instances where they assessed that the shareholder proposal was already substantially addressed by the company’s current management of the issue. This was followed at some distance by proposals where they determined the proposal did not afford management sufficient discretion to set strategy, and instances where they felt the issue was not material at all for the company at hand.

Examples of Wellington’s engagement on behalf of the Trustees over the year to 31 December 2025 are shown below:

- **America Tower (‘AMT’):** Wellington engaged with AMT’s sustainability team to better understand how they are considering emissions reduction targets and the social co-benefits of sustainable projects in emerging markets. AMT acknowledged the increasing importance to investors and customers of emissions reduction which is evident in its work in emerging markets and candor on how greater energy efficiency can help its customers further their own goals and lower costs. Africa and Asia account for more than 90% of the company’s emissions and it is noted that while the company has made notable progress on its initial 10-year goal to reduce emissions in these regions by 60%, the feasibility of setting science-based targets (‘SBTs’) has been a challenge. AMT confirmed it has accelerated its process for setting SBTs and they are eager to see the company improve. Wellington discussed the positive social outcomes associated with AMT’s significant investments in energy-efficient projects, including the use of solar power and back-up energy storage. These efforts have enabled the company to create jobs and expand online education in emerging markets. Following Wellington’s engagement, the company announced its adoption of SBTs in line with a well-below 2°C scenario.
- **Limak Renewable Energy:** Wellington engaged with Limak in 2025 to ascertain some information on a variety of sustainability-related issues:
  - Firstly, it was enquired on whether emissions will be tracked for Limak Renewables, as it was noted that these metrics were being tracked for the other Limak Group businesses but not for the Renewables subsidiary. It was reassured that Limak Renewables' 2023 and 2024

Scope 1 and Scope 2 emissions would be reported in the upcoming report, which was due to be published.

- Another aspect of the engagement was to gain a better understanding of how the issuer monitors and mitigates the impact of hydroelectric operations on the local aquatic ecosystems and what steps they were taking to protect biodiversity in the vicinity of dams. Limak provided a thorough insight into their assessment process, philosophy, and analysis. This included explanation of the Ecosystem Assessment Report process and how activities are monitored, with mitigation measures to preserve habitats. The issuer assured that environmental impacts are continuously monitored, with evaluations focusing on the identification of opportunities and assessment of mitigation measures implemented across all sites.

Wellington was satisfied that Limak provided with thoughtful and detailed responses to all questions asked, which in turn has provided a better insight into their sustainability operations and the policies that they have in place.