

# Engagement Policy Implementation Statement (“EPIS”)

## Kuwait Petroleum Corporation Retirement Benefits Scheme for UK Locally Employed Staff (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the EPIS is for us, the Trustees of the Kuwait Petroleum Corporation Retirement Benefits Scheme for UK Locally Employed Staff, to explain what we have done during the year ending 31 March 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Scheme’s material funds were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe the activities completed by our fund of funds managers Aon Investments Limited (“AON”) and Russell Investments Group (“Russell”), to review the underlying managers’ voting and engagement policies, and activities, align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

Our engagement plan over the next 12 months will involve meeting with our investment managers, Aon Investments Limited and Legal & General to continue to understand their voting practices and results, as well as their engagement with underlying managers and companies.

## How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

### Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring report being provided to the Trustees by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required.

The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

### Manager engagement

We endeavour to meet with the 'Scheme's managers on an annual basis. Over 2024 and 2025 we met with Aon Investments Limited ("AIL"), Russell Investments ("Russell"), Legal and General ("LGIM"), and Schroders. The managers provided an update on their respective funds as well as ESG considerations which are central to the Scheme's ESG policy as specified in the Statement of Investment Principles. The managers were able to provide specific examples of engagement activity relating to ESG.

The Scheme's stewardship policy can be found in the SIP: <https://pensioninformation.aon.com/kuwait/>.

## What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental, Social and Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*

## The Trustees' Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. We will invite each of our investment managers to a meeting to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
2. We will continue to undertake regular, detailed ESG monitoring of our managers.
3. We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.

## Our investment manager's engagement activity

We invest some of the Scheme's assets in Aon's Managed Growth Strategy and Russell's Multi-Asset Growth Fund (held until June 2025). These are fund of funds arrangements, where the investment managers select the underlying funds on our behalf. We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon and Russell.

We have reviewed the latest annual Stewardship Report from each of our investment managers and we believe it shows that they are using their resources to effectively influence positive outcomes in the funds in which they invest.

### **Aon's engagement**

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity, and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

Aon has a net zero commitment to deliver UK delegated investment portfolios and default strategies which have a net zero carbon emissions profile by 2050.

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

### **Russell's engagement (disinvested June 2025)**

Over 2024, Russell undertook numerous engagements. These focused on natural capital management, climate change resilience, human capital, diversity & inclusion, board composition & accountability, and executive compensation.

Russell leverages third-party engagement initiatives to extend its reach across regions and markets. In 2024, Russell utilised Sustainalytics' engagement offering alongside its memberships with the Climate Action 100+ initiative, Net Zero Engagement Initiative ("NZEI"), and Nature Action 100 initiative.

Russell has committed to achieving net zero emissions by 2050 for its investment portfolios.

Russell is a signatory to the UK Stewardship Code and the Principles of Responsible Investment.

## Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2025.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
<b>In Aon's Managed Growth Strategy:</b>				
Legal & General ("L&G") – Multi-Factor Equity Fund	11,446	99.8%	20.8%	0.4%
UBS Global Asset Management ("UBS") – Global Emerging Markets Equity Climate Transition Fund	7,747	85.0%	6.6%	4.3%
UBS – Global Equity Climate Transition Fund	12,234	93.0%	8.1%	0.1%
<b>Russell – Multi Asset Growth Fund</b>	13,547	95.0%	7.0%	0.0%

Source: Investment Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers (in the managers' own words)
L&G	L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS")s 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

UBS	UBS retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.
Russell	Russell Investments has documented Proxy Voting Policies and Procedures and maintains and develops custom Proxy Voting Guidelines. The Proxy Voting Committee and Proxy Voting Guideline Subcommittee meet regularly to ensure that our Proxy Voting Guidelines are aligned with current best practices regarding voting on ESG issues. An external service provider, Glass Lewis, serves as our proxy administrator and is responsible for applying our custom Guidelines when executing proxy votes.

*Source: Investment Managers*

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

## Managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
<b>In AON's Managed Growth Strategy:</b>			
L&G – Multi-Factor Equity Fund	682	4,399	Environment – Climate Change Social – Human and Labour Rights; Human Capital Management Governance – Remuneration Strategy, Financial & Reporting – Financial Performance; Strategy/Purpose Other – Multiple ESG Topics
UBS – Global Emerging Markets Equity Climate Transition Fund	38	425	Environment – Climate Change; Natural Resource Use/Impact Social – Human and Labour Rights Governance – Remuneration; Board Effectiveness – Other
UBS – Global Equity Climate Transition Fund	174	425	Environment – Climate Change; Natural resource use/impact; Pollution, Waste Social – Human and labour rights; Human capital management Governance – Remuneration; Board effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting – Capital Allocation; Strategy/purpose
Aberdeen – Climate Transition Bond Fund	104	1,868	Environment – Climate; Other Environment Related Social – Human Rights & Stakeholders; Labour Management Governance – Corporate Governance; Corporate Behaviour
Aegon Asset Management (“Aegon”) – European Asset Backed Securities (“ABS”) Fund	115	422	Environment – Climate Change Social – Human and Labour Rights; Public Health Governance – Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting) Other – General Disclosure
Robeco – Credit Income Fund	12	324	Environment – Climate Change Social – Human and Labour Rights Governance – Shareholder Rights; Board effectiveness – Other
<b>Russell – Multi Asset Growth Fund</b>	384	600	Environment – Climate Change; Natural Resource Use/Impact Social – Human Capital Management, Inequality Governance – Remuneration; Board effectiveness - Independence or Oversight Strategy, Financial & Reporting – Reporting
<b>L&amp;G – Active Corporate Bond Fund</b>	97	4,399	Environment – Climate Change; Natural resource use/impact Social – Human and labour rights; Inequality

			Governance - Remuneration Strategy, Financial & Reporting – Financial Performance; Strategy/Purpose; Reporting
<b>Schroders – UK Property Fund*</b>	<i>Not provided</i>	4,713	Environment* – Climate Alignment; Climate Risk, Oversight Social – Health, safety and wellbeing; Communities Governance* – Boards and Management; Executive Remuneration Strategy, Financial & Reporting* – Purpose, strategy and capital allocation

Source: Investment Managers. \*Schroders did not provide fund-level themes; themes provided are at a firm level.

## Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- L&G has provided complete engagement information. We note that the total number of engagements above refers specifically to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may cover multiple themes.
- Schroders did not provide fund level engagement information.

This report does not include commentary on certain asset classes such as liability driven investments or cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

<b>L&amp;G – Multi-Factor Fund</b>	<b>Company name</b>	Wells Fargo & Company
	<b>Date of vote</b>	30 April 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.5%
	<b>Summary of the resolution</b>	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining Rights
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting as our engagement is not limited to shareholder meeting topics.
	<b>Rationale for the voting decision</b>	Shareholder Resolution - Labour rights: A vote in favour is applied as L&G supports proposals that are set to improve human rights standards and employee policies because we consider this issue to be a material risk to companies.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
<b>UBS – Global Equity Climate Transition Fund</b>	<b>Company name</b>	Bank of America Corporation
	<b>Date of vote</b>	24 April 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	Not provided
	<b>Summary of the resolution</b>	Report on Clean Energy Supply Financing Ratio
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No
	<b>Rationale for the voting decision</b>	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will</b>	Given strong shareholder support, we shall monitor further developments.

	<b>you take in response to the outcome?</b>		
	<b>On which criteria have you assessed this vote to be most significant?</b>	Aggregate percentage of votes in support of resolution exceeded 25% of votes cast.	
<b>UBS – Global Emerging Markets Equity Climate Transition Fund</b>	<b>Company name</b>	Zai Lab Limited	
	<b>Date of vote</b>	18 June 2024	
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	Not provided	
	<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers' Compensation	
	<b>How you voted?</b>	Votes against resolution	
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No	
	<b>Rationale for the voting decision</b>	Executive pay is not aligned with performance. Majority of awards vest without reference to performance conditions. Lack of a clawback provision.	
	<b>Outcome of the vote</b>	Pass	
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Given strong shareholder opposition, we shall monitor further developments.	
		<b>On which criteria have you assessed this vote to be most significant?</b>	Over 32% of shareholders voted against the resolution.
<b>Russell – Multi Asset Growth Fund</b>	<b>Company name</b>	Woodside Energy Group Ltd	
	<b>Date of vote</b>	24 April 2024	
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.3%	
	<b>Summary of the resolution</b>	Approval of Climate Transition Action Plan and 2023 Progress Report	
	<b>How you voted?</b>	Votes against resolution	
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No	
	<b>Rationale for the voting decision</b>	Section I.1 Say-on-Climate proposals will be referred for a case-by-case vote.	
	<b>Outcome of the vote</b>	Fail	
		<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to against proposal, along with over 58% of the vote. The Company put forward a Say-on-Climate proposal once before, at its 2022 AGM. That proposal faced major shareholder dissent, but narrowly passed. While acknowledging that the company has made some improvements to disclosure since the 2022 vote, that progress has not been material enough to address shareholders' concerns. The Company lacks disclosure concerning how it engages with and responds to shareholder concerns around climate risk management.

**On which criteria have you assessed this vote to be most significant?**

Top Holding, Vote Against Management, Controversial Outcome

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*Source: Investment Managers*