

Engagement Policy Implementation Statement (“EPIS”)

Smurfit Kappa UK Executive Pension Fund (the “Fund”)

01 April 2023 – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the Smurfit Kappa UK Executive Pension Fund, to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our Stewardship and Engagement policies in relation to the Fund’s investments, outlined in the SIP, have been followed during the year. Policies regarding stewardship, voting and engagement were last reviewed as part of a wider review of the SIP in September 2023. The Trustee confirmed that the policies remained suitable and in the best interests of members. No material changes were made to the stewardship and engagement policies.
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 an example of a ‘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.

As a holder of assets with attached voting rights, the Trustee is able to exercise these voting rights on behalf of members of the Fund and believe the best approach is to delegate the execution of their policy to the Fiduciary Manager. The Trustee has received information on the voting activity that has been carried out on their behalf on an annual basis and are comfortable with the decisions taken.

Over the period, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in their SIP.

The Trustee is pleased with the progress the Fiduciary Manager has made over the year in this area and will continue to work with them to develop their policies in the future.

How voting and engagement policies have been followed

Under the Fiduciary Management arrangement in place the Trustee has delegated proxy voting and engagement decisions to the Fiduciary Manager. The Fiduciary Manager has a robust and well-established set of guidelines to follow when voting on the Trustee's behalf which are reviewed and updated on an annual basis. It has provided the Trustee with a copy of the [Proxy Voting Guidelines](#). The Fiduciary Manager instructs Glass Lewis, a specialist proxy voting firm, to execute the votes in-line with the agreed guidelines and where Glass Lewis cannot apply this policy the votes are referred to Russell Investments Active Ownership Committee.

A total of 12,845 votes were placed on securities held in the Fund's Growth portfolio over the period under review. A summary of the voting activity carried out on behalf of the Trustee is set out overleaf.

In March 2024, the Fiduciary Manager presented an overview of its voting and engagement policies. This included how Environmental, Social and Governance ("ESG") factors are integrated into the Fiduciary Manager's investment philosophy and by association the underlying specialist managers used in the portfolio. They outlined their voting and engagement beliefs, themes, a summary of activity and examples and, in our view, they were able to disclose strong evidence of voting and engagement activity. More summary information on the stewardship activity can be found in this report.

Policies regarding stewardship, voting and engagement were last reviewed as part of a wider review of the SIP in September 2023, at which time stewardship practices relative to DWP guidance was also considered. The Trustee confirmed that the policies remained suitable and in the best interests of members. No material changes to the stewardship, voting and engagement policies were made.

The Fund's Stewardship and Engagement policies can be found in the SIP [here](#).

Over the reporting year, we monitored the performance of the Fund's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon").

Our Engagement Action Plan

Based on the work we have done for the Engagement Policy Implementation Statement, we have decided to take the following step over the next 12 months: We will invite our Fiduciary Manager to a meeting to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how these help us fulfil our Responsible Investment policies and to ensure our fiduciary manager is using its resources to effectively influence positive outcomes in our relevant funds

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 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

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

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. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

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

Voting statistics

A total of 12,845 votes were placed on securities held in the Fund's Growth portfolio over the period under review.

The table below shows the voting statistics for the Multi-Asset Growth Strategy Sterling Fund for the period to 31 March 2024:

	Management Proposals	Share Holder Proposal	Total Proposals
With Management	11,357	330	11,687
Against Management	887	205	1,092
Votes without Management Recommendation	29	18	47
Take No Action	726	9	735
Unvoted	0	0	0
Totals	13,012	568	13,580

The decision to "Take No Action" was driven by:

- Shareblocking markets: As per the Fiduciary Managers standing instructions, if a meeting belongs to a Shareblocking market such as Switzerland, then the ballots are automatically set to Take No Action.
- This rule is applicable at the meeting and the ballot level as well. Sometimes if a meeting or a ballot is share-blocked then either the entire meeting or a ballot gets auto-TNA.
- And lastly, for the Contested meetings, one of the two voting cards is set to "Take No Action" (the card which is not voted).

The table below shows the voting for the Multi-Asset Growth Strategy Sterling Fund broken down by category for the period to 31 March 2024:

Topic	Number of Votes
Environmental	131 (includes climate risk issues)
Social	199
Governance	12,515

This table excludes Take No Action votes.

Source: Manager

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

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 Fiduciary Manager instructs Glass Lewis, a specialist proxy voting firm, to execute the votes in-line with the agreed guidelines and where Glass Lewis cannot apply this policy the votes are referred to Russell Investments Active Ownership Committee.

Please see appendix for the criteria for a 'significant' vote and examples.

Engagement activity with example

Not all investments have voting rights attached to them, it is still possible to effect positive change by engaging with the underlying issuers of equity and debt. The Trustee is supportive of engagements in this way and has delegated this activity to Russell Investments.

The Fiduciary Manager aims to engage with companies on overall business strategy, capital allocation, and ESG practices while encouraging appropriate levels of risk mitigation. The Fiduciary Manager's engagement policy is available [here](#) and an example of engagement activity is provided below.

Any reference to we, our and/or us in the following examples refers to the Fiduciary Manager's policy, views and activity.

Engagement Action: Russell Investments engaged with a mining company domiciled in Canada. The dialogue was focused on the company's efforts around human capital management, climate change resilience, and natural capital management.

Engagement Objective: Russell Investments expects companies to report on their risk management practices and strategy concerning human capital management, climate change resilience, and natural capital management where applicable to company operations.

Engagement Summary: The Company has a robust ESG report and is consistently transparent with stakeholders on its ESG strategy. However, recent and consistent controversies and events showcase that the Company's strategy needs to be adjusted to prevent further negative impacts on the business and a subsequent shift in strategy (and reporting) may be required. The Company has had five on-the-job deaths since December 2022 and is focusing on overhauling its health and safety practices to meet its target of zero-fatalities. The Company plans to hire a third-party auditor to assess its health & safety programs with the results expected early 2024. They hope to make that report available to investors.

Engagement Outcome: Russell Investments will continue to engage with the Company, specifically looking at it improving its health & safety practices, disclosing further scope 3 emissions data, and the development of a biodiversity metric by 2025.

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.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fiduciary Manager. The Fiduciary Manager defines significant votes as ones that meet, at least, one of the following criteria:

- Votes against management proposals where the level of dissent from shareholders is 20% or higher, in line with the UK Corporate Governance Code.
- Votes supporting shareholder proposals when management is recommending against, and the level of support is 40% or higher, suggesting that the proposal nearly passed.
- Votes that directly affect shareholder equity holding or value. For example, merger and acquisitions.

Example 1: Berkshire Hathaway Inc.

Shareholder Proposal Regarding Climate Report

Approximate size of fund's holding as at the date of the vote (as % of portfolio)

Date 06/05/23

Mgmt. Rec. Against

How the vote was cast For

Vote Outcome Rejected

Criteria for selection as significant vote: Vote Against Management, Controversial Outcome, Environmental Shareholder Proposal

Rationale

Voted to support this proposal, along with nearly 27% of the vote. The Company is exposed to material climate risks being involved in the utility and insurance sector. It currently does not provide any meaningful or comprehensive disclosure of climate-related issues at the Company level, which significantly lags peers.

Example 2: International Business Machines Corp.

Shareholder Proposal Regarding Lobbying Report

Approximate size of fund's holding as at the date of the vote (as % of portfolio)

Date 25/04/23

Mgmt. Rec. Against

How the vote was cast For

Vote Outcome Rejected

Criteria for selection as significant vote: Vote Against Management, Controversial Outcome, Social Shareholder Proposal

Rationale

The proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support this proposal, along with over 45% of the vote. While we acknowledge that The Company provides exceptionally robust disclosures concerning its policies concerning electioneering expenditures, it provides little information concerning its indirect lobbying payments through trade associations. Increasing these disclosures would bring the Company in line with peers.

Source: Manager