

SMURFIT KAPPA UK EXECUTIVE PENSION FUND

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustee’s Report)

Engagement Policy Implementation Statement (‘EPIS’)

The purpose of the Engagement Policy Implementation Statement (‘EPIS’) is to explain what we have done during the year ended 31 March 2025 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 2024. 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.

This EPIS has been produced in accordance with The Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

How voting and engagement policies have been followed

Under the Fiduciary Management arrangement in place with Russell Investments Limited, 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 13,547 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 2025, the Fiduciary Manager presented to the Trustee 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.

Policies regarding stewardship, voting and engagement were last reviewed as part of a wider review of the SIP in 2024, 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:
<https://pensioninformation.aon.com/smurfitkappaukexec>.

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’).

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Our Engagement Action Plan

Based on the work we have done for the Engagement Policy Implementation Statement, we have decided to take the following steps over the year:

1. 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.

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 13,547 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 2025:

| | Management Proposals | Share Holder Proposal | Total Proposals |
|---|----------------------|-----------------------|-----------------|
| With Management | 11,586 | 401 | 11,987 |
| Against Management | 639 | 202 | 841 |
| Votes without Management Recommendation | 16 | 17 | 33 |
| Take No Action | 671 | 15 | 686 |
| Unvoted | 0 | 0 | 0 |
| Totals | 12,912 | 635 | 13,547 |

The decision to “Take No Action” was driven by:

- i) 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.
- ii) 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.
- iii) And lastly, for the Contested meetings, one of the two voting cards is set to “Take No Action” (the card which is not voted).

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Voting statistics (continued)

The table below shows the voting for the Multi-Asset Growth Strategy Sterling Fund broken down by category for the period to 31 March 2025:

| Topic | Number of Votes |
|---------------|------------------------------------|
| Environmental | 140 (includes climate risk issues) |
| Social | 220 |
| Governance | 12,501 |

This table excludes Take No Action votes.

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 further 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 Japan-based company engaged in the comprehensive electric business. This was a follow up engagement on the quality issues, including tampering with inspections, CEO resignation, and various controversies. Despite corrective measures and quality assurance reforms, doubts persist regarding the company’s ability to enhance product governance, evident in ongoing improper inspections and penalisation of executives for product inspection lapses.

Engagement Objective: The main objective of the engagement is to encourage the company to provide detailed insights into its actions, strategies, and plans related to quality management, reputational risk, transparency, regulatory compliance, progress on reforms, and internal controls.

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(forming part of the Trustee’s Report)****Engagement activity with example (continued)**

Engagement summary: The Company has implemented several changes from a governance perspective, namely:

- Strengthen function and oversight of the Board and its effectiveness to oversee management and strategy.
- Strengthen key functions including Board Secretariat and Governance Committees.
- Enhanced composition; outside Chairperson, 50% of Board to be outside directors.
- External Governance Review Committee informing roadmap for reform.
- Implementation of annual board member quality reviews conducted by an external third party.

While we commend the Company's efforts in implementing these governance, culture, and quality changes, we retain serious concerns regarding the lack of timeline for implementation, the absence of milestones, and the broad timeframe for completion (5-10 years).

From a cultural perspective one of the key changes was the improvement in communication. The Company has implemented a bottom-up engagement channel within the workforce and across business units. An employee survey is also conducted twice a year. The Company has attested that they have already seen positive cultural changes driven by this.

We have expressed our concern regarding the retention of one director as a board member, given the concerns about his oversight responsibilities during the quality issues. The Company has committed to providing more context and rationale from the nomination committee for his re-appointment in its meeting materials

Engagement Outcome: Russell Investments will monitor the company's transformation progress closely next year. If measurable progress isn't evident, we'll consider escalating to proxy voting.

Appendix – Significant voting examples

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

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

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Appendix – Significant voting examples (continued)

Example 1: Lockheed Martin Corp.

Shareholder Proposal Regarding Report on Aligning Value Chain GHG Reductions with Paris Agreement

Approximate size of fund's holding as at the date of the vote (as % of portfolio) 0.24%

Date 02/05/24

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

The Active Ownership Committee voted to support this proposal, along with nearly 32% of shareholders. The proposal requested that the Company set emissions reduction targets for its full value chain. The Company discloses its greenhouse gas (GHG) emissions and sets targets for Scope 1, 2, and limited aspects of Scope 3 emissions, primarily focused on business travel. At the time of the vote, the committee had concerns that proposed regulations by the Biden Administration would necessitate the adoption of more comprehensive Scope 3 targets, as such, support for this proposal would have mitigated the Company’s exposure to regulatory risk.

Example 2: Amphenol Corp.

Shareholder Proposal Regarding Right to Call Special Meeting

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

Date Date

Mgmt. Rec. Mgmt. Rec.

How the vote was cast How the vote was cast

Vote Outcome Vote Outcome

Criteria for selection as significant vote: Criteria for selection as significant vote:

Rationale

We believe, on the Trustee’s behalf, that shareholders should have the right to call special meetings, although, in order to prevent possible abuse which might waste company resources, it is good practice to require that a shareholder possess a sizeable minority of shares in order to exercise this right. The appropriate thresholds for share ownership requirements to call a special meeting should be reflective of the company’s unique characteristics, including but not limited to: company size, the characteristics of its shareholder base (including both percentage of ownership and type of shareholder), board responsiveness to shareholder concerns, company performance, and any existing opportunities for shareholder action. In this case, while the Company has in place certain best practice corporate governance provisions, the existing 25% ownership threshold is prohibitive, and lowering that threshold would be appropriate. Russell Investments voted for the proposal, along with approximately 41% of shareholders.