Bespak Plc Staff Retirement Benefits Scheme
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 Trustee has been followed during the year to 30 April 2025. This Statement has been produced in accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and subsequent amendments; and the statutory and non-statutory guidance from the Department of Work and Pensions. This statement is based on and should be read in conjunction with the SIP dated April 2024. The SIP can be found online in the following link: https://www.recipharm.com/sites/recipharm-corp/files/recipharm/about-us/locations/BespakSIP-April%202023.pdf

Investment Objectives of the Scheme

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

- To invest the Scheme's assets in order to meet the contractual benefit obligations to the Scheme's membership, as and when they fall due.
- Maximise the return on the investments without exceeding the limits of prudent pension fund investment, which over the long-term is expected to satisfy the long-term rate of return assumption adopted by the Scheme Actuary.
- Achieve a favourable return against the Scheme-specific strategy in the short-term.

Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ("ESG") factors, stewardship and sustainability (including climate change).

The Trustee will assess these policies at least every three years, alongside their review of the SIP, and without delay after any significant change to the investment arrangements. The views of members are not currently considered by the Trustee when determining these policies, but this position is kept under review.

The following work was undertaken during the year relating to the policy of the Trustee in these areas.

Engagement

- The Scheme's only investment manager, Legal & General Investment Management ("LGIM"), is a signatory of the UK Stewardship Code.
- The Trustee review the performance of the Scheme's assets on a quarterly basis.

No action was taken by the Trustee in response to the aforementioned activity over the year to 30 April 2025.

Voting Activity

As the Scheme only holds pooled investments, voting rights are exercised by the investment manager appointed by the Trustee in line with their stated policies. As such, the Trustee does not make use of a proxy voting firm but expect the investment manager to report on contentious issues through its quarterly reporting and provide voting reports on request.

The Trustee's stewardship priorities are focused on:

- Climate change related resolutions, for example low carbon transition;
- Good corporate governance, in particular board diversity and independence, and diversity and inclusion policies as well as decision making.

The Trustee has deemed that, to be classed as a most significant vote, a vote must be in relation to one of the Trustee's stewardship priorities and be in relation to a holding that makes up more than 0.5% of the investment fund which invests in it.

The Trustee will keep this definition under consideration based on emerging themes in internal discussions and from the wider industry. The Trustee did not inform LGIM of what they considered to be the most significant votes in advance of voting. Fixed income funds, given the small, if any, exposure to listed equity, are excluded from the voting activity reporting.

- LGIM – Passive World Equity Fund

LGIM's Investment Stewardship team uses Institutional Shareholder Services ("ISS") 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Their use of ISS's recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services ("IVIS") to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

Over the last 12 months, the key voting activity on behalf of the Trustee is as follows:

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 *	% of votes against management *	% of votes contrary to the recommendation of the proxy adviser
World Equity Index Fund	2,928	35,761	99.7%	79.1%	20.6%	14.6%

*Source: L&G. The voting activity relates to the period 1 April 2024 to 31 March 2025. Figures subject to rounding. The same voting activity is applicable to the currency hedged version of the fund. * Balance refers to % of resolutions from which the manager abstained from voting.*

The following votes have been deemed most significant in accordance with the Trustee's stewardship priorities and definition of significant votes, as outlined on the previous page.

Holding details	Resolution details	How the manager voted	Reason for manager's vote	Outcome of the vote	Next steps/Plans to escalate	Why is this vote classed as most significant?

Company name: Alphabet Inc. **Approximate size of equity holding as at date of vote:** 1.5%	**Summary of Resolution:** Elect Director John L. Hennessy **Date of vote:** 07-06-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects: – a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background; – a company to have at least one-third women on the board; – the Chair of the Committee and the Chair of the Board to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.	83.1% in Favour	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	Governance – diversity
Company name: Meta Platforms, Inc. **Approximate size of equity holding as at date of vote:** 1.4%	**Summary of Resolution:** Elect Director Peggy Alford **Date of vote:** 29-05-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects: – a company to have at least one-third women on the board; – companies to elect an independent lead director where there is a combined Board Chair and CEO.	Not reported		Governance – diversity
Company name: Eli Lilly and Company **Approximate size of equity holding as at date of vote:** 1.0%	**Summary of Resolution:** Elect Director Jamere Jackson **Date of vote:** 06-05-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.)	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. LGIM also supports a declassified board as directors should stand for re-election on an annual basis.	97.8% in Favour		Governance – independence
Company name: JP Morgan Chase & Co. **Approximate size of equity holding as at date of vote:** 0.8%	**Summary of Resolution:** Elect Director Todd A. Combs **Date of vote:** 21-05-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.	90.4% in Favour		Governance – independence

Company name: Berkshire Hathaway Inc. **Approximate size of equity holding as at date of vote:** 0.8%	**Summary of Resolution:** Elect Director Warren E. Buffett **Date of vote:** 04-05-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Not reported	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	Governance – independence
Company name: Exxon Mobil Corporation **Approximate size of equity holding as at date of vote:** 0.7%	**Summary of Resolution:** Revisit Executive Pay Incentives for Greenhouse Gas (GHG) Emission Reductions **Date of vote:** 29-05-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects companies to be taking sufficient action on the key issue of climate change.	1.7% in Favour		Climate change – decarbonisation
Company name: UnitedHealth Group Incorporated **Approximate size of equity holding as at date of vote:** 0.7%	**Summary of Resolution:** Elect Director John Noseworthy **Date of vote:** 03-06-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects a company to have at least one-third women on the board.	95.7% in Favour		Governance – diversity
Company name: The Procter & Gamble Company **Approximate size of equity holding as at date of vote:** 0.6%	**Summary of Resolution:** Elect Director Jon R. Moeller **Date of vote:** 08-10-2024	Against (LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management)	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	93.9% in Favour		Governance – independence

Engagement Activity Examples

LGIM's commitment to Responsible Investment has meant expanding their dedicated engagement programme – the Climate Impact Pledge (CIP)– which aims to rate companies' climate disclosures and performance. This assessment tool is publicly available on their website (https://climatepledge-lgim.huguenots.co.uk/).

In 2024, the CIP covered 55% of total corporate securities that LGIM invest in on behalf of their clients by value (assets where LGIM have carbon data). These companies were responsible for 82% (as at 31 December 2024) of the total carbon emissions attributable to LGIM's corporate debt and equity holdings.

The CIP engagement approach is two-fold; each stream (quantitative and qualitative) has different inputs, approaches, escalations and potential sanctions.

LGIM quantitatively assess over 5,000 companies across 20 'climate critical' sectors. These assessments can lead to voting sanctions, which are typically a vote against the company chair. Within this universe of companies, they engage directly with a group of 100+ 'dial movers', identified for their size and potential to galvanise climate action in their sectors. Where the rate of progress is insufficient, voting sanctions and divestment can be applied in certain portfolios.

Under the CIP, 455 companies out of a universe of 5,000+ were identified by LGIM's quantitative assessment as subject to voting sanctions in 2024 due to not meeting LGIM's minimum standards. Of the 100+ 'dial movers', 37 companies were identified for voting sanctions. In total, 14 companies remained on the divestment list, and two more were added.

Over the year, LGIM introduced additional metrics to ensure alignment with their expectations in their sector guides: all companies to calculate and disclose their scope 1 and 2 GHG emissions and for banks to restrict financing related to unbated thermal coal, new oil and gas fields, and commodity-driven deforestation.

Further, LGIM believe that the transparency of voting activity is important for investee companies, clients, and other interested parties to be able to hold them accountable. As such, they provide historic voting decisions and rationales on a dedicated vote disclosure website (https://vds.issgovernance.com/vds/#/MjU2NQ==/).

In their 2024 Active Ownership report, LGIM demonstrate the process of their Climate Impact Pledge engagement program with companies, showing BHP Group Ltd and Porterbrook as examples:

BHP Group Ltd – Materials Industry

Identify: In 2022, LGIM published their initial expectations on climate transition plans, and have recently further developed their approach across sectors that are especially subject to climate-related risks and opportunities and key to achieving net-zero emissions by 2050. This includes the mining and diversified metals sector since it produces both critical minerals for the transition, and materials subject to potential demand shifts within the transition.

Without the critical minerals that mining companies produce, the transition will not happen. It is essential that long-term, responsible investors should support these companies' journeys to decarbonise and seize the long-term value creation opportunities related to the energy transition. In order for LGIM to do so, however, they must meet LGIM's minimum expectations. These include metrics across themes such as decarbonisation strategy; funding allocations; emissions disclosures, including scope 3; just transition; and lobbying activities.

Engage and escalate: BHP (ESG score: 40; +3) is one of the biggest mining companies in the world. In 2021, the company put its first Climate Transition Action Plan (CTAP) to the vote. LGIM voted against the approval of this plan, as it did not meet their expectations. However, since then, LGIM have met with BHP several times (six meetings in 2024 alone), including with the climate and sustainability teams and the Chief Executive Officer, Chief Financial Officer and board chair. The aim of these engagements was to provide feedback on BHP's 2024 CTAP and ensure that it met the requirements of LGIM's updated assessment framework.

It was clear that BHP had made significant strides in improving its CTAP since it put the inaugural plan to the vote in 2021. It demonstrates substantial alignment with LGIM's assessment framework, and LGIM believe it is important for investors to recognise progress when it occurs.

Outcome: Following LGIM's engagements with the company, they were able to support the updated CTAP at BHP's October 2024 Annual General Meeting (AGM) and LGIM pre-declared their vote intentions via their blog. This is the first mining company transition plan that LGIM have supported. The resolution achieved shareholder support of 92.2% at the AGM, a significant improvement over the 84.9% favourable votes cast on the 2021 CTAP. LGIM will continue to monitor and engage with BHP on a number of areas, including: disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management, and mitigation strategy; plans to be executed in support of the decarbonisation of steelmaking; and ensuring resilience while navigating the dynamic market for metallurgical coal.

Porterbrook – Transport Industry

Identify: In November 2024, LGIM's Infrastructure Debt team identified an opportunity to support green transportation in the UK through a transaction with Porterbrook, one of the UK's largest rolling train stock leasing companies. LGIM has continued to be an investor in the rail space within the UK and Europe, with existing exposure of over £1 billion spread across multiple issuers. LGIM believe rail transport and its decarbonisation is crucial to support the UK's transition to becoming a net-zero carbon economy.

Engage and escalate: The loan was issued under Porterbrook's Green Financing Framework, whereby the funds were allocated to refinancing debt used to purchase zero direct (tailpipe) emission trains. These types of trains are electric or tri-modal, using electric, battery and diesel power. The expected allocation of proceeds had a target split of 84% for electric and 16% for tri-modal trains at origination.

Porterbrook's Green Financing Committee evaluates the allocation of all funds under the framework, meeting on a semi-annual basis and committing to both continuous monitoring and annual sustainability reporting.

Outcome: LGIM were the anchor investor in the financing and were able to fund the fleet of 84% electric and 16% tri-modal trains. Porterbrook Rail also achieved a Global Real Estate Sustainability Benchmark score of 100/100 in 2023, being named as the global transport sector leader. Outside of the assets funded in the deal, Porterbrook also has ambitions to remove all diesel-only exposure in its fleet by 2040, aiming to be net zero by 2050. LGIM invested £70 million out of the total £250 million issuance to support the use of clean transportation through the funding of this fleet of electric and tri-modal trains.