Implementation Statement

The Maxell Europe Limited Pension and Life Assurance Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the Maxell Europe Limited Pension and Life Assurance Scheme ("the Scheme") to set out the following information over the year to 31 March 2024:

- How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realisation of investments where appropriate.
- The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.
- The Trustees reviewed the stewardship and engagement activities of the current managers over the year, and were satisfied that their policies were reasonable and no remedial action was required at that time.
- The Trustees receive and review voting information and engagement policies from both the asset managers and their investment advisors as necessary on an annual basis. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 31 March 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities as follows:

The Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying *investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.*

As at 31 March 2024, the Trustees have agreed to set climate change as the main stewardship priority/theme for the Scheme. The Trustees view climate change as financially material and will monitor their managers' progress against this priority over time. More detail is set out in the Statement of Investment Principles, which was last reviewed in January 2024 and has been made available online here:

https://www.maxell.eu/wp-content/uploads/2024/03/2024-01-Maxell-Statement-of-Investment-Principles-v1.0.pdf

Trustees of the Maxell Europe Limited Pension and Life Assurance Scheme
June 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2024. Voting only applies to funds that hold equities in their portfolio. As such, the Barings Global High Yield Credit Strategies Fund, the Hermes Multi Strategy Credit Fund, the LGIM Absolute Return Bond Fund and any LDI funds do not participate in voting activities and are excluded from the table below.

Manager	Baillie Gifford*	BNY Mellon (formerly Newton)	LGIM**
Fund name	Multi Asset Growth Fund	Real Return Fund	Future World Global Equity Index Fund (incl. GBP Hedged)
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
No. of eligible meetings	51	69	5,134
No. of eligible votes	517	1,101	52,212
% of resolutions voted	91.5	99.3	99.9
% of resolutions abstained	0.6	0.0	0.3
% of resolutions voted with management	96.8	92.0	80.3
% of resolutions voted against management	2.6	7.8	19.5
Proxy voting advisor employed	No, all client voting decisions are in line with in-house policy.	Yes (ISS) with BNY Mellon specific voting policies applied.	Yes (ISS) with LGIM specific voting policies applied.
% of resolutions voted against proxy voter recommendation	n/a	4.9	11.1

*Please note that the Scheme fully disinvested from the Baillie Gifford Multi Asset Growth Fund in January 2024, but the voting data shown applies to the 12 months to 31 March 2024.

** The Scheme first invested in the LGIM Future World Global Equity Funds in October 2023, but the voting data shown applies for the 12-month period to 31 March 2024. The Scheme invests in both the local currency and GBP hedged share classes of the Future World Global Equity funds, however voting and engagement data is identical for all share classes. Therefore only one entry has been shown for these Funds in this Implementation Statement.

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Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. Baillie Gifford, BNY Mellon and LGIM have each provided a selection of 10 votes which they believe to be most significant. Of these votes, the Trustees have selected the 3 most significant votes for each fund with consideration of the stewardship priorities of the Scheme.

A summary of the significant votes provided is set out below:

Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Nextera Energy, Inc.	Prologis, Inc.	American Tower Corporation
Date of vote	18 May 2023	4 May 2023	24 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.1	0.8	0.3
Summary of the resolution	Shareholder Resolution - Governance	Remuneration	Appoint/Pay Auditors
How the manager voted	For	Against	Against
Rationale for the voting decision	Baillie Gifford supported a shareholder resolution requesting a board diversity and qualifications matrix be provided to shareholders. Baillie Gifford believe that shareholders would benefit from individualised information on the skills and qualifications of directors, as well as more granular information on climate-related skills and qualifications.	Baillie Gifford opposed the executive compensation package because they do not believe the performance conditions for the long-term incentive plan are sufficiently stretching.	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. They believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	Baillie Gifford communicated their decision to support the shareholder resolution to the company. They continue to monitor any action the company may choose to take, as the resolution received support from more than 48% of shareholders. Despite failing to pass the vote, a large number of shareholders are therefore in favour.	Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.	Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years to maintain independence. They previously asked about plans to tender so decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed the election of auditors.

The Trustees note that Baillie Gifford did not provide examples of significant votes aligned with their stewardship priority of climate change. The Trustees have now fully disinvested from the fund for unrelated reasons however will continue to work with the other investment managers to ensure the most relevant voting data is available going forwards.

BNY Mellon Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Lockheed Martin Corporation	ConocoPhillips
Date of vote	23 May 2023	27 April 2023	16 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.0	1.0	0.9
Summary of the resolution	Request Shell aligns its existing 2030 reduction target for Scope 3 emissions with the goal of the Paris Climate Agreement	Report on efforts to reduce greenhouse gas ('GHG') emissions in alignment with the Paris Agreement goal.	Elect Director Robert A. Niblock
How the manager voted	Abstained	For Shareholder Proposal	Against
Rationale for the voting decision	BNY Mellon abstained on the proposal requesting an alignment of the 2030 Scope 3 reduction target to the Paris agreement. While the argument is generally aligned with BNY Mellon's views, they believe voting in favour would be overstepping on management's strategy setting role. However, rather than vote against the proposal they have abstained in line with their views that the current transition plan merits more robust goals in order to gain credibility. BNY Mellon have also undertaken engagement activity with Shell to encourage this (further details below).	BNY Mellon supported a shareholder proposal asking for a full report on efforts to reduce GHG emissions across the whole chain of operations, in alignment with the Paris Agreement. In their view, more information on the company's plans to transition towards a low carbon economy would help shareholders better assess this risk.	BNY Mellon voted against the re-election of the lead director who they consider to be non-independent owing to excessive tenure.
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	Significant dissent shows concern from the shareholder	The support received for the shareholder proposal is	The company view the level of shareholder dissent as

	Vote 1	Vote 2	Vote 3
	base around Shell's transition plan.	substantial. BNY Mellon expect the company to provide enhanced disclosures, especially around setting timelines to implement a scope 3 emissions reduction goal and finding efficiencies in current processes.	insufficient for them to engage directly with shareholders. However, a notable amount of the shareholder base have communicated that the current governance structures can improve. BNY Mellon feel the dissent will only increase if the company doesn't take necessary steps to address these concerns.
Criteria on which the vote is considered "significant"	As a significant GHG emitter, it is critical for Shell to have a credible transition plan. Abstaining on this resolution conveys to the company the need to add credibility to its transition planning.	This vote was determined as significant owing to significant climate related impact and the rarity of a shareholder proposal receiving significant support.	BNY Mellon highlighted this vote as significant as they expect to continue recognising their fundamental governance concerns through their voting and engagement activities.

LGIM Future World Global Equity Index Funds (incl. GBP Hedged)

	Vote 1	Vote 2	Vote 3
Company name	JP Morgan Chase & Co.	Royal Bank of Canada	Alphabet Inc.
Date of vote	16 May 2023	5 April 2023	2 June 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.9	0.3	1.0
Summary of the resolution	Report on Climate Transition Plan describing efforts to align financing activities with GHG targets	Report on 2030 GHG reduction goals	Approve recapitalisation plan for all stock to have one-vote per share
How the manager voted	For	For	For
Rationale for the voting decision	LGIM generally support resolutions that seek additional disclosures on how a company aims to manage their financing activities in line with their published climate related targets. LGIM believe detailed and published information on how the company intends to achieve their 2030 targets can further focus the board's attention on the steps required.	LGIM have embedded scope 3 emissions disclosure and targets into their minimum expectations for all sectors, with specific detail within individual sectors. LGIM will generally support resolutions that seek to expand and improve the level of emissions disclosure and target-setting for the high-emitting sectors.	Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
Outcome of the vote	Fail	Fail	Fail

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with the company and monitor progress towards GHG targets.	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to monitor the board's response to the relatively high level of shareholder support received for this resolution.
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as they publicly pre-declared their intention to support the resolution. They continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.	LGIM considers this vote to be significant as they publicly pre-declared their intention to support the resolution. They continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. The Cash and LDI funds that were previously held with BlackRock (now LGIM) over the period have been omitted as they have limited scope for engagement. All data is shown for the full year to 31 March 2024.

Manager	Baillie Gifford*	Barings	LGIM
Fund name	Multi Asset Growth Fund	Global High Yield Credit Strategies Fund	LGIM Future World Global Equity Index Fund (incl. GBP Hedged)**
Number of engagements undertaken on behalf of the holdings in this fund in the year	11	260	795
Number of entities engaged on behalf of the holdings in this fund in the year	9	176	530
Number of engagements undertaken at a firm level in the year	748	490	2,144

Manager	LGIM	Hermes*	BNY Mellon
Fund name	Absolute Return Bond Fund	Multi Strategy Credit Fund	Real Return Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	156	876	20
Number of entities engaged on behalf of the holdings in this fund in the year	75	151	9
Number of engagements undertaken at a firm level in the year	2,144	4,053	42

*Please note that the Scheme fully disinvested from the Hermes Multi Strategy Credit Fund in October 2023 and the Baillie Gifford Multi Asset Growth Fund in January 2024, but the voting data shown applies to the 12 months to 31 March 2024.

** The Scheme first invested in the LGIM Future World Global Equities Funds in October 2023, but the engagement data shown applies for the 12-month period to 31 March 2024. The Scheme invests in both the local currency and GBP hedged share classes of the Future World Global Equities funds, however voting and engagement data is identical for all share classes. Therefore, only one entry has been shown for these Funds in this Implementation Statement.

Examples of engagement activity undertaken over the year to 31 March 2024

Baillie Gifford, Multi Asset Growth Fund

China Longyuan Power Group Corporation Limited

China Longyuan was identified as the biggest contributor to emissions for the Multi Asset Growth Fund. Whilst the company has significant coal power operations, it is also the largest wind power operator in the world. Baillie Gifford reached out to the company following the publication of its 2022 ESG Report in which the company disclosed Scope 1 and 2 emissions for the first time.

They took this opportunity to discuss the company's environmental disclosure and intentions for the establishment of emission reduction targets. As a follow-up, Baillie Gifford will be including their internal climate audit assessment of the company within their upcoming review of the investment case.

Barings, Global High Yield Credit Strategies Fund

Global Tugboats Business (specific entity names were not disclosed by Barings)

Barings invest in a global tugboats business with a large fleet operating from a network of ports. Due diligence on the issuer by their investment analyst has highlighted areas of potential improvement on environmental topics.

Barings undertook an engagement with the CEO and CFO regarding emissions reduction strategies. They requested that the company continues to work with port authorities to install electric charging points across the port network to reduce idling emissions, and that the company explores options for the use of lower emissions fuel types on new vessels and its existing fleet. Barings expect this to be a multi-year engagement with semi-annual interactions with senior management.

LGIM, All Funds

As part of their programme of engagement, LGIM are looking to:

1. Understand how governance practices are enforced at Volkswagen's new plant, opened in Xinjiang via a joint venture. The new plant faced a number of controversies following concerns around the use of forced labour by multinational corporations operating in China.
2. Work with the company as they identify a solution to obtain the removal of a red flag applied by MSCI in response to allegations of forced labour at their operations in Xinjiang.
3. Determine long-term solutions to prevent future governance controversies relating to human rights or labour-related practices.

LGIM have maintained a regular and continuous dialogue with the company for many years regarding strategic direction and other governance questions, e.g. following the 'Diesel-gate' scandal in 2015. Since MSCI assigned a red flag controversy in late 2022, LGIM increased dialogue with the company further, and have engaged on the question of human rights and the company's presence in Xinjiang with senior management and investor relations specialists. Communication has taken place via multiple channels, including in person, conference calls and written correspondence.

LGIM's engagement with Volkswagen has been well received and they are happy that the company has taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner. Following multiple discussions with investors, Volkswagen commissioned an independent audit of its new joint venture plant in Xinjiang, which was conducted in December 2023. This audit was conducted by a high profile and well-respected body and addressed the main concerns around operations at the plant. The completion of the audit resulted in MSCI subsequently removing its red controversy flag.

Hermes, Multi Strategy Credit Fund

Cleveland-Cliffs

Cleveland-Cliffs has transformed itself from an iron ore mining company into an integrated steel company and the largest flat-rolled steel and iron ore pellet producer in North America. In 2021, Cleveland-Cliffs announced a new climate change target to reduce greenhouse gas emissions by 25% by 2030. The target is moderately ambitious but will mostly be achieved by strategic decisions already taken such as using coal instead of natural gas and Direct Reduced Iron as a feedstock. The company made rapid progress towards these targets in 2021 and 2022 and with this in mind, Hermes have now begun to expand engagement to other sustainability challenges and opportunities.

The company's plan made reference to hydrogen and carbon capture technologies, but at the full year results call the company emphasised that it would not be developing these capabilities itself. However, they would be open to partnerships with technology providers in these areas. As a result, Hermes met with the company to have a deep-dive discussion on the company's climate change strategy and ways that wider targets can be incorporated and met. They asked about the capital investment implications of reaching its targets and the company provided assurance that no additional capital was required. This is the current centrepiece of the strategy and the other areas (renewable energy, energy efficiency, carbon capture and storage, and hydrogen) remained less developed. Hermes continue to encourage the company to be proactive in seeking partners to accelerate low-carbon innovations, in line with actions taken by other steel companies.

As the company has made good progress towards its 25% reduction target, Hermes have encouraged it to start thinking about setting more ambitious targets well ahead of time. They also pushed the company to make a net-zero commitment, but it became clear that this would not be considered whilst no technological solution exists to achieve it.

The company recently released its second sustainability report and Hermes provided suggestions for how it can be improved.

BNY Mellon, Real Return Fund

Shell Plc

Whilst BNY Mellon recognise the continuing need for conventional fuel, they feel it is imperative for large oil companies to demonstrate how and where they can invest in clean energy alternatives. The aim of this is to establish credibility for their transition plans. Scope 3 is the largest source of emissions for the company, so the absence of an absolute Scope 3 reduction target raises questions on the credibility of its transition plan.

BNY Mellon engaged with the company to reiterate that a Scope 3 target in absolute terms, for the proportion of emissions that it directly controls, would help investors to assess the credibility of its climate transition plan and would align its transition plan to some of its EU peers. BNY Mellon do acknowledge that rushing to set a Scope 3 target that is not credible and does not have full management support is not the desired outcome investors are seeking.

There has been no clear progress from the company and it seems increasingly unlikely that Shell will announce a significant Scope 3 reduction in its upcoming strategy plans. BNY note that the engagement objective is at risk given the current lack of appetite for new major announcements by the company.