

THE PILKINGTON SUPERANNUATION SCHEME

Implementation Statement for year 31 December 2023

1) Overview

This document is the Annual Implementation Statement (the "statement") prepared by the Trustee of the Pilkington Superannuation Scheme (the "Scheme") covering the Scheme year to 31 December 2023.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the engagement policy under the Scheme's Statement of Investment Principles ("SIP") has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

A copy of this statement will be made available on the following website alongside the most recent SIP, which was formally adopted by the Trustee in September 2023. These updates were made in accordance with the Trustee's policy of reviewing the SIP on an annual basis. The most significant update was the inclusion of paragraphs 3.21 and 3.22 which reflect the Trustee's stewardship priorities.

<https://www.pilkington.com/en-gb/pilkington-superannuation-scheme/key-documents>

2) Adherence to the Trustee's engagement and voting policies

The Trustee has agreed a funding plan with the Company and developed a consistent de-risking investment strategy. The Scheme has achieved full funding on the Technical Provisions basis (gilts + 0.5% pa) and no recovery plan is needed at the present time. The Trustee and the Company have also agreed a Secondary Funding Target (achieving a funding ratio of 100% on a gilts flat basis) with the intention to achieve this within the period of 2021-2026. As at 31 December 2023, this funding target has been reached with a funding level in excess of 100% attained on the gilts flat basis.

The investment policy is structured to support this objective. The Trustee maintains a diversified allocation portfolio with 5 components; Equity, Alternative Beta, high-quality long-term Credit, Illiquids and LDI (Liability Driven Investments).

The Trustee believes that the Scheme's assets have been invested in line with these objectives over the year.

Engagement policy

The Trustee's policies in relation to engagement are set out in the SIP and are as follows:

- The selection, retention and realisation of the Scheme's underlying investments will, where applicable, be delegated to the Investment Managers, this includes relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. Matters of corporate governance in general, and voting in particular, are integral parts of that delegation.
- The Trustee encourages the Investment Managers to (where practical) vote on all resolutions at annual or extraordinary general meetings of companies in which the Scheme invests. Investment Managers should exercise any voting power with the objective of preserving and enhancing long-term shareholder value. The Trustee accepts that, in general, Investment Managers may often

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choose to support and vote with incumbent company management; therefore “exception reporting” is expected.

- The Trustee has asked Investment Managers to report exceptions to the Stewardship Code. The Stewardship Code should be followed in so far as it is possible to do so without restricting the investment decisions being taken. Significant shareholder action other than voting against incumbent management (for example, the acceptance of a hostile take-over bid) should also be reported. An immediate report to the Trustee may be appropriate where an issue is particularly contentious or topical.

In September 2021, the Trustee carried out a Sustainable Investment beliefs exercise which aimed to better understand the Trustee’s views on the significance of ESG factors, including climate, in investment. In September 2023 the SIP was updated to include the Trustee’s stewardship priorities that were identified during the beliefs exercise. These priorities are set out in the next section.

These beliefs are to be reviewed at least triennially, with the next review currently planned for September 2024.

The Trustee conducts formal reviews of the Scheme’s Investment Managers at least annually to ensure that their investment approach is robust, long-term focussed and sustainable. The Trustee informs Investment Managers of the Trustee’s Stewardship and Engagement policy when they are first appointed and provides updates to them as required.

A periodic Sustainable Investment report is produced by the Investment Consultant and enables the Trustee to monitor the Investment Managers’ considerations of ESG factors and stewardship. Should the Trustee’s monitoring process reveal that a manager’s portfolio is not aligned with the Trustee’s policies, the Trustee will engage with the manager further to encourage alignment.

Through its monitoring processes, the Trustee has not identified any significant non-adherence to the policies outlined in the SIP, and therefore no remedial actions have been required in the year.

Stewardship priorities

The Trustee has selected two stewardship priorities against which they will assess the voting and engagement activities relating to their investments. The Trustee aims to understand and review all voting activity undertaken on its behalf; however, it is felt that focusing on these areas in greater detail is consistent with the Trustee’s beliefs and ensures Scheme resources are used in the most effective and efficient way possible. These priorities are:

- Climate change action which would support sustainable investment outcomes over the longer term.
- Board effectiveness through instilling an ethical culture considering both human capital and human rights.

Whilst these priorities have been identified, the Trustee reiterates that its primary duty is to pay member benefits as they fall due.

3) Voting information

Voting is delegated to the Scheme’s investment managers. In particular, those managing equity and listed infrastructure mandates. The Scheme’s portfolio of regional equity funds with LGIM and SSGA were dissolved during the year, and replaced with a single Adaptive Cap with ESG equity mandate with LGIM. Voting data has been provided below for all applicable funds that were held at some point during the Scheme year, including those that have since been terminated.

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The Scheme's investment managers have their own voting policies which determine their approach to voting, and the principles they follow when voting on investors' behalf. The Scheme's investment managers also use voting proxy advisors which aid in their decision-making when voting. Details are summarised in the table below:

Manager	Use or proxy advisor services:
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' 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. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.
SSGA	SSGA uses Institutional Shareholder Services' (ISS) Governance as a proxy voting agent. They are not making any voting decisions on SSGA's behalf; they are voting according to SSGA's voting policy or engaging with SSGA's Asset Stewardship Team for guidance on certain designated topics.

The below table sets out the voting activity of the Scheme's equity investment managers, on behalf of the Trustee, over the year (unless stated otherwise):

Fund	Voting activity
LGIM - MSCI ACWI Adaptive Cap with ESG Index Fund	<p>Number of meetings at which the manager was eligible to vote: 3,189</p> <p>Number of resolutions on which manager was eligible to vote: 36,189</p> <p>Percentage of eligible votes cast: 99.9%</p> <p>Percentage of votes with management: 78.3%</p> <p>Percentage of votes against management: 21.4%</p> <p>Percentage of votes abstained from: 0.4%</p> <p>Percentage of meetings voted at least once against management: 70.0%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 14.3%</p>
LGIM - Asia Pacific Japan Equity Index Fund	<p>Number of meetings at which the manager was eligible to vote: 634</p> <p>Number of resolutions on which manager was eligible to vote: 4,569</p> <p>Percentage of eligible votes cast: 100.0%</p> <p>Percentage of votes with management: 78.3%</p> <p>Percentage of votes against management: 21.7%</p> <p>Percentage of votes abstained from: 0.0%</p> <p>Percentage of meetings voted at least once against management: 65.0%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 13.2%</p>

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<p>LGIM – Japan Equity Index Fund / LGIM – Japan Equity Index Fund GBP Currency Hedged</p>	<p>Number of meetings at which the manager was eligible to vote: 514 Number of resolutions on which manager was eligible to vote: 6,103 Percentage of eligible votes cast: 100.0% Percentage of votes with management: 88.0% Percentage of votes against management: 12.0% Percentage of votes abstained from: 0.0% Percentage of meetings voted at least once against management: 71.0% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 9.8%</p>
<p>LGIM – World Emerging markets Equity Fund</p>	<p>Number of meetings at which the manager was eligible to vote: 4,238 Number of resolutions on which manager was eligible to vote: 33,716 Percentage of eligible votes cast: 99.9% Percentage of votes with management: 88.1% Percentage of votes against management: 19.0% Percentage of votes abstained from: 0.9% Percentage of meetings voted at least once against management: 54.2% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 7.4%</p>
<p>LGIM – Infrastructure Equity MFG Fund -GBP Currency Hedged</p>	<p>Number of meetings at which the manager was eligible to vote: 92 Number of resolutions on which manager was eligible to vote: 1,238 Percentage of eligible votes cast: 100.0% Percentage of votes with management: 74.1% Percentage of votes against management: 25.9% Percentage of votes abstained from: 0.0% Percentage of meetings voted at least once against management: 85.9% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 21.2%</p>
<p>SSgA – UK ESG Screened Index Equity Sub-Fund</p>	<p>Number of meetings at which the manager was eligible to vote: 656 Number of resolutions on which manager was eligible to vote: 11,960 Percentage of eligible votes cast: 53.7% Percentage of votes with management: 85.6% Percentage of votes against management: 14.5% Percentage of votes abstained from: 0.1% Percentage of meetings voted at least once against management: 66.7% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 13.7%</p>

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<p>SSgA – Europe ex UK ESG Screened Index Equity Sub-Fund</p>	<p>Number of meetings at which the manager was eligible to vote: 519</p> <p>Number of resolutions on which manager was eligible to vote: 9,060</p> <p>Percentage of eligible votes cast: 97.6%</p> <p>Percentage of votes with management: 87.9%</p> <p>Percentage of votes against management: 11.7%</p> <p>Percentage of votes abstained from: 0.4%</p> <p>Percentage of meetings voted at least once against management: 63.6%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 7.3%</p>
<p>SSgA – North America ESG Screened Index Equity Sub-Fund</p>	<p>Number of meetings at which the manager was eligible to vote: 642</p> <p>Number of resolutions on which manager was eligible to vote: 8,987</p> <p>Percentage of eligible votes cast: 99.0%</p> <p>Percentage of votes with management: 88.2%</p> <p>Percentage of votes against management: 11.6%</p> <p>Percentage of votes abstained from: 0.4%</p> <p>Percentage of meetings voted at least once against management: 58.5%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 11.3%</p>

Totals may not sum due to rounding.

State Street notes that votes of abstain can be counted both as a vote of abstain and also as a vote against management and hence vote with management, vote against management and abstain may add up to more than 100%.

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The following table outlines how the investment managers define significant votes and details on significant votes cast by the Scheme's investment managers on the Trustee's behalf over the Scheme year.

Manager	Definition of significant vote	Most significant votes cast
LGIM	<p>In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:</p> <ul style="list-style-type: none"> • High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes. 	<p>Schneider Electric SE</p> <p>Date: 4 May 2023</p> <p>Country: France</p> <p>% of Fund: 0.2%</p> <p>Proposal: Approve Climate Transition Plan</p> <p>Instruction: Against</p> <p>Vote against management: Yes</p> <p>Rationale: LGIM state a vote against is applied as they expect companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p> <p>The Coca-Cola Company</p> <p>Date: 25 April 2023</p> <p>Country: USA</p> <p>% of Fund: 0.1%</p> <p>Proposal: Report on congruency of political spending with company values and priorities (shareholder proposal)</p> <p>Instruction: For</p> <p>Vote against management: Yes</p> <p>Rationale: LGIM state that they expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. While they appreciate the level of transparency Coca-Cola provides in terms of its lobbying practices, it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values. LGIM believe that the company is potentially leaving itself exposed to</p>

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		<p>reputational risks related to funding organisations that take positions that are contradictory to those of the company's stated values, and potentially attracting negative attention that could harm the company's public image and brand. Producing a report on the congruency of political spending with company values and priorities may help the company to identify and question its previous political spending priorities.</p> <p>American Water Works Company, Inc. Date: 10 May 2023</p> <p>Country: USA</p> <p>% of Fund: 1.4%</p> <p>Proposal: Oversee and report a racial equality audit (shareholder proposal)</p> <p>Instruction: For</p> <p>Vote against management: Yes</p> <p>Rationale: LGIM state a vote in favour has been applied as they support proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.</p>
SSgA	<p>State Street Global Advisors identifies "significant votes" for the purposes of Shareholder Rights Directive II as follows:</p> <ul style="list-style-type: none"> • All votes on environmental related shareholder proposals. • All votes on compensation proposals where we voted against the company management's recommendation. • All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score). • All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score). 	<p>Shell Plc</p> <p>Date: 23 May 2023</p> <p>Country: UK</p> <p>% of Fund: 8.2%</p> <p>Proposal: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement (shareholder proposal)</p> <p>Instruction: Against</p> <p>Vote against management: No</p> <p>Rationale: State Street state this vote is significant as it relates to climate which is one of their key engagement priorities. Additionally, this was a high profile vote with the holding representing a significant portion of the UK equity fund.</p> <p>Equinor ASA</p> <p>Date: 10 May 2023</p>

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	<ul style="list-style-type: none"> All against votes on the re-election of board members due to a lack of gender diversity on board. <p>For the purpose of this report we have selected a "significant" vote from each fund relating to the investment with the highest market value.</p>	<p>Country: Norway</p> <p>% of Fund: 0.3%</p> <p>Proposal: Stop all exploration and test drilling for oil & gas, become a leading producer of renewable energy, stop plans for electrification of Melkoya, and present a plan enabling Norway to become net-zero By 2050 (shareholder proposal)</p> <p>Instruction: Abstain</p> <p>Vote against management: n/a</p> <p>Rationale: State Street state they are abstaining on the proposal as the company's disclosures related to climate change are broadly in line with market standard, but could be enhanced.</p> <p>Exxon Mobil Corporation</p> <p>Date: 31 May 2023</p> <p>Country: USA</p> <p>% of Fund: 1.0%</p> <p>Proposal: Establish board committee on decarbonisation risk (shareholder proposal)</p> <p>Instruction: Against</p> <p>Vote against management: No</p> <p>Rationale: State Street state that this proposal does not merit support as the company's disclosures pertaining to climate change are reasonable. The manager considers this vote to be significant as it relates to climate which is one of their key engagement priorities.</p>
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Fund	Portfolio Turnover 01/01/23 – 31/12/23
LGIM – MSCI ACWI Adaptive Cap with ESG Equity Fund	43.2%
LGIM – Infrastructure Equity MFG Fund - GBP Currency Hedged	29.3%
Insight Liability Driven Investment Portfolio	81.0%
AXA Buy & Maintain Credit Portfolio	3.9%
Aviva Lime Property Fund	1.9%
Alpha Real Index Linked Income Fund	11.4%

4) Summary

The Trustee believes that the Scheme's engagement and voting policies, as outlined in the SIP, has been adhered to over the Scheme year.

Following monitoring of the Scheme's investment manager over the year, and reviewing the voting information outlined in this statement, the Trustee is satisfied the Scheme's investment managers are acting in the best interest of the Scheme's members and are effective stewards of the Scheme's assets.

The Trustee will continue to monitor the investment managers' stewardship practices on an ongoing basis.