

# Engagement Policy Implementation Statement (“EPIS”)

## The Tyco Electronics (UK) Pension Plan (the “Plan”)

### Plan Year End – 30 September 2023

The purpose of the EPIS is for us, the Trustees of the Tyco Electronics (UK) Pension Plan, to explain what we have done during the year ending 30 September 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
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 the ‘most 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.**

In our view, most of the Plan’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

While LGIM and BlackRock provided lists of their fund-level engagement, these examples did not give as much detail as required by the best practice industry standard. Our fiduciary manager, Aon will continue to engage with these managers to encourage better reporting.

We delegate the management of most of the Scheme’s assets to our fiduciary manager, Aon Investments Limited (“Aon”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations.

## How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with the Trustees' policy. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Plan is invested in where available. We also receive a detailed annual stewardship report from Aon, detailing stewardship activity over the year.

During the year, we updated our Statement of Investment Principles in September 2023 to account for the updated guidance on the Stewardship section from the DWP and TPR, and ensure it remains compliant with this guidance.

Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

The Plan's stewardship policy can be found in the SIP:

<https://epa.towerswatson.com/doc/TYC/pdf/tyco-statement-of-investment-principles--.pdf>

## 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 Environmental Social Governance ("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*

## Our fiduciary manager's engagement activity

We delegate the management of the Plan's defined benefit assets to our fiduciary manager, Aon. Aon manages the Plan's assets in a range of funds which can include multi-asset, multi-manager, and liability matching funds. Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity, and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars, and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code. The Code is a set of high stewardship standards for asset owners and asset managers. The Code is maintained and assessed by the Financial Reporting Council ("FRC").

### 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.

## Our managers' 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. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

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

### Voting statistics

The table below shows the voting statistics for each of the Plan's material funds with voting rights for the year to 30 September 2023.

	<b>Number of resolutions eligible to vote on</b>	<b>% of resolutions voted</b>	<b>% of votes against management</b>	<b>% of votes abstained from</b>
BlackRock - Emerging Markets Equity Fund	30,811	97.0%	11.0%	2.0%
Legal and General Investment Management ("LGIM") - Multi-Factor Equity Fund	11,891	99.9%	21.2%	0.1%

Source: Managers

### 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 table below describes how the Plan's managers use proxy voting advisers.

### 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.

<b>Description of use of proxy voting advisers (in the managers' own words)</b>	
BlackRock	<p>BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East, and Africa ("EMEA") – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.</p> <p>While we subscribe to research from the proxy advisory firms Institutional Shareholder Services ("ISS") and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.</p>
LGIM	<p>LGIM's Investment Stewardship team uses ISS' 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.</p>

Source: Managers

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix.

## Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Aberdeen ("Abrdn") - Climate Transition Bond Fund	44	2,484	Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Other - Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
Aegon Asset Management ("Aegon") - European Asset Backed Securities (ABS) Fund	132	441	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Other - Proprietary ESG assessment
BlackRock - Absolute Return Bonds Fund	391	3,886	Environment - Climate Risk Management, Operational Sustainability Social - Human Capital Management Governance - Board Composition and Effectiveness, Remuneration, Corporate Strategy, Business Oversight/Risk Management
BlackRock - Emerging Markets Equity Fund	450		Environment - Climate Risk Management, Operational Sustainability Social - Human Capital Management, Social Risks and Opportunities Governance - Corporate Strategy, Board Composition and Effectiveness, Business Oversight/Risk Management, Remuneration
LGIM - Multi-Factor Equity Fund	279	1,224	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance - Remuneration
Robeco - SDG Credit Income Fund	11	252	Environment - Climate change, Pollution, Waste Social - Human and labour rights Governance - Board effectiveness – Other Other - SDG Engagement
Robeco - Short Dated Credit Fund	23		Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management, Human and labour rights Governance - Remuneration Other - SDG Engagement

Source: Managers

## Data limitations

At the time of writing, BlackRock and LGIM did provide fund level engagement information but not in line with the requested format (the Investment Consultant Sustainability Working Group engagement reporting template), which our advisers consider to be industry standard.

This report does not include commentary on the Plan's investments in gilts/cash/insurance-linked securities because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Plan's assets that are held as AVCs.

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

<b>BlackRock - Emerging Markets Equity Fund</b>	<b>Company name</b>	PT Astra Agro Lestari Tbk
	<b>Date of vote</b>	03-Apr-2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<i>Not provided</i>
	<b>Summary of the resolution</b>	Elect Directors and Commissioners and Approve Their Remuneration
	<b>How you voted</b>	Against
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	<b>Rationale for the voting decision</b>	Vote against, as shareholders would benefit from greater disclosure/evidence on how the company is mitigating adverse impacts and/or managing related risks.
	<b>Outcome of the vote</b>	Pass
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	<b>On which criteria have you assessed this vote to be "most significant"?</b>	<i>Not provided</i>
<b>LGIM - Multi-Factor Equity Fund</b>	<b>Company name</b>	Alphabet Inc.
	<b>Date of vote</b>	02-Jun-2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.7%



<b>Summary of the resolution</b>	Approve Recapitalization Plan for all Stock to Have One-vote per Share
<b>How you voted</b>	For (against management recommendation)
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
<b>Rationale for the voting decision</b>	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
<b>Outcome of the vote</b>	Fail
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
<b>On which criteria have you assessed this vote to be "most significant"?</b>	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

*Source: Managers. Wording provided directly by underlying investment managers.*