

Perenco UK Pension Plan

Implementation Statement for the Defined Benefit section for the year ending 31 December 2022

This is the Defined Benefit section Implementation Statement prepared by the Trustees of the Perenco UK Pension Plan ("the Plan") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 December 2022.

Stewardship policy

At the time of this statement, the Trustee had not set stewardship priorities / themes for the Plan but will be considering the extent that they wish to do this in due course, in line with other Plan risks.

How voting and engagement/stewardship policies have been followed

The Plan's Defined Benefit (DB) section invests entirely in pooled funds, and as such the responsibility for carrying out voting and engagement activities have been delegated to the Plan's fund managers.

The Trustee initially considered their views on the financial materiality of ESG (including climate change) factors, as well as the way in which ESG is taken into account by each of the Plan's managers and at a strategy level at their meeting on 4 June 2019. They considered that the managers' policies are reasonable and in broad alignment with the Trustee's own policies. Following this, an ESG policy was developed and draft wording for an updated Statement of Investment Principles was produced. This draft wording was considered at the Trustee meeting on 19 September 2019. A final version was then signed and uploaded to the company website ahead of the 1 October deadline.

The Plan disinvested from the Baillie Gifford Multi-Asset Growth Fund and the Janus Henderson Multi-Asset Credit Fund in Q4 2022. The Statement of Investment Principles was updated post year-end to reflect these changes. There were no changes to the Plan's views on the financial materiality of ESG factors, however, the Plan's remaining holdings are bond holdings which do not carry voting rights. The Trustees will consider the current composition of the investment portfolio when setting their stewardship themes in due course.

In addition to the information required for the drafting of this Statement, the Trustee also carried out formal monitoring of the investment managers' approach to ESG and climate related risks during 2022 via a report from their investment consultants. This report was provided post year end and is due to be reviewed at the next Trustee meeting to ensure alignment with the Trustees policies. The Trustees have no concerns that voting and engagement activities undertaken by asset managers on their behalf have been not been their members' best interests.

**Prepared by the Trustee of the Perenco UK Pension Plan
March 2023**

Voting Data

| Manager | Baillie Gifford |
|---|---|
| Fund name | Baillie Gifford Multi Asset Growth Fund |
| Structure | 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. |
| Number of company meetings the manager was eligible to vote at over the year | 89 |
| Number of resolutions the manager was eligible to vote on over the year | 933 |
| Percentage of resolutions the manager voted on | 95.6% |
| Percentage of resolutions the manager abstained from | 1.2% |
| Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on | 97.8% |
| Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on | 3.5% |
| Percentage of resolutions voted contrary to the recommendation of the proxy advisor | Not applicable |

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 Trustee 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. At this time, the Trustee has not set stewardship priorities / themes for the Plan but will be considering the extent that they wish to do this in due course, in line with other Plan risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific significant voting policy. In future, if the Trustee holds investments that have voting rights attached, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Baillie Gifford have provided a selection of eight unique votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has provided these votes from the manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Plan.

Baillie Gifford, Multi Asset Growth Fund – Table 1 of 2

| | Vote 1 | Vote 2 | Vote 3 | Vote 4 |
|---|---|---|---|---|
| Company name | Galaxy Entertainment Group | Royal Caribbean Cruises | Duke Realty Corporation | Greggs plc |
| Date of vote | 12 May 2022 | 2 June 2022 | 28 September 2022 | 17 May 2022 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 0.06% | 0.07% | 1.68% | 0.25% |
| Summary of the resolution | Amendment of Share Capital | Appoint/pay auditors | Say on Pay and Remuneration | Remuneration Report |
| How the manager voted | Against | Against | Against | Against |
| If the vote was against management, did the manager communicate their intent to the company ahead of the vote? | No | Yes | Yes | No |
| Rationale for the voting decision | The manager opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. | The manager opposed the appointment of the external auditor due to concerns with the length of tenure. | While the manager was supportive of the proposed merger with Prologis, they were uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution. | The manager voted against the remuneration report due to concerns over executive pay increases and misalignment of pension rates. |
| Outcome of the vote | Pass | Pass | Fail | Pass |
| Implications of the outcome | The manager has opposed similar resolutions in previous years and will continue to advise the company of their concerns and seek to obtain proposals that they can support. | The existing auditor has been in place since 1989, and the manager had previously raised this excessive tenure with the company. As no change in auditor has taken place, they chose to oppose. | The manager unsuccessfully attempted to engage the company on its approach to compensation at this year's AGM but will continue their efforts to do so going forward. | Following casting a vote, the manager engaged with the Company to provide reasons for their opposition on the remuneration report and ask for clarification on pay setting for the CEO. The Company acknowledged feedback on pensions and pay increases and explained how the new CEO's salary was set. |
| Criteria on which the vote is considered "significant" | The resolution received greater than 20% opposition | This resolution is significant because the manager opposed the election of auditors. | The resolution received greater than 20% opposition | The manager opposed remuneration |

Baillie Gifford, Multi Asset Growth Fund – Table 2 of 2

| | Vote 5 | Vote 6 | Vote 7 | Vote 8 |
|---|---|---|--|--|
| Company name | Leg Immobilien SE | Fraport AG | Booking Holdings Inc. | Lyft Inc. |
| Date of vote | 19 May 2022 | 24 May 2022 | 9 June 2022 | 16 June 2022 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 0.42% | 0.23% | 0.01% | 0.04% |
| Summary of the resolution | Executive Remuneration | Remuneration report | Executive Remuneration | Report on lobbying activities |
| How the manager voted | Against | Against | Against | For |
| If the vote was against management, did the manager communicate their intent to the company ahead of the vote? | The manager opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching. | The manager opposed the resolution to approve the remuneration report because the company exercised discretion to amend the performance conditions attached to the 2018 LTIP, which they do not believe to be in the best interest of shareholders. | The manager opposed executive compensation due to concerns with adjustments made to the plan and the granting of retention awards. | The manager supported a shareholder proposal requesting further reporting on lobbying activities as they believe the company can make further improvements in this area. |
| Rationale for the voting decision | The manager opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching. | The manager took the decision to oppose the remuneration report due to the committee's decision to make in-flight adjustments to the 2018 LTIP. | The manager opposed executive compensation due to concerns with adjustments made to the plan and the granting of retention awards. | The manager supported a shareholder proposal requesting further reporting on lobbying activities as they believe the company can make further improvements in this area. |
| Outcome of the vote | Pass | Pass | Fail | Fail |
| Implications of the outcome | Following their vote decision, the managers reached out to the company to let them know about their dissent on remuneration and set out their expectation on pay. | The manager encouraged the board to revise the vesting condition of rewards to ensure that no vesting occurs below median performance. | The manager intends to re-engage with the company to learn how it intends to respond to the vote outcome and shareholders' concerns. | Lyft updated its policy on lobbying last year to add additional information in response to a high level of support. However, the manager believe Lyft can go further with disclosures and will continue to engage with them on this. |
| Criteria on which the vote is considered "significant" | This resolution is significant because the manager opposed remuneration. | This resolution is significant because the manager opposed remuneration. | This resolution is significant because it received greater than 20% opposition. | This resolution is significant because it was submitted by shareholders and received greater than 20% support. |

Fund level engagement

| Manager | Baillie Gifford | Janus Henderson | Insight |
|---|---|--|---|
| Fund name | Multi Asset Growth Fund | Multi Asset Credit Fund | Buy and Maintain Bond Fund LDI Partially Funded Gilt Funds LDI Inflation Focus Funds LDI Liquidity Plus Fund |
| Does the manager perform engagement on behalf of the holdings of the fund | Yes | Yes | Buy and Maintain Bond Fund: Yes Not applicable for the remaining funds. |
| Has the manager engaged with companies to influence them in relation to ESG factors in the year? | Yes | Yes | Yes |
| Number of engagements undertaken on behalf of the holdings in this fund in the year | 29 engagements with 24 companies | 67 engagements with 47 companies | Buy and Maintain Bond Fund: 171 engagements with 77 companies. Not provided for the remaining funds. |
| Number of engagements undertaken at a firm level in the year | 1255 engagements with 495 companies | 680 engagements with 590 companies (January to October) | 948 engagements with 611 companies |
| Examples of engagements undertaken with holdings in the fund | Rexford Industrial Realty – Baillie Gifford met with Rexford’s CEO to discuss their decarbonisation plan, physical risk exposure and adaptation planning alongside broader sustainability discussions. | Volkswagen – Janus Henderson engaged with the company amid allegations that the company used forced labour in its plant in Xinjiang, China, resulting in new legislation coming into force. | Key engagement topics over the year include climate change, natural resource use and impact, pollution and waste and conduct, culture and ethics. |