

Implementation Statement

United Glass Pension Plan

Purpose of this statement

This is the Implementation Statement prepared by the Trustee of the United Glass Pension Plan (“the Plan”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2023.

Please note investment managers typically report on voting data based on calendar quarters. As such, the voting information within this statement relates to the 12 months to 31 March 2023, rather than the 12 months to 5 April 2023 (the Plan’s year-end).

How voting and engagement policies have been followed

Based on the information provided by the Plan’s investment managers, the Trustee believes that their policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such, delegates responsibility for carrying out voting and engagement activities to the Plan’s fund managers.
- The Trustee has reviewed the stewardship and engagement activities of their investment managers during the year, and were satisfied that the policies followed by the managers were reasonable and in alignment with the Trustee’s own policies. No remedial action was required during the period.
- The Trustee believes that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members’ best interests.
- As part of ongoing monitoring of the Plan’s investment managers, the Trustee uses ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Plan’s investment managers take account of ESG issues.

Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in December 2022 and has been made available online here: <https://www.o-i.com/wp-content/uploads/2023/01/SIP-Dec-22-for-publishing-on-O-I-website.pdf>

There were no changes made to the stewardship policy over the year.

The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Plan’s investment managers.

The Trustee has decided not to set stewardship priorities for the Plan because the Plan solely invests through pooled investment vehicles where the Plan's assets only represent a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. Additionally, only 10% of the Plan's investment strategy is invested in assets with voting rights attached. Given the Plan's expectation to de-risk and reduce the allocation over time, the Trustee decided not to set stewardship priorities. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually.

**Prepared by the Trustees of the United Glass Pension Plan
August 2023**

Voting data

An overview of the voting data throughout the year to 31 March 2023 for each of the funds that held equities during the year is shown in the tables below. This will include multi-asset funds that contain equities as part of their portfolio (i.e. the Baillie Gifford and Schroder multi-asset funds). The Plan disinvested from the Baillie Gifford Multi Asset Growth Fund over the year and transferred the proceeds to the Protection portfolio. Voting data is shown for all of the funds held over the year.

Please note that the information for the hedged and unhedged versions of the LGIM Future World Global Equity Index Fund is equivalent. As such, the information for the unhedged version only is displayed to avoid duplication. An asterisk (*) denotes that the Plan also invests in the hedged version of this fund.

Manager	Baillie Gifford	LGIM	Schroder
Fund name	Multi Asset Growth Fund	Future World Global Equity Index Fund*	Life Diversified 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	84	5,067	1,290
Number of resolutions the manager was eligible to vote on over the year	885	54,368	15,823
Percentage of resolutions the manager voted on	97.1%	99.9%	95.3%
Percentage of resolutions voted on, where the manager abstained from voting	1.2%	1.0%	0.6%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	95.2%	80.4%	90.0%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	3.6%	18.6%	9.4%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor**	n/a	10.5%	2.4%

**LGIM's Investment Stewardship team uses ISS's '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.

Baillie Gifford use ISS and Glass Lewis as proxy advisors. Baillie Gifford do not delegate or outsource any of their stewardship activities or follow or rely upon the proxy advisors' recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies.

Schroders use ISS as their one service provider for which they have their own bespoke policy.

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 or themes.

At this time, the Trustee has not set stewardship priorities or themes for the Plan. 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 has not developed a specific voting policy.

Baillie Gifford, LGIM and Schroders have provided a selection of over 10, 500, and 1000 votes, respectively, which they believe to be significant. In the absence of agreed stewardship priorities or themes, the Trustee has selected 3 votes that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Plan. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below, where this data has been provided by the investment managers.

A summary of the significant votes provided is set out below. As for the tables above, the hedged versions of the LGIM equity fund has been omitted to avoid duplication and are indicated by asterisks.

Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Duke Realty Corporation	LGE Immobilien SE	Greggs Plc
Date of vote	28 September 2022	19 May 2022	17 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.88%	0.42%	0.25%
Summary of the resolution	Vote 1: Say on Pay Frequency Vote 2: Remuneration	Remuneration	Remuneration
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	While Baillie Gifford were 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, which ultimately received 91.64% of votes against the resolution. They unsuccessfully attempted to engage the company on its approach to compensation at this year's AGM and will continue their efforts to do so going forward.	Baillie Gifford opposed the executive compensation policy as they do not believe the performance conditions are sufficiently stretching.	Baillie Gifford voted against the remuneration report due to concerns over executive pay increases and misalignment of pension rates.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	Baillie Gifford will continue their efforts to engage with the company on these matters going forward.	Following their vote decision, Baillie Gifford have reached out to the company to let them know about their dissent on remuneration and set out their expectation on pay.	Following casting a vote, Baillie Gifford reached out to the Company to provide reasons for their opposition on the remuneration report and to ask for clarification on pay setting for the CEO. The Company acknowledged Baillie Gifford's feedback

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	Baillie Gifford believe that the resolution is significant because it received greater than 20% opposition.	Baillie Gifford believe that the resolution is significant because they opposed remuneration.	on pensions and pay increases for one executive and explained how the new CEO's salary was set. Baillie Gifford believe that the resolution is significant because they opposed remuneration.

LGIM Future World Global Equity Index Fund*

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com Inc	NVIDIA Corporation	Alphabet Inc.
Date of vote	25 May 2022	2 June 2022	1 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.70%	1.20%	0.89%
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 1g - Elect Director Harvey C. Jones	Resolution 7 – Report on Physical Risks of Climate Change
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

	Vote 1	Vote 2	Vote 3
		Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	
Outcome of the vote	Resolution 1f - 93.3% of shareholders supported the resolution	Resolution 1g - 83.8% of shareholders supported the resolution	Resolution 7 – 17.7% of shareholders supported the resolution
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered “significant”	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Schroder Life Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Broadcom Inc.	Salesforce, Inc.	KLA Corporation
Date of vote	4 April 2022	9 June 2022	2 Nov 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided by the manager		

Summary of the resolution	Elect Director Harry L. You	Oversee and Report a Racial Equity Audit	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal
How the manager voted	Against	For	For
Rationale for the voting decision	Nominee sits on a number of external boards which Schroders believe may impact their role	Schroders believe such a report will help to identify any shortcomings in the company's policy and practice in relation to racial equity and inclusion	Schroders believe the proposal to be in the best interest of shareholders to better understand how the company is managing its transition.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	Data not provided by the manager		
Criteria on which the vote is considered "significant"	Vote relates to governance and is a vote against management	Vote relates to environmental & social themes, governance and is a vote against management	Vote relates to environmental & social themes and is a vote against management

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Plan's LDI, gilt and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. As for the tables above, the hedged versions of the LGIM equity fund has been omitted to avoid duplication and are indicated by asterisks.

Manager	Baillie Gifford	Janus Henderson
Fund name	Multi Asset Growth Fund	Multi Asset Credit Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	26	56
Number of engagements undertaken at a firm level in the year	666	680+ (information provided between January and October 2022)

Examples of engagements undertaken with holdings in the fund

Meituan

Baillie Gifford joined an investment meeting to seek some updates on Meituan's ESG management.

On the carbon front, Meituan is working completely in-house, and a carbon-neutral target is under discussion (currently, basic carbon emission disclosure is included in its annual report). The company has adopted renewable energy in data centres, and more details will be disclosed soon. Baillie Gifford believe that it is interesting to learn that the company is quite ambitious in developing autonomous delivery designed for different scenarios, like drones in Shenzhen.

The company is confident to handle the technology development by itself as management reckons it is more of an engineering problem. Meituan continues to improve its food supply value chain to provide standardised and affordable lunch boxes to blue-collar workers. Regarding ESG disclosure, investor relations said it would disclose an English version this year for the first time, probably a few months after the disclosure of the Mandarin version. At present, Meituan has not established a specialised ESG team yet. Employees who work on ESG wear other hats.

Altice France

In collaboration with the Governance & Stewardship team, Janus Henderson engaged with the head of Investor Relations and a Board Member. They highlighted their view that governance standards have deteriorated post the delisting in 2020. They voiced concerns about the lack of independence of the Board which has no independent member and do not include audit committee. Janus Henderson also noted that the founder and controlling shareholder Patrick Drahi is actively involved in decision making (strategic, sometimes operational).

Janus Henderson discussed executive compensation and noted that financial targets looked vague, and there was an absence of sustainability-linked targets. They shared their view that concrete leverage-based targets would make remuneration schemes more robust and that the presence of an independent director and/or better disclosures around compensation would support Janus Henderson in assessing the objectivity of the compensation framework.

Manager	LGIM	Schroder
Fund name	Future World Global Equity Index Fund*	Life Diversified Growth Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	725	1,000+
Number of engagements undertaken at a firm level in the year	1,088	2,800+

Examples of engagements undertaken with holdings in the fund

Macquarie Asset Management

LGIM arranged a call with Macquarie Asset Management, Southern Water's majority shareholder, to share its views following press attention towards UK water companies and their focus on environmental performance. This builds on LGIM's previous engagement, including with management at other companies in the sector such as Thames Water and with the regulator, Ofwat. LGIM also signed up to the Ceres investor-led 'Valuing Water Finance Initiative', aimed at engaging water users and polluters to address water risks and protect this precious and essential natural resource.

LGIM continues to limit its exposure to the bonds of weaker companies in the sector, pending evidence on progress on operational and financial issues. Press reports indicate that Thames Water has hired advisors to explore financing options. LGIM directly engages when companies are marketing bonds, and also amplifies its voice through its leading role with other sector stakeholders such as regulators and industry bodies as part of LGIM's broader aim to improve ESG factors at individual companies and across global markets.

Amazon

Schroders requested that Amazon provide additional health and safety statistics, beyond Amazon's own safety leadership index.

Following the engagement, Amazon increased disclosure on their health and safety statistics. Additionally, the company have introduced a few comparable safety statistics.

Schroders would like to see more metrics beyond the safety leadership index to mark this engagement as achieved.