STEWARDSHIP AND ENGAGEMENT IMPLEMENTATION STATEMENT

The Stepan UK Limited Retirement Benefits Scheme (the "Scheme")
1 April 2025 to 31 March 2026



Introduction

On 6 June 2019, the UK Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the "Regulations"). The Regulations require that the Trustees of The Stepan UK Limited Retirement Benefits Scheme (the "Trustees") outline how the stewardship, voting and engagement policies set out in their Statement of Investment Principles ("SIP") have been followed over the course of the year under review.

This Statement has been prepared by the Trustees with the assistance of their appointed Fiduciary Manager and is for the year ending 31 March 2026.

The Trustees' Stewardship and Engagement policies are included in the SIP which is available here.

Last review of the key policies regarding stewardship and engagement

Policies regarding stewardship, voting and engagement were last reviewed as part of a wider review of the SIP in July 2024. The Trustees confirmed that the policies remained suitable and in the best interests of members. No material changes were made.

This statement provides information from the appointed Fiduciary Manager on how votes have been cast over the last year and more generally on how Environmental, Social and Governance ("ESG") factors are integrated into the Fiduciary Manager's investment philosophy and by association the underlying specialist managers used in the portfolio.

Voting behaviour

Under the Fiduciary Management arrangement, the Trustees have delegated proxy voting and engagement decisions to the Fiduciary Manager. The Fiduciary Manager has a robust and well-established set of guidelines to follow when voting on the Trustees' behalf which are reviewed and updated on an annual basis. A copy of the Fiduciary Manager's Proxy Voting Guidelines can be found here and the most recent Investment Stewardship Report can be found here and here. The Fiduciary Manager instructs Glass Lewis, a specialist proxy voting firm, to execute the votes in-line with the agreed guidelines and where Glass Lewis cannot apply this policy the votes are referred to the Fiduciary Manager's Active Ownership Committee.

A total of 13,056 votes were placed on securities held in the Fund's growth portfolio over the period under review (excluding "Take No Action"). A summary of the voting activity carried out on behalf of the Trustees is set out below.

Key statistics

	Management Proposals	Shareholder Proposals	Total Proposals
With Management	11,781	375	**12,156**
Against Management	677	178	**855**
Votes without Management Recommendation	19	26	**45**
Take No Action	567	0	**567**
Unvoted	0	0	**0**
Totals	**13,044**	**579**	**13,623**

The decision to "Take No Action" was driven by:

- Shareblocking markets: As per the Fiduciary Managers standing instructions, if a meeting belongs to a Shareblocking market such as Switzerland, then the ballots are automatically set to Take No Action.
- This rule is applicable at the meeting and the ballot level as well. Sometimes if a meeting or a ballot is share-blocked then either the entire meeting or a ballot gets automatic "Take No Action".
- And lastly, for the contested meetings, one of the two voting cards is set to "Take No Action" (the card which is not voted).

Votes broken out by category

Topic	Number of Votes
Environmental	126 (includes climate risk issues)
Social	141
Governance	12,789

Note: This table excludes "Take No Action" votes.

Most significant votes

The Fiduciary Manager defines significant votes as ones that meet, at least, one of the following criteria:

- Votes against management proposals where the level of dissent from shareholders is 20% or higher, in line with the UK Corporate Governance Code.
- Votes supporting shareholder proposals when management is recommending against, and the level of support is 40% or higher, suggesting that the proposal nearly passed.
- Votes that directly affect shareholder equity holding or value. For example, mergers and acquisitions.
- In addition, the Fiduciary Manager will consider votes that are aligned with its stewardship priorities with regards to ESG matters.

To ensure a wide variety of the placed votes is reflected, the summary of the most significant votes below has been split into ESG categories. Any reference to "we" and/or "us" in the following examples refers to the Fiduciary Manager's views and/or approach followed when voting on behalf of the Trustees.

As at 31 March 2026, the Scheme was 22.4% invested in the Multi-Asset Growth Strategy Fund (MAGS), which in turn held 61.1% in equities. At the same date, the Scheme was 0.87% of the total MAGS Fund. This statement does not include the fixed income funds, as the voting only covers equity engagements. The following size of holdings are references to the approximate weight of the company as a proportion of the MAGS Fund.

Environmental votes

Centene Corp.	
Shareholder Proposal Regarding Report on Contribution to Climate Change and Alignment with the Paris Agreement	
Date	13/05/25
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.08%
Mgmt. recommendation	Against
How the vote was cast	For
Vote outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Environmental Shareholder proposal
Rationale	
This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support this proposal, along with ~23% of shareholders. The Company has not set formal GHG reduction targets, lagging peers which have set formal targets. Although some peers also lack targets, a majority of S&P 500 companies have adopted Scope 1 and 2 goals, making this a growing market standard. This proposal is non-binding and retains the board's discretion over strategy. Voting in favour allows shareholders to engage meaningfully without shifting oversight responsibilities. We consider this vote consistent with sound stewardship and aligned with long-term shareholder interests.	

PulteGroup Inc	
Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement	
Date	30/04/2025
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.23%
Mgmt. recommendation	Against
How the vote was cast	For
Vote outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Environmental Shareholder proposal
Rationale	
This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support this proposal, along with ~24% of shareholders. The Company offers limited disclosure on its climate-related risks and policies, reports Scope 1, 2, and 3 GHG emissions and has board-level oversight of climate matters. However, it has not established any GHG reduction targets. Although some peers also lack targets, a majority of S&P 500 companies have adopted Scope 1 and 2 goals, making this a growing market standard.	

Social votes

Dollar General Corp.	
Shareholder Proposal Regarding Human Rights Policy	
Date	29/05/2025
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.68%
Mgmt. recommendation	Against
How the vote was cast	For
Vote outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Social Shareholder Proposal
Rationale	
This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support this proposal, along with ~23% of shareholders. The Company discloses its commitment to human rights in its recently adopted policy; however, this policy still lags peers as it primarily addresses suppliers and vendors, with limited provisions applying to its direct employees. The Company could reasonably strengthen this policy by formalizing its human rights commitments across its own operations. Additionally, disclosure regarding workers' rights to freedom of association and collective bargaining is minimal. Given the labour risks the Company acknowledges — and recent controversies related to employee unionization efforts — shareholders would benefit from a comprehensive human rights policy that explicitly covers these matters.	

Otis Worldwide Corp	
Shareholder Proposal Regarding Political Contributions and Expenditures Report	
Date	15/05/2025
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.36%
Mgmt. recommendation	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Social Shareholder Proposal
Rationale	
This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support this proposal, along with ~40% of shareholders. The Company discloses a political contributions policy and a list of trade association memberships; however, it does not appear to maintain formal board-level oversight of political spending or publicly report specific political contributions. We believe shareholders would benefit from more comprehensive and transparent disclosure of the Company's political spending activities. Enhanced reporting would better enable shareholders to assess the potential risks associated with such expenditures.	

Corporate governance votes

Micron Technology Inc.	
Shareholder Proposal Regarding Right to Call Special Meeting	
Date	15/01/2026
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.13%
Mgmt. recommendation	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Top Holding, Vote Against Management, Controversial Outcome, Governance Shareholder Proposal
Rationale	
We consider the ability to call a special meeting to be a fundamental shareholder right and encourage companies to establish thresholds that prevent misuse while still enfranchising smaller shareholders. Given the size and structure of the Company's shareholder base, A 10% threshold for calling a special meeting is appropriate. Approximately 43% of the vote supported this proposal.	

Analog Devices Inc.	
Shareholder Proposal Regarding Right to Call Special Meetings	
Date	11/03/2026
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.20%
Mgmt. recommendation	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Top Holding, Vote Against Management, Controversial Outcome, Governance Shareholder proposal
Rationale	
We consider the ability to call a special meeting to be a fundamental shareholder right and encourage companies to establish thresholds that prevent misuse while still enfranchising smaller shareholders. Given the size and structure of the Company's shareholder base, A 10% threshold for calling a special meeting is appropriate. Approximately 39% of the vote supported this proposal.	

Engagement activities

Not all investments have voting rights attached to them; however, asset owners can engage with the issuers of equity and debt to influence positive change. The Trustees are supportive of engagement with investee companies in this way and have delegated this activity to the Fiduciary Manager.

The Fiduciary Manager aims to engage with companies on overall business strategy, capital allocation, and ESG practices while encouraging appropriate levels of risk mitigation. The Fiduciary Manager's engagement policy is available here and examples of engagement activity are provided below.

Any reference to "we", "our" and/or "us" in the following examples refers to the Fiduciary Manager's policy, views and activity.

Example 1: Board Composition & Accountability

Engagement action: Russell Investments engaged with a globally operating bank ahead of its annual general meeting to discuss governance practices, with a particular focus on the Company's continued refusal to separate the Board Chair and CEO roles.

Engagement objective: To gain a clearer understanding of the board's rationale for maintaining a combined Chair/CEO structure and to evaluate whether this approach sufficiently addresses shareholder concerns around concentrated power, succession planning, and risk oversight.

Engagement summary: The Company stated that their long-tenured CEO will continue to serve as both Board Chair and CEO, supported by a Lead Independent Director who provides additional oversight. The Company maintained its view that its current governance structure is appropriate and emphasised that it does not endorse a "one size fits all" approach to board leadership. They also reiterated that it would only revisit the question of separating the roles during the next CEO transition. Despite this explanation, the Company did not directly address longstanding investor concerns—particularly around the concentration of authority and the implications for effective risk management at a systemically important institution.

Engagement outcome: Given the Company's unwillingness to provide a timeline for reevaluating its board leadership structure and its limited responsiveness to shareholder feedback, Russell Investments will keep the engagement open. At this stage, Russell Investments expects to continue to support shareholder proposals calling for separation of the Board Chair and CEO roles to ensure stronger independent oversight.

Example 2: Climate Change Strategy

Engagement action: Russell Investments engaged with a German utilities' provider on climate change resilience strategy and decarbonisation targets.

Engagement objective: Russell Investments engaged the Company to understand how it plans to deliver on its net-zero ambition, given that over 95% of its emissions are Scope 3 and largely outside its direct control. We also sought clarity on its decision not to pursue SBTi-validated long-term targets.

Engagement summary: The Company reported that Scope 1, 2, and 3 emissions have been reduced by 50%, 24%, and 46% respectively since 2019. Its decarbonisation strategy includes measures such as grid modernisation, electrification solutions, and green energy procurement. However, these initiatives are described qualitatively, without clear disclosure of their expected contribution to emission reductions, related CapEx, or timelines. The Company's €43 billion investment plan through 2028 focuses primarily on grid infrastructure, and it does not currently apply a uniform internal carbon price.

The Company outlined a decentralised approach, with each business unit responsible for its own carbon plan feeding into group targets. Most capital spending supports grid readiness for renewable energy integration, though near-term impacts on Scope 3 emissions remain limited.

Engagement outcome: Russell Investments will continue to engage with the Company as it realizes its decarbonization goals. Future engagement will focus on encouraging the Company to provide greater transparency on the drivers of Scope 3 reductions, associated investments, and how it engages customers and policymakers to accelerate progress toward its net-zero goal.

Example 3: AI and responsible digitalisation

Engagement action: Russell Investments engaged for the first time with a United States healthcare provider. The Company serves the healthcare market as a provider of health benefits for individuals, employers, governments and care providers, as well as those without the benefit of employer sponsored health benefits coverage.

Engagement objective: The objective of the engagement is to promote stronger oversight of AI risks, including unintended bias, patient harm, and algorithmic opacity, through transparent governance structures.

Engagement summary: The Company has established a Responsible AI (RAI) program, supported by a multidisciplinary AI Review Board that provides oversight across business functions. Both internally developed and externally sourced AI tools are subject to the same review standards, reflecting a consistent approach to governance and risk management. Following reforms introduced in 2023, the Company implemented enhanced ethical frameworks and instituted continuous performance reviews to monitor AI outcomes over time.

The Company highlighted its focus on explainability, fairness, and oversight through the work of its Machine Learning Review Board. However, details regarding specific interventions—such as equity audits, stakeholder engagement, or consultation processes—were not disclosed.

Engagement outcome: While the Company demonstrated awareness of various risks relating to its use of AI, it faces ongoing challenges. Russell Investments will continue this engagement, and going forward, we will encourage the Company to increase transparency around high-risk AI applications, external stakeholder engagement, and the outcomes of model interventions to further demonstrate responsible digital leadership.

Industry participation

The Trustees encourage the Fiduciary Manager to leverage its position through collaborative efforts and partnerships with other industry participants. To this end, the Fiduciary Manager is a signatory to the UK Stewardship Code 2020 and Principles for Responsible Investment ("PRI"). Following a comprehensive review, the Fiduciary Manager made the strategic decision to exit three investor-led collective engagement initiatives—Climate Action 100+ (CA100+), Net Zero Engagement Initiative (NZEI), and Nature Action 100 (NA100)—at the end of 2024. This decision reflects the Fiduciary Manager's commitment to aligning more closely with its clients' evolving priorities by bringing climate and nature risk assessments in-house.

The Fiduciary Manager is committed to delivering effective, high-impact stewardship that drives meaningful sustainability outcomes. As part of its ongoing strategy evolution, the Fiduciary Manager continuously assesses the most efficient ways to engage with investee companies, ensuring alignment with its clients' sustainability priorities and regulatory expectations. A strategic evaluation in 2024 led to increased support for its programme to strengthen in-house resources and capabilities. The sustainable investing landscape has evolved, and it is the Fiduciary Manager's belief that a more independent approach enables it to better serve its clients by aligning with their specific priorities and delivering more targeted outcomes. While the Fiduciary Manager is stepping away from some initiatives, its commitment to collaborative engagement remains robust, with a strategic shift toward more flexible, high-impact collaborations. The Fiduciary Manager maintains membership in other industry initiatives that align more closely with its engagement philosophy, including targeted engagement frameworks such as PRI. Additionally, it continues to engage directly with issuers, through sub-adviser partnerships, and via third-party research firms, ensuring rigorous oversight of sustainability risks.

PRI is a globally recognised proponent of responsible investment, which provides resources and best practices for investors incorporating ESG factors into their investment and ownership decisions. As a signatory to the PRI since 2009, the Fiduciary Manager has a long-standing relationship with the organisation and has completed the annual PRI assessment every year since 2013. The Principles are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices. The Fiduciary Manager is actively involved with the PRI, attending annual conferences and global seminars, and engaging on discussions of interest.

Compliance with the policy over the period

As holders of assets with attached voting rights, the Trustees can exercise these voting rights on behalf of members of the Scheme and believe that the best approach is to delegate the execution of their policy to the Fiduciary Manager. The Trustees have received information on the voting activity that has been carried out on their behalf on an annual basis and are comfortable with the decisions taken. Over the period, the Trustees are pleased to report that they have, in their opinion, adhered to the policies set out in their SIP.