

Annual Engagement Policy Implementation Statement

Lyondell Chemical Europe, Inc. Pension Plan

Introduction:

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the year to 30 June 2025 (the “Plan Year”). This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and subsequent amendments, and the guidance published by the Pensions Regulator.

Changes to the investment arrangements during the Plan Year

The basis of the Trustees’ strategy is to divide the Plan’s assets between Equities and Bonds, which comprise of assets such as UK gilts, UK index-linked gilts and UK corporate bonds. The Trustees regard the basic distribution of the assets to be appropriate for the Plan’s objectives and liability profile.

There were no changes to the investment arrangements or the SIP during the Plan year. This statement is based on the relevant version of the SIP that was in place during the Plan year, which was the SIP dated May 2024.

Investment Objectives of the Plan:

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIPs in place during the Plan Year are as follows:

The Trustees’ funding objective is to have sufficient assets so as to make provision for 100% of the Plan’s liabilities as determined by an actuarial calculation. The Trustees aim to invest the assets of the Plan prudently to ensure that the benefits promised by members are provided.

The Trustees have set an investment strategy by first considering the lowest risk asset allocation that they could adopt in relation to the Plan’s liabilities, and then selecting a strategy that is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Plan’s liabilities.

Policy on ESG, Stewardship and Climate Change

The Trustees keep their policies under regular review with the SIP subject to review at least triennially or following any material change in investment strategy or policy. The Plan’s SIP includes the Trustees’ policy on Responsible Investment and Corporate Governance, which includes reference to Environmental, Social and Governance (“ESG”)

factors as well as stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This policy was last reviewed during the Plan Year (in March 2025).

The following work was undertaken during the year relating to the Trustees' policy on ESG factors, stewardship and climate change, and sets out how the Trustees' engagement and voting policies were followed and implemented during the year.

Engagement

The Plan's investment performance reports were received by the Trustees on a quarterly basis during the year under review and considered in more detail at the Trustees' meetings on 22 October 2024 and 13 March 2025 – these included ratings (both general and ESG specific) derived by the Trustees' investment consultant. All of the pooled funds in which the Plan invested over the Plan Year remained highly rated during the year, where relevant.

The Trustees were comfortable with the ratings applied to the funds and continue to closely monitor the strategy ratings and the extent to which ESG factors are taken into account in the investment process, as well as any significant developments at the investment manager.

The Trustees also reserve the right to challenge the investment manager directly on ESG policies and practices, if deemed appropriate. The Trustees kept LGIM's capabilities under review during the year and remained comfortable that LGIM remains a market leader in ESG matters and uses its scale to engage productively to change corporate behaviours and drive change, where deemed necessary.

LGIM is a signatory to the UK Stewardship Code 2020, following the submission and approval of the required reporting to the Financial Reporting Council.

The Trustees' investment consultant requested, on behalf of the Trustees, details of relevant engagement activity for the Plan Year from LGIM. LGIM engaged with companies on a wide range of different issues including ESG matters such as climate change, social and financial inclusion, and board structure. LGIM provided the following examples of engagement undertaken during the Plan Year:

Environmental

LGIM has been engaging with Rio Tinto since voting against their Climate Impact Plan in 2022, given the lack of a quantifiable target for scope 3 emissions and the absence of a commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. In August 2024, LGIM introduced an updated framework for assessing mining companies' climate transition plans. Following substantive progress made by Rio Tinto, in 2025 LGIM voted in favour of the company's Climate Action Plan as it closely aligns with LGIM's framework and should support a decarbonisation journey and the creation of long-term value as the climate transition unfolds. LGIM will continue engagement with Rio Tinto and will monitor progress over time.

Social

LGIM recognises that closing the global living wage gap could add over \$4.56 trillion annually through increased productivity and spending, positively impacting world GDP. As

a diversified investor, LGIM considers the living wage a financially material issue and has engaged on it for a number of years.

LGIM co-chairs the Platform for Living Wage Financials (“PLWF”), a group of 24 financial institutions which encourages, supports, and monitors investee companies to enable living wages and living incomes within global supply chains in the garment, food, agriculture, and retail sectors. LGIM participates in engagements, including leading efforts with food retailers e.g. Nestlé and Starbucks and supporting assessments of policies on living wages for company employees and workers within their supply chain. Recent findings show that few companies meet the highest standards, and LGIM has highlighted the need for improvements, noting more policies exist for supply chain workers than for company employees.

Governance

LGIM has engaged with peers through the Investor Forum to address concerns over hedge fund Saba Capital Management LP’s attempt to gain control of seven UK investment trusts. Saba, holding 19-29% stakes, aimed to replace directors and appoint itself as investment manager, leveraging a lower shareholder approval threshold for a takeover-like move that typically requires a higher vote.

LGIM opposed these resolutions, voting against Saba’s proposals, and highlighted concerns about the process by which Saba was seeking control of the trusts and a probable change of investment strategy, with the lack of a control premium for minority shareholders or the requisite shareholder approval voting threshold normally required for such strategic proposals. LGIM voted against the Saba-proposed resolutions at each of the trusts. Saba’s efforts did not secure enough shareholder support. The incident has drawn attention to governance standards in UK investment trusts and underscored the importance of transparent communication with retail investors. LGIM will remain vigilant to protect shareholders from similar actions in the future.

Voting Activity

The Plan is invested in multi-client pooled funds therefore the Trustees do not have direct voting rights in relation to the Plan’s investments. The Trustees have delegated their voting rights to the Plan’s investment manager. Where applicable, the investment manager is expected to provide voting summary reporting on a regular basis, at least annually. The Trustees do not use the direct services of a proxy voter. The Trustees did not actively challenge LGIM on its voting activity during the Plan Year.

The Trustees had equity exposure through the following LGIM funds during the relevant period;

- UK Equity Index Fund
- North American Equity Index Fund
- Europe (ex-UK) Equity Index Fund
- Japan Equity Index Fund
- Asia Pacific (ex-Japan) Developed Equity Index Fund

The table overleaf highlights key metrics as to how LGIM has exercised the voting rights and/or engagement activity on behalf of the Trustees, covering the period 1 July 2024 to 30 June 2025.

Fund	Votable meetings	Total votable proposals	No. of proposals voted on behalf of investors	Participation rate	% votes against management
UK Equity Index	723	10,214	10,214	100.0%	6.3%
North America Equity Index	590	7,717	7,692	99.7%	40.8%
Europe (ex-UK) Equity Index	487	8,677	8,677	100.0%	16.8%
Japan Equity Index	487	5,834	5,834	100.0%	8.3%
Asia Pacific ex Japan Developed Equity Index	450	3,381	3,381	100.0%	24.7%

Significant votes

The Trustees deem ‘most significant votes’ as votes on climate change related resolutions, such as a vote requiring publication of a business strategy that is aligned with the Paris Agreement, and votes that have the potential to substantially impact financial outcomes.

The Trustees also consider the size of holding when determining the most significant votes from those that meet the above criteria, given the passive management approach of the equity funds and the considerable number of underlying companies within each fund. Based on the respective proportions of the Plan’s overall equity portfolio, the Trustees focused on the largest three holdings that met the above criteria for the North America Equity Index Fund and the largest holding for each of the other funds (based on the approximate size of the fund’s holding as at the date of the relevant vote).

The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustees did not inform LGIM of what they considered to be a ‘significant vote’ in advance of voting.

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:

- 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;
- 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.

The Trustees have reviewed this voting information provided by LGIM and view the following votes as the most significant in accordance with the Trustees’ most significant votes definition.

Company / Date of vote	Why it is significant / Size of holding	Summary of Resolution / Vote cast	Rationale for voting decision	Outcome
North America Equity Fund (Target Allocation: 12.5%)				
Meta Platforms, Inc. 28/05/2025	Top 3 Holding / Financial Outcomes 2.4%	Elect Director Peggy Alford Against*	LGIM voted against the resolution for a variety of reasons, including expecting a company to have at least one-third women on the board, and to elect an independent lead director where there is a combined Board Chair and CEO. A WITHHOLD vote is further warranted for Peggy Alford in her capacity as chair of the compensation, nominating, & governance committee due to consecutive years of high director pay without reasonable rationale disclosed.	Passed
Alphabet Inc. 06/06/2025	Top 3 Holding / Financial Outcomes 1.9%	Elect Director John L. Hennessy Against*	LGIM voted against the resolution for a variety of reasons, including expecting a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background, expecting a company to have at least one-third women on the board, and expecting the Chair of the board to have served for no more than 12 years.	Passed
Broadcom Inc. 21/04/2025	Top 3 Holding / Climate Change 1.5%	Elect Director Henry Samuelli Against*	A vote against is applied as the company is deemed not to have made sufficient progress against LGIM's climate expectations and red lines.	Passed
Europe (ex UK) Equity Index Fund (Target Allocation: 5.0%)				
LVMH Moët Hennessy Louis Vuitton SE 17/04/2025	Top Holding / Financial Outcomes 1.7%	Re-elect Bernard Arnault as Director Against*	A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate and not to be recombined once separated. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	Passed
UK Equity Index Fund (Target Allocation: 2.5%)				
Shell Plc 20/05/2025	Top Holding / Climate Change 7.7%	Request company disclose whether and how its demand forecast for Liquefied Natural Gas ("LNG"); LNG production and sales targets; and new capital expenditure in natural gas assets; are consistent with climate commitments. Against*	While LGIM recognise the intent behind the resolution, they decided to vote against it following careful consideration. This decision followed a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations. LGIM acknowledged meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, LGIM believe the resolution's key objectives are being addressed through ongoing company actions.	Failed

Company / Date of vote	Why it is significant / Size of holding	Summary of Resolution / Vote cast	Rationale for voting decision	Outcome
Asia Pacific (ex Japan) Developed Equity Index (Target Allocation: 2.5%)				
BHP Group Limited 30/10/2024	Top Holding / Climate Change 5.1%	Approve Climate Transition Action Plan For	The critical minerals that mining companies provide are essential to the energy transition. BHP has made significant strides in carrying out its core role in the transition in a sustainable manner and has demonstrated this through the substantial alignment of its Climate Transition Action Plan ("CTAP") with LGIM's framework for assessing mining company transition plans. Therefore, LGIM support BHP's CTAP. Going forward, LGIM will assess the disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. LGIM will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.	Passed
Japan Equity Index Fund (Target Allocation: 2.5%)				
Mitsubishi UFJ Financial Group, Inc. 27/06/2025	Top Holding / Climate Change 3.2%	Amend Articles to add provision on disclosure of financial risk audit by Audit Committee For	While noting the Company's existing disclosures regarding its oversight of climate change risk management, LGIM consider that there is room for further information on the oversight of risk controls within the Company's audit report. They believe that increased disclosures around the Audit Committee's assessment of the adequacy of these processes would help the Company and its Board in placing the appropriate focus on risk assessments.	Failed

** LGIM publicly communicates its vote instructions on its website with the 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 their engagement is not limited to shareholder meeting topics.*

In terms of next steps following the outcomes of the above votes, LGIM will continue to engage with the investee companies, publicly advocate its position on the issues raised and monitor company and market-level progress.

Investment Manager Performance and Fees

The investment performance reports were received by the Trustees on a quarterly basis during the year under review and considered in more detail at the Trustees' meetings on 22 October 2024 and 13 March 2025. Over the 3-year period to 30 June 2025, the Plan returned -1.2% p.a., broadly in line with the benchmark return of -1.1% p.a. (net of fees).

The Trustees have reviewed the performance of both the overall investment strategy and each of the underlying funds against suitable benchmarks. The Trustees did not draw any concerns around the performance of the investment manager during the Plan Year.

The Trustees periodically review investment manager fee levels to ensure the Plan achieves value for money. Over the Plan Year, there were no changes to the remuneration arrangements with LGIM. The Trustees reserve the right to challenge the investment manager on its fee arrangements, should this be deemed appropriate.