

AEROSOLS INTERNATIONAL LIMITED PENSION PLAN

YEAR ENDED 5 APRIL 2023

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

INTRODUCTION

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 5 April 2023. 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, as amended, and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustee's primary investment objective is to ensure that it can meet its obligations to the beneficiaries of the Plan both in the short and long term. Further details on the Trustee's specific investment objectives can be found in the SIP.

Investment Strategy

During the course of the year, the Trustee did not make any changes to the Plan's investment strategy.

Review of the SIP

No changes to the SIP were made over the year and the Plan's SIP dated September 2020 remains in force.

Assessment of how the Engagement Policies in the SIP have been followed for the year to 5 April 2023

The Trustee is satisfied that the Engagement Policies set out in the SIP have been followed and this Statement sets out further background.

Plan's Investment Structure

The Plan's only investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius).

Mobius provides an investment platform and enables the Plan to invest in pooled funds managed by third party investment managers.

As such, the Trustee has no direct relationship with the Plan's underlying investments managers.

The Trustee has the responsibility of monitoring the pooled funds, in conjunction with advice received from its investment advisor, Atkin Pensions.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change, which also sets out the processes followed by the Trustee in relation to voting rights and stewardship.

The Trustee has considered financially material factors such as ESG issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Plan for members. The Trustee believes that ESG factors are implicitly reflected in the expected risk and return profile of the asset classes the Plan is invested in and it is therefore in members' best interests to account for these factors within the investment process.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect the fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Plan's assets are subject to the pooled fund managers' own policies on responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Plan with the help of the investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers.

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ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Policy on ESG, Stewardship and Climate Change (continued)

The Trustee will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

Atkin Pensions' performance reporting includes Atkin Pensions ESG scores for the funds in which the Plan is invested. These scores reflect Atkin Pensions view on how the managers incorporate ESG factors into the management of their funds and help the Trustee to determine whether further action should be taken in respect of specific funds.

The Trustee is satisfied that for those funds for which Atkin Pensions' ESG scores are available, they are satisfactory in the context of the mandates of the funds.

The following sections set out how the Trustee's engagement and voting policies were followed and implemented during the year.

Engagement

Monitoring

- The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers, implementing investment strategy decisions, and monitoring the existing investment managers.
- Managers will be expected to report on their own ESG policies as and when requested by the Trustee.
- The Plan's investment performance report is reviewed by the Trustee on a half yearly basis – this includes ratings from the investment adviser. These ratings include an indication of Atkin Pensions' conviction in the ability of a manager to deliver its performance objectives. Deteriorations in these ratings may prompt the Trustee to consider terminating certain managers. The investment performance report includes details of how each investment manager is delivering against their specific mandates.

Stewardship

- The assets are invested in pooled funds through Mobius and are subject to the stewardship policies of those pooled funds.

Voting Activity

The Plan has no direct relationship with the pooled funds it is ultimately invested in, and therefore has no voting rights in relation to the Plan's investments and no direct ability to influence the managers of the pooled funds. The Trustee has therefore effectively delegated its voting rights to the managers of the funds the Plan's investments are ultimately invested in.

If the Trustee were to be specifically invited to vote on a matter relating to the corporate policy, it would exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's members. However, the Trustee has not been asked to vote on any specific matters over the reporting period.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Plan's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's' statement.

The tables below and on the following pages set out a summary of the key voting activity over the financial year.

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Voting Activity (continued)

Fund	Votes cast		
	Votes in total	Votes against management endorsement	Abstentions
LGIM			
Global Equity (70:30) Index Fund	76,499	14,135	802
LGIM			
Diversified Fund	99,647	19,949	686
LGIM			
Global Emerging Markets Equity Index Fund	42,279	8,339	874
UBS			
Multi Asset Income Fund	n/a	n/a	n/a
Fidelity			
Emerging Markets Equity Fund	758	42	8

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Fund	Proxy voter used?	Most significant votes (description)
		Significant vote examples
LGIM Global Equity (70:30) Index Fund	LGIM's Investment Stewardship team uses Institutional Shareholder Services, Inc. (ISS) '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, LGIM have put in place a custom voting policy with specific voting instructions.	<p>Vote example 1 Company: Royal Dutch Shell Plc Date: 24/05/2022 Resolution: Approve the Shell Energy Transition Progress Update Vote: Against Rationale: LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote. Outcome: Fail</p> <p>Vote example 2 Company: BP Plc Date: 12/05/2022 Resolution: Approve Net Zero - From Ambition to Action Report Vote: For Rationale: While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5C. Outcome: Pass</p> <p>Vote example 3 Company: Rio Tinto Plc Date: 08/04/2022 Resolution: Approve Climate Action Plan Vote: Against Rational: LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote. Outcome: Fail</p>
LGIM Diversified Fund	As above	As above
LGIM Global Emerging Markets Equity Index Fund	As above	<p>Vote example 1 Company: ANTA Sports Products Limited Date: 11/05/2022 Resolution: Elect Ding Shizhong as Director. Vote: Against Rational: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. Outcome: Pass</p>

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<p>UBS Multi Asset Income Fund</p>	<p>UBS AM retain the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.</p>	<p>No voting information provided.</p>
<p>Fidelity Emerging Markets Equity Fund</p>	<p>Fidelity use the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. Fidelity's Sustainable Investing Team is responsible for the oversight, decision-making and application of Fidelity's policies on voting. All votes are subject to the authority of the Global Head of Stewardship and Sustainable Investing and the Sustainable Investing Operating Committee (SIOC).</p>	<p>Vote example 1 Company: ANTA Sports Products Limited Date: 11/05/2022 Resolution: Elect Lai Shixian as Director Vote: Against Rational: We voted against the re-election of a director nominee. The company's board composition did not meet our minimum standard on gender diversity. We generally expect at least 15% female representation at the board level in developing markets. Under our new voting guidelines, our general approach is to vote against an appropriate board member on this basis. In this instance, we voted against the director as he was a member of the nomination committee. Outcome: Pass</p>