

Aerosols International Limited Pension Plan

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 2022. 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 2022

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, Mercer.

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.

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.

Mercer's performance reporting includes Mercer's ESG scores for the funds in which the Plan is invested. These scores reflect Mercer's 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 Mercer's 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 Mercer's 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.

Fund	Votes cast		
	Votes in total	Votes against management endorsement	Abstentions
LGIM Global Equity (70:30) Index Fund	72,658	12,279	821
LGIM Diversified Fund	71,507	13,479	651
LGIM Global Emerging Markets Equity Index Fund	41,665	7,558	942
UBS Multi Asset Income Fund	161	2	0
Fidelity Emerging Markets Equity Fund	856	34	9

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</p> <p>Company: Amazon.com Inc Date: 26/05/2021 Resolution: Elect Director Jeffrey P. Bezos Vote: Against Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Outcome: Pass</p> <p>Vote example 2</p> <p>Company: Procter & Gamble Date: 12/10/2021 Resolution: Elect Director David S. Taylor Vote: For Rationale: The company will be splitting the role of Chairman and CEO from the 1st of November 2021. Outcome: Pass</p> <p>Vote example 3</p> <p>Company: Apple Inc Date: 04/03/2022 Resolution: Report on Civil Rights Audit Vote: For Rationale: LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. Outcome: Pass</p>
LGIM Diversified Fund	As above	As above
LGIM Global Emerging Markets Equity Index Fund	As above	<p>Vote example 1</p> <p>Company: Taiwan Cement Date: 11/06/2021 Resolution: Elect Chang, An-Ping, a Representative of Chia Hsin R.M.C Corp., with Shareholder No. 20048715, as Non-Independent Director Vote: Against Rationale: LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Outcome: Pass</p>
UBS Multi Asset Income Fund	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>Vote example 1</p> <p>Company: UK Mortgages Ltd Date: 09/12/2021 Resolution: Authorise Issue of Equity without Pre-emptive Rights Conditional to the Passing of Resolution 14 Vote: Against Rationale: UBS will not support routine authorities to issue shares without pre-emption rights exceeding 10% of the issued share capital, as this is potentially overly dilutive for existing shareholders. Outcome: Pass</p>

Fidelity Emerging Markets Equity Fund	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).	Vote example 1 Company: X5 Retail Group NV Date: 12/05/2021 Resolution: Approve Remuneration Report Vote: Against Rational: Fidelity International has had an engagement campaign since 2012 aimed at encouraging European investee companies to adopt long-term incentive plans (LTIPs) for senior management with a minimum share release period of five years. This is intended to focus management's attention beyond the quarterly reporting cycle by linking a substantial portion of their remuneration with shareholders over a five-year time horizon. This campaign is underpinned by a so-called "red line" voting policy wherein Fidelity will generally vote against agenda items related to executive remuneration at European investee companies if their long-term incentive plan does not have a share exposure or sales restriction period of at least five years from grant, measured on a weighted-average basis. At the 2021 AGM, Fidelity voted against the remuneration policy because their long-term incentive awards do not have a five-year restriction period. Fidelity communicated their voting intentions with the company to explain their position before casting a vote. Outcome: Pass
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