

IMPLEMENTATION STATEMENT

Avery Dennison Pension Plan

Introduction

This document is the first annual Implementation Statement (the “Statement”) prepared by the Trustee of the Avery Dennison Pension Plan (“the Plan”) in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Statement covers the period from 1 November 2019 to 1 November 2020 and its purpose is to:

- Confirm if the Trustee undertook a review of their Statement of Investment Principles (“SIP”) during the year and to summarise any changes that were made as a result of the review;
- Set out the extent to which, in the opinion of the Trustee, the SIP dated 23rd September 2019 and as updated on the 14th September 2020 has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, the Trustee during the year.

Review of the Statement of Investment Principles

In September 2020, there was a review of the Statement of Investment Principles with changes were made to policies regarding:

- How the Trustee would incentivise the Fiduciary Manager, SEI Investments (Europe) Ltd (“SEI”), to ensure alignment with the investment strategy.
- The focus on medium and long term financial performance
- The monitoring of portfolio turnover and investment costs
- How the Trustee monitors performance of the Fiduciary Manager against the objectives set, including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors

There were no changes to the investment strategy, objectives or permitted investments as part of this review.

Scheme Governance

During the Statement Period the Trustee continued to have responsibility for the governance and investment of the Plan’s assets whilst delegating the day-day aspects of investment management to their Fiduciary Manager, SEI. SEI is required to manage the Plan in line with the principles and policies set out in the SIP.

Implementation of the Statement of Investment Principles

The SIP sets out the policies on the following matters:

- i. The investment objectives for the Plan
- ii. How the Trustee approaches choosing investments
- iii. How the Trustee monitors and manage investment strategy risk.
- iv. How the Trustee will monitor performance of the investments against objectives
- v. Financial and non-financial material considerations
- vi. Voting and engagement which is delegated to the investment manager SEI.

The Trustee has implemented the policies as described in the SIP during the year. As part of the Trustee's governance of the Plan, the Trustee reviews quarterly investment reports from SEI to track performance against the Investment Objective. The Trustee at its meetings also receive reports and review performance to verify that the Plan is being managed by SEI in line with the policies and principles in the SIP. Further details regarding the implementation of the Voting and Engagement policy are provided in the next section. In addition, during the Plan year the Trustee has discussed how the investment strategy may evolve over time to achieve full funding on a long term funded target basis.

There were no changes to the investment strategy during the period nor to ESG policies.

The Trustee has not identified any areas where the Plan's investments have diverged from the policies set out within the SIP.

Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. The Plan only invests via pooled investment funds, meaning that the Plan's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustee still monitors and engage as much as possible.
- ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Plan.
- iii. SEI, the Fund's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.
- iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services.
- v. SEI will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Trustee will consider

whether the approach taken was appropriate or whether an alternative approach is necessary.

- vi. The SIP dated 14th September 2020 sets out new policies in respect of asset manager arrangements. In relation to voting, stewardship and engagement, a policy was introduced that the Trustee will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors. No other changes were made to the voting, stewardship and engagement policies

The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has received and reviewed quarterly reports from SEI that set out
 - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.
 - SEI's engagement priorities which for 2020 included priorities in each of the following categories:
 - Climate Change
 - Public Health
 - Environmental stewardship
 - Labour Standards
 - The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
- The Trustee reviewed the above quarterly reports throughout the Plan year and monitored performance. The Trustee was satisfied with the content of the report and that SEI's performance was in line with the SIP and the Trustee's expectations.
- The Trustee has considered SEI's voting practices and stewardship policies noting that they are a Tier 1 signatory to the UK Stewardship code and a signatory to the UN Principles for Responsible Investment.
- The Trustee has a process in place to review SEI's performance against objectives, including ESG factors.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation on behalf of the Trustee remain aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required at this stage, albeit the Trustee will continue to monitor the performance of this policy and SEI's performance in the future.

Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider,

namely BMO REO for 2020 and Glass Lewis for votes cast in 2021, as a proxy for all voting. The proxy votes according to a policy set out by SEI. SEI provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 1 October 2019 to 31 December 2020, across the Plan's holdings¹ SEI voted as follows, including the percentage of overall votable items voted on:

Fund Name	Global Managed Volatility	Global Select Equity	Dynamic Asset Allocation	UK Fundamental Equity	UK Quantitative Equity
ISIN	IE00B19H3542	IE00B8FH1426	IE00B5NNKL10	IE00B3KF4Q98	IE00B3KF5336
Number of Votable Meetings	706	611	909	59	239
Number of Votable Items	8771	9658	16186	1075	4085
% of Items Voted	99%	97%	97%	93%	100%
For	74%	79%	79%	94%	95.3%
Against	22%	19%	18%	6%	4.3%
Abstain/ Withheld/ Other	4%	1%	2%	0%	0.4%
% of votes with management	75%	80%	74%	94%	95%
% of votes against management	25%	20%	26%	6%	5%
Voting Against/Abstain by Category					
Capital Related	4%	4%	2%	8%	0%
Board/Directors/Governance	53%	44%	45%	27%	35%
Remuneration Related	24%	29%	51%	47%	49%
Shareholder Proposals	6%	8%	1%	0%	4%
Other	14%	15%	2%	18%	13%

A. Significant Votes

The most significant votes during the period are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, SEI is of the view that the most significant ones in the period are those that are part of wider engagement that SEI has been conducting with the particular company and hence reflect the achievement of an engagement milestone.

Company Name	Held in Fund(s)	Theme	Description
Kellogg Company	Global Managed Volatility Global Select Equity	Corporate Governance	Introduced annual election of directors (instead of staggered or classified election) through our voting.

¹ SEI has shown voting data for the relevant quarters the fund was invested in.

Intel	Global Managed Volatility Global Select Equity	Labour Standards	Voted against a report on Global Median Gender/ Racial Pay Gap due to the shortcomings of the report methodology . While we are overall supportive of enhanced diversity and pay equity disclosure, we consider that a 'global median gender/racial pay gap' report would not produce meaningful information about the worker fairness because categories or underrepresented minorities differ from country to country.
Kroger co	Global Managed Volatility Global Select Equity	Human Rights	Although the Management recommendation was Against the proposal, we voted For the report on Human Rights Due Diligence Process in Operations and Supply Chain. The company faces risks related to human rights in its global operations. Good practice includes developing a clear code of practice along with monitoring and effective disclosure to ensure risks are managed effectively and communicated to shareholders.