

# **IMPLEMENTATION STATEMENT**

## **Avery Dennison Pension Plan**

The Trustee of the Avery Dennison Pension Plan has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Plan has followed the policy on voting, stewardship and engagement as set out in the Plan's Statement of Investment Principles (SIP), dated 23<sup>rd</sup> September 2019 and as updated on the 14<sup>th</sup> September 2020. This statement covers the period 1 November 2019 to 1 November 2020.

### **A. 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. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Plan.
- ii. 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.
- iii. 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. However, the Trustee reserves the right to request from the Investment Manager information regarding its actions and the actions of its delegates.
- iv. 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.
- v. The SIP dated 14<sup>th</sup> September 2020 set 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 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 to 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 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 remain aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required.

## B. 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 as a proxy for voting and provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 1 October 2019 to 31<sup>st</sup> December 2020, SEI across their range of pooled funds (some of which may not be held by the Plan), voted as follows:

<b>Company meetings voted</b>	<b>5,121</b>
<b>Number of votable items</b>	58,147
<b>Number of items voted (% of possible)</b>	96%
<b>% of Items voted:</b>	
For	76%
Against	20%
Abstain/ Withheld/ Other	3%
<b>% of Votes with management</b>	73%
<b>% of Votes against management</b>	27%
<b>Votes against and abstain by category</b>	
Capital Related	6%
Board/Director/Corporate Governance	52%
Remuneration Related	24%
Shareholder Proposals	5%
Other	13%

### C. 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.
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.