

Formica Limited 1998 Pension Scheme

Implementation Statement: Scheme Year ended 5 April 2023

Introduction and purpose to this statement

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Formica Limited 1998 Pension Scheme (the “Scheme”) covering the Scheme year from 6 April 2022 to 5 April 2023.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the engagement policy under the Scheme’s Statement of Investment Principles (“SIP”) has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

This Statement will be updated from time to time as the Trustees deem necessary.

Changes to the SIP over the Year to 5 April 2023

In December 2022, the Trustees undertook a review of the investment strategy; the equity allocation was reduced to 15% and bonds increased to 85%. A revised SIP dated 13 December 2022 was formally adopted by the Trustees after consultation with Formica Limited (“the Company”).

Subsequent review of and changes to SIP (post Scheme year-end)

There have been no changes to the SIP since the end of the Scheme year.

Trustees’ Engagement and Voting Policy

The Scheme owns units in passively managed pooled funds in which it is invested but it does not own the underlying assets of the funds. The responsibility for exercising and directing engagement and voting rights acquired through the Scheme’s investments is delegated to the Investment Manager. All of the Scheme’s assets are held with Blackrock.

Due to the passive nature of the Scheme’s investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio as they must retain asset holdings that are broadly in line with the relevant market index they are tracking. However, the Trustees expect that the Investment Manager where appropriate will engage with companies on matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest risks, and environment, social and governance (‘ESG’) issues concerning the Scheme’s investments.

The Trustees have reviewed the engagement and the voting behaviour of the Investment Manager during the year from 6 April 2022 to 5 April 2023, for all equity investments within the Scheme. Following a change to the investment strategy, at the end of the year equity investments accounted for approximately 15% of the Scheme’s non-buy in assets across a local and global portfolio of nine funds.

The nine funds making up the Equity Portfolio are listed below:

	Target Allocation %	
	6 April 2022	5 April 2023
Aquila Life UK Index Equity Index Fund	5.0	1.7
Aquila Life Currency Hedged US Equity Index Fund	8.4	3.2
Aquila Life US Index Equity Index Fund	8.4	3.2
Aquila Life Currency Hedged European Equity Index Fund	6.7	2.5
Aquila Life European Equity Index Fund	6.7	2.5
Aquila Life Currency Hedged Japanese Equity Index Fund	1.3	0.5
Aquila Life Japanese Equity Index Fund	1.3	0.5
Aquila Life Currency Hedged Pac Rim Equity Index Fund	1.1	0.4
Aquila Life Pac Rim Equity Index Fund	1.1	0.4
Total Equities as a % of total Scheme assets.	40.0	15.0

Voting information on the Scheme's bond funds is not provided since the vast majority of loan and debt securities do not come with voting rights.

Engagement Activity

On behalf of the Trustees the Investment Manager engages companies to provide feedback on their practices and inform their voting. The Investment Manager focuses on a range of issues that fall within each of the environmental, social and governance (ESG) categories to assess where there is potential for material long-term financial impact on a company's performance. The Investment Manager is signed up to the UK FRC Stewardship Code.

The Trustees have reviewed all engagement results and are comfortable that the Investment Manager has engaged appropriately with various companies, and that those engagements reflect the Trustees' expectations and are in line with the Scheme's Statement of Investment Principles.

In Summary engagements were generally in line last year although governance was a more prominent theme while environmental themes were somewhat lower and social themes were up marginally as a percent of the total engagements.

Engagement Summary	6 April 2022 – 5 April 2023	6 April 2021 – 5 April 2022
Total Company Engagements	4,893	4,444
Number of Companies Engaged	3,016	2,739
Companies with Multiple Engagements	1,162	1,014
Engagement Themes %		
- Governance	50%	45%
- Social	22%	20%
- Environmental	28%	35%

Voting Process

The Trustees rely on the Investment Manager to vote on their behalf rather than having their own voting policy and process.

The Investment Manager's proxy voting guidelines are market-specific to ensure that account is taken of a company's unique circumstances by market, where relevant. The voting decision of the Investment Manager is informed through research and engagement as necessary. The engagement priorities are global in nature and are informed by the Investment Manager's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. The Investment Manager may also update regional engagement priorities based on issues believed to impact the long-term sustainable financial performance of companies in those markets.

The Investment Manager determines which companies to engage directly with based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of the engagement being productive. The Investment Manager has a set of voting guidelines that are used to assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. The voting guidelines are applied pragmatically, taking into account a company's unique circumstances where relevant.

Voting patterns were similar to last year.

Voting Summary	6 April 2022 – 5 April 2023	6 April 2021 – 5 April 2022
Votable Meetings	3,163	3,223
Votable Proposals	41,062	41,035
Proposals Voted On	38,395	38,246
- Voted For	35,150 (91.55%)	34,764 (90.9%)
- Voted Against	2,812 (7.32%)	2,999 (7.84%)
- Abstained	347 (0.91%)	400 (1.05%)
- Withheld and other	86 (0.22%)	83 (0.21%)

The Trustees have reviewed the voting results including the significant votes below and are comfortable that the Investment Manager has voted appropriately, and in line with the Trustees' expectations.

Significant Votes

The Investment Manager highlights and publishes explanations and rationale for certain high-profile proposals at company shareholder meetings which are deemed significant votes. During the year there were 26 such occasions involving well-known companies. In some cases, the Investment Manager supported some of the Resolutions but in others the Investment Manager voted against the Resolutions. The Trustees have examined all instances where the Investment manager was engaged in significant votes and the Trustees support the Investment managers votes and rationale.

Examples of cases where the Investment manager voted for, against or abstained from proposals recommended by the company or other shareholders include:

Netflix Inc. (USA – Entertainment)	
Meeting Date	2 June 2022
Key Resolutions:	Item 1a: Elect Director Timothy Haley Item 1d: Elect Director Ann Mather Item 6: Advisory Vote to Ratify Named Executive Officers' Compensation Item 8: Report on Lobbying Payments and Policy (Shareholder proposal)
Key Topics:	Corporate political activities, executive compensation
Board Recommendation:	The board recommended shareholders vote FOR Items 1a, 1d, 6, AGAINST Item 8
Investment Manager	Voted AGAINST Items 1a, 1d, 6 and voted FOR Item 8
Rationale:	
	<i>Item 6:</i> The Investment manager had concerns about the company's executive compensation practices, particularly the monthly flexibility for individuals to allocate any portion of their designated compensation amount toward stock options or cash. As a result, the Investment Manager did not support management's say on pay proposal.
	<i>Item 1a:</i> The Investment manager also determined to not support the re-election of Director Timothy Haley, a member of the Compensation Committee.
	<i>Item 1d:</i> The Investment manager did not support the re-election of Director Ann Mather because the Investment manager considered her to be overcommitted per the Investment Managers U.S. proxy voting guidelines. Mather serves on five public company boards, which the Investment manager believed may limit her ability to effectively fulfil her responsibilities on each board
	<i>Item 8:</i> The Investment Manager supported this proposal because the Investment Manager believed that Netflix could make further progress on enhancing their disclosure of their corporate political activities.

Santos Limited (Australia – Energy)

Meeting Date	3 May 2022
Management proposal:	Item 4: Advisory vote on climate change
Shareholder proposal(s):	Item 8a: Special resolution – amendment to the Constitution Item 8b: Ordinary resolution – capital protection Item 8c: Ordinary resolution – climate-related lobbying Item 8d: Ordinary resolution – decommissioning
Key Topics:	Climate risk, corporate lobbying disclosure
Board Recommendation:	The board recommends shareholders to vote FOR Item 4 and AGAINST Items 8a-8d
The Investment manager:	Voted: FOR Item 4 and AGAINST Items 8a-8d

Rationale:

Item 4: Advisory vote on climate change (VOTED FOR) The Investment manager supported the management proposal seeking shareholder support for the company's approach to the energy transition, which is described in the company's 2022 Climate Change Report. The company's climate action plan, targets and disclosures are consistent with what the Investment Manager looks for and, in the Investment Managers assessment, demonstrates management and board responsiveness to shareholder feedback. Accordingly, the Investment Manager believes it is in the interests of long-term shareholders to support the proposal to approve the Climate Change Report.

Item 8a: Special resolution – amendment to the Constitution (VOTED AGAINST) The Investment manager is generally not supportive of constitutional amendment resolutions and voted AGAINST the special resolution to amend Santos Ltd.'s constitution.

Item 8b: Ordinary resolution – capital protection (VOTED AGAINST) The Investment manager did not support the resolution as it is overly prescriptive and risks unduly restricting management's ability to make business decisions.

Item 8c: Ordinary resolution – climate-related lobbying (VOTED AGAINST) the Investment manager did not support the resolution as, based on the Investment managers analysis, as it was determined to be overly prescriptive given that it seeks to direct the company's climate-related lobbying activities.

Item 8d: Ordinary resolution – decommissioning (VOTED AGAINST) The Investment manager did not support the resolution as, based on the Investment managers analysis it was found it to be overly prescriptive, risking unduly restricting management's ability to make business decisions

New World development Company (Hong Kong Real estate)

Meeting Date	22 November 2022
Key Resolution:	Item 3(e): To re-elect Mr. Lee Luen-Wai, John as Director
Key Topics:	Board quality and effectiveness; diversity, equity, and inclusion
Board Recommendation:	The board recommended shareholders vote FOR item 3(e)
Investment manager:	VOTED FOR item 3(e)

Rationale

The Investment Manager supported the re-election of Mr. Lee Luen-Wai, John, despite his long tenure on the board, because the Investment manager believed shareholders would be well served by an orderly renewal of the board, rather than replacing all four experienced INEDs at once. The Investment manager noted that NWD has been responsive to shareholder concerns, regarding the tenure and related independence of their INEDs and accordingly believed the company was moving in the right direction

Anthem Inc (USA Healthcare)

Meeting date	18 May 2022
Key Resolutions:	Item 5: Shareholder Proposal to Prohibit Political Funding Item 6: Shareholder Proposal Requesting a Racial Impact Audit and Report
Key Topics:	Corporate political spending; diversity, equity and inclusion; company impacts on people
Board Recommendation:	The board recommended shareholders vote AGAINST items 5 and 6
Investment Manager:	Voted AGAINST items 5 and 6

Rationale

Item 5: Shareholder Proposal to Prohibit Political Funding (VOTED AGAINST) On the Investment Managers assessment, Anthem has sufficient oversight processes and disclosures to allow investors to understand the company's policies and procedures – including board oversight – regarding corporate political contributions and activities. Further, the Investment Manager considered this proposal to be overly prescriptive and unduly constraining on the decision-making of the board and management.

Item 6: Shareholder Proposal Requesting a Racial Impact Audit and Report (VOTED FOR) The Investment manager supported this shareholder proposal because, in the Investment managers view, undertaking the requested audit could help Anthem identify and mitigate potential material risks of the company's operations on internal and external stakeholders – including the more than 45 million customers served through Anthem's family of health plans, as well as the company's employees and supplier base serving these customers. In addition, the Investment manager did not believe the proposal was overly prescriptive or unduly constraining for management.

1. A complete list of all the companies involved where significant votes were recorded, and the full explanation of the issues involved (including the above) is listed below along with the link to the Investment Managers report regarding each significant vote:
2. Equinor: www.blackrock.com/corporate/literature/press-release/vote-bulletin-equinor-may-2022.pdf
3. Siemens: www.blackrock.com/corporate/literature/press-release/vote-bulletin-siemens-feb-2023.pdf
4. Woodside Energy: www.blackrock.com/corporate/literature/press-release/vote-
5. Santos Limited: www.blackrock.com/corporate/literature/press-release/vote-bulletin-santos-may-2022.pdf
6. Rio Tinto Ltd: www.blackrock.com/corporate/literature/press-release/vote-bulletin-rio-tinto-may-2022.pdf
7. New World development Corp: www.blackrock.com/corporate/literature/press-release/vote-bulletin-nwd-november-2022.pdf
8. Alphabet Inc: www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-alphabet-jun-2022.pdf
9. Exxon Mobil Corp: www.blackrock.com/corporate/literature/press-release/vote-bulletin-exxonmobil-may-2022.pdf
10. Amazon.Com Inc: www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-amazon-may-2022.pdf
11. Meta Platforms Inc: www.blackrock.com/corporate/literature/press-release/vote-bulletin-meta-may-2022.pdf
12. Marathon Petroleum Corp: www.blackrock.com/corporate/literature/press-release/vote-bulletin-marathon-petroleum-apr-2022.pdf
13. Netflix Inc: www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-netflix-jun-2022.pdf
14. HCA Healthcare Inc: www.blackrock.com/corporate/literature/press-release/vote-bulletin-hca-healthcare-april-2022.pdf
15. Monster Beverage Corp: www.blackrock.com/corporate/literature/press-release/vote-bulletin-monster-beverage-june-2022.pdf
16. Anthem Health Inc: www.blackrock.com/corporate/literature/press-release/vote-bulletin-anthem-may-2022.pdf
17. Shell PLC: www.blackrock.com/corporate/literature/press-release/vote-bulletin-shell-may-2022.pdf
18. Glencore PLC: www.blackrock.com/corporate/literature/press-release/vote-bulletin-glencore-apr-2022.pdf

19. Grupo Mexico SAB DE CV: www.blackrock.com/corporate/literature/press-release/vote-bulletin-grupo-mexico-april-2022.pdf
20. J Sainsbury PLC: www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-j-sainsbury-jul-2022.pdf
21. Warrior Met Coal Inc: www.blackrock.com/corporate/literature/press-release/vote-bulletin-warrior-met-coal-apr-2022.pdf
22. Barclays PLC: www.blackrock.com/corporate/literature/press-release/vote-bulletin-barclays-may-2022.pdf
23. Petroleo Brasileiro SA Petrobras: www.blackrock.com/corporate/literature/press-release/vote-bulletin-petrobras-april-2022.pdf
24. Sumitomo Mitsui Financial Group Inc: www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-smfg-jun-2022.pdf
25. Cogna Educacao SA: www.blackrock.com/corporate/literature/press-release/vote-bulletin-cogna-april-2022.pdf
26. Ocado Group PLC: www.blackrock.com/corporate/literature/press-release/vote-bulletin-ocado-may-2022.pdf
27. Grupo Financiero Banorte SAB DE CV: www.blackrock.com/corporate/literature/press-release/vote-bulletin-banorte-april-2022.pdf