

Ball Horticultural Europe Limited Retirement Benefits Scheme Implementation Statement for the year ended 31 May 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Ball Horticultural Europe Limited Retirement Benefits Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31/05/21 (“the reporting year”).

The Trustees’ policy

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan’s investment managers. The Trustees require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from their advisers on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees both agreed and commenced the implementation of a revised investment strategy. Additionally, as a result of a closure notice of all existing Aviva Investors Pensions Limited Funds held by the Scheme, the Trustees undertook a manager selection exercise and agreed the following funds would form the newly agreed strategy: the LGIM Future World Global Equity Index Fund, the LGIM Dynamic Diversified Fund and the LGIM Over 5 Year Index-Linked Gilts Index Fund. Each fund was recommended by XPS, using various criteria. One of the criteria - in acknowledgement of the Trustee’s ESG policy - was that the investment manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the fund to an acceptable degree.

Please note that the Scheme had not invested in the agreed LGIM Funds as at the Scheme year end date, 31st May 2021. The closure of the Scheme’s Aviva Investors Funds took effect from 14th July 2021.

Ongoing governance

Over the year in question, the Trustees invested their assets with Aviva Investors, and they monitor the returns on each fund on a regular basis, to ensure they remain appropriate and in line with the Trustees’ requirements as set out in this Statement.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree, namely to delegate this activity to the underlying investment managers.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to equities in the Aviva Investors Pensions Limited Global Return Seeker Fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by Aviva is shown below.

Aviva Investors Pensions Limited Global Return Seeker Fund

Voting Information

Aviva Investors Pensions Limited Global Return Seeker Fund

The manager voted on 95.54% of resolutions of which they were eligible out of 1885 eligible votes.

Investment Manager Client Consultation Policy on Voting

Whilst Aviva do not consult clients ahead of each vote (given the significant practical challenges this will create), they are always keen to understand client views on particular issues / companies and are happy to provide details of how they voted after the event. They have also been involved in a pilot enabling end investors to have a voice and be empowered to be part of the voting process. More broadly, they have been working with their client experience project team and they are going to institutionalise a standard question asking clients about their stewardship preferences and priorities. There may also be occasions where voting exceptions have been specifically agreed with Aviva's clients in segregated funds, but generally they retain responsibility for ensuring voting is carried out in a manner consistent with their own approach to stewardship. If a pooled fund investor asked Aviva to vote a certain way, they would not be able to do this unless it was consistent with their view / the vote direction was in the best interests of all investors in that fund. They may also contact clients if there is a conflict of interest situation - for example, in relation to the exercise of voting rights for shares in their parent company Aviva plc (their default position is not to vote these holdings as Aviva Investors will exercise no discretion).

Investment Manager Process to determine how to Vote

Voting decisions are based off Aviva's Voting Policy which is reviewed on an annual basis and updated subject to Board approval. Final decisions are made by the Stewardship function (i.e ESG analysts) in conjunction with portfolio managers who inform the decision-making process by bringing their knowledge and assessment of company strategy and any special circumstances.

To support them in making voting decisions, Aviva uses governance and other research from a number of sources. These include the Investment Association's IVIS service and ISS. They use research for data analysis only and they do not automatically follow any voting recommendations.

Given the number of companies Aviva owns in its portfolios (including index funds), they seek to prioritise engagement by size of holding and where it is most likely to benefit their clients. This allows them to consider additional context from the

company which occasionally results in them changing a vote. In addition, every year they write to the large majority of the companies they hold to notify them of their voting policy (highlighting any changes they have made), and also direct them to their voting records, where the companies are able to see how Aviva have voted at their AGMs etc and Aviva's reasons for not supporting any resolutions.

Aviva maintains a database to record their voting and engagement with companies which allows them to review the effectiveness of their work. For their priority engagements their intention is to review these on a quarterly or half yearly basis.

There will be times when, despite engagement with companies, their concerns have not been adequately addressed. Under these circumstances, the matter may be escalated into a more focused project of intervention aimed at securing changes to the board, management, practices or strategy. As part of their escalation process, Aviva may ask to discuss issues with executive and/or non-executive directors, work with other institutions and investors to press for change or exercise their voting rights against the board. As a last resort they may requisition a general meeting of a company or a resolution at an Annual General Meeting, or support others who are doing so. Aviva may also make public statements where they believe this is appropriate. However, they expect this to happen only in the most extreme cases.

How does this manager determine what constitutes a 'Significant' Vote?

Aviva looked at a number of criteria for the list of votes undertaken for the fund including: the impact on the company (both short and long term) if the resolution was or wasn't approved ; the materiality of the shareholder resolutions; the level of public and / or media interest in certain companies and resolutions; and how significant the holdings are in relation to the fund and to Aviva Investors (acknowledging that the larger the aggregate / percentage holding, the more ability they have in affecting change). It is evident in some of the votes selected that these reflected multiple criteria explained above, but it is important to note that this the selection process was quite subjective.

Does the manager utilise a Proxy Voting System? If so, please detail

Aviva subscribes to proxy advisory services for independent research and recommendations including recommendations based on their own policy (where certain resolutions will be referred to them for further consideration). These providers include the IVIS service, ISS-Ethix and MSCI. They use research for data analysis only as they have their own robust voting policy, which is applied to all their holdings. They also take into consideration the views of the fund manager and the conversations with the company through their voting specific engagement.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
PetroChina Company Limited	Resolution 3. Approve 2019 Financial Report	Against	Pass

Although the resolution was approved Aviva wrote to this and a number of other large carbon emitters within their portfolios detailing their expectations of a robust climate strategy and approach. They indicated that they are committed to divest holdings across their equity and credit strategies if progress does not reflect the gravity and urgency of the climate emergency. Separately Aviva also wrote to this and other companies that scored

<p>poorly on the 2020 CHRB outlining their human rights expectations for investee companies. They encouraged the board and company management to review its results against any further activity undertaken by the company.</p>			
<p>Hon Hai Precision Industry Co., Ltd.</p>	<p>Resolution 1. Approve Business Operations Report and Financial Statements</p>	<p>Against</p>	<p>Pass</p>
<p>Although the resolution was approved Aviva have engaged with the company to better understand their approach to, and management of ESG risks. In particular, Aviva are part of an investor group collaborative initiative (CA100) to engage on climate change with Hon Hai.</p>			
<p>Quality Houses Public Co. Ltd</p>	<p>Resolution 5.3. Elect Naporn Sunthornchitcharoen as Director</p>	<p>Against</p>	<p>Pass</p>
<p>Although the resolution was approved, as Aviva are a large shareholder in the Quality Houses , they will be following up with the company on these governance issues and on broader ESG themes.</p>			
<p>Livzon Pharmaceutical Group Inc</p>	<p>Resolution 2.3. Elect Xie Yun as Director</p>	<p>Against</p>	<p>Pass</p>
<p>Although the resolution was approved, as Aviva are a large shareholder in the Livzon, they will be following up with the company on these governance issues and on broader ESG themes.</p>			
<p>BHP Group Ltd</p>	<p>Resolution 25. Approve Suspension of Memberships of Industry Associations where COVID-19 Related Advocacy is Inconsistent with Paris Agreement Goals</p>	<p>For</p>	<p>Fail</p>
<p>Although the resolution was not approved, the fact that it received over 22% of the votes shows the continuing pressure on the company from shareholders to do more in combatting climate change. Aviva continue to engage with the company on this issue and environmental issues more broadly. BHP knows that Aviva will be holding boards accountable for (if in their view) they are failing to make sufficient progress in addressing the urgent issue of climate change.</p>			

Signed: D.G. White, On behalf of the Trustees

Date: 24/09/2021