Implementation Statement

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations ("the Regulations"). The Regulations, amongst other things, require that Trustee produce an annual implementation statement which outlines the following:

- A description of any review of the Statement of Investment Principles ("SIP") undertaken during the year, with an explanation of any changes made or, if no review took place, the date of the last review.
- How and the extent to which the objectives and policies included in the SIP has been followed during the year.
- Describe the voting behaviour by, or on behalf of Trustee (including the most significant votes cast) during the scheme year and state any use of a proxy voting service.

This document sets out the details, as outlined above. This Implementation Statement for the Avon Rubber Retirement and Death Benefits Plan (the "Plan") has been prepared by the Trustee of the Plan (the "Trustee") and covers the Scheme year 1 April 2021 to 31 March 2022.

Changes to the SIP over the year to 31 March 2022

The SIP was updated on 20 July 2021 following conclusion of the investment strategy during the 2020/2021 Plan year. After considering the Scheme's membership profile and investment performance, and supported by analysis and advice from Aon, the Trustee decided to change the default arrangement from the Standard Life Active Plus III Pension Fund ('the Active Plus III strategy') to the Standard Life Passive Plus IV Universal Strategic Lifestyle Profile Fund ('the Passive Plus IV strategy'). In addition to this, the SIP was also updated to reflect changes to the self-select investment options available to members.

How the Trustee has met the objectives and policies outlined in the SIP

The Trustee outlines in its SIP several key objectives and policies. These are noted below together with an explanation of how these objectives and policies have been met and adhered to over the course of the year:

The Trustee outline in their SIP a number of key objectives and policies. We have set out below how these objectives have been met and policies adhered to over the course of the year to 31 March 2022:

Meeting the Plan's investment strategy objectives

Over the year, the Trustee has made available a comprehensive selection of investment options including lifestyle strategies and a range of standalone self-select funds.

Supported by advice from Aon, the Trustee is confident that the investment range caters for a range of risk and return requirements across the membership. The lifestyle options, in particular, provide younger members with greater growth potential and older members with greater security.

Prepared for: The Trustee of the Avon Rubber Retirement and Death Benefits Plan
Prepared by: Tim Lancaster FIA, Joe Betts
Date: 2 August 2022

The investment options were monitored throughout the year with quarterly reports on performance received from Aon. The investment options available to members have been designed to ensure that they continue to be managed to achieve a return commensurate with an acceptable level of risk given the stated aims of each fund and the needs of the membership.

Information on the investment options available to members is provided by Standard Life on their website and in the member guides.

The Trustee is comfortable that they have met their investment strategy objectives over the year.

Meeting the Plan's default investment objectives

The default arrangement used by the Plan is the Standard Life Passive Plus IV Universal Strategic Lifestyle Profile.

The strategy invests in assets with higher growth potential while members are further away from retirement. As members near retirement, it invests in a diversified portfolio of assets which, taken together, are expected to be lower risk than the earlier growth phase.

The end portfolio of the default strategy is highly diversified and is designed to be appropriate and consistent with however members may take their benefits when they retire.

Overall, the Trustee is satisfied that the default arrangement in place during the year was appropriate given its objectives.

Meeting the policies in relation to reviewing the Plan’s investments

The Trustee considered the risks members might experience as an integral part of the investment strategy review conducted in the 2020/21 Plan year. The Trustee designed the investment options, including the default arrangement, such that these would be appropriately managed and mitigated. Examples of this include the decision to provide a range of diversified lifestyle strategies with different risk and return profiles and a standalone range covering different asset classes and managers.

The Trustee, with support from its investment adviser, monitored the fund managers to ensure they were appropriately fulfilling the responsibilities delegated to them. The Trustee received quarterly investment reporting from the investment adviser. The investment reports considered the performance of the investment managers and funds over time.

The investment reporting also considered the performance of the default arrangement at each year to retirement, and a comparison of the growth funds underlying the strategy with various diversified growth and absolute return bond strategies for benchmarking.

The Trustee was also made aware of any developments which may have impacted the ability of the fund managers to fulfil their objectives or responsibilities in future.

The Trustee is comfortable that its policies in respect of reviewing the Plan's investments have been met over the year.

Policies in respect of Environmental, Social & Governance considerations

The Trustee obtained professional investment support and advice from their investment adviser when setting the Plan's investment strategy, selecting managers and in monitoring their performance. Consideration of financially material risks was an integral part of this support and advice.

Policies in respect of stewardship (voting and engagement)

The Trustee were supported in their review and monitoring activities during the year by their investment adviser. In conducting these activities, the investment adviser provided advice as to the continuing suitability of the appointed managers and in deciding what changes to make. This advice included relevant consideration of stewardship matters. In particular, the investment adviser's views on the continued appropriateness of different managers is informed, in part, by the managers' approaches to stewardship and responsible investment. The investment adviser would inform the Trustee in the event that their views on a particular manager change although this did not occur during the year.

The Trustee has also collected the voting and engagement records of their investment managers over the Plan year. These are reported in detail later in this Statement. To date, no managers have found to be falling significantly short of the standards expected by the Trustee in this area.

Having reviewed the managers' stewardship voting and engagement statistics as part of the production of this IS, the Trustee believe that its stewardship policies have been adhered to.

Policies in relation to costs and transparency

During the year, the Trustee monitored and evaluated the performance of the Plan's investments and managers on a net of fees basis.

Cost and charges data was provided by Standard Life for the Plan year and was published in the annual Chair's Statement.

The Trustee reviewed the data which included both explicit and implicit costs and charges. The investment adviser also reviewed the member borne costs and none appeared to be unreasonable in their view.

Policies in relation to arrangements with asset managers

Throughout the year, the Trustee, supported by Aon, monitored the Plan's investments including considering the extent to which the decisions of the investment managers are aligned with the Trustee' policies.

Prior to the appointment of a new investment manager, the Trustee seek professional advice from their investment adviser, in order to ensure that the investments are appropriate for the Plan's objectives although no such changes were made in the year to 31 March 2022.

The Trustee has set appropriate governing documentation, investment objectives and a regular monitoring process for their investment managers to ensure they are incentivised to make decisions that align with the policies in the SIP.

Policies in respect of members' views and non-financial Factors

The Trustee considered member views when updating the default arrangement and range of funds as part of the investment strategy review conducted in the 2020/21 Plan year.

At the strategy review, it was reaffirmed that the funds that make up the default arrangement and other investment options should not apply purely ethical or moral (or other non-financial) judgements as the basis for investment decisions. The Trustee did not revisit this decision in the 2021/22 Plan year.

Conclusion & future developments

Over the course of the year to 31 March 2022, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in the Plan's SIP.

The Trustee will continue monitoring the funds and managers the Plan uses and will seek professional support and advice from their investment adviser as appropriate.

The Trustee recognise that they have a responsibility, as an institutional investor, to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in. The Trustee will continue to use its influence to drive positive behaviour and change among the fund managers and other third parties that the Trustees rely on; such as the platform provider and investment adviser.

Voting and Engagement activity undertaken over the year

Equity and multi-asset fund

Over the year, the material equity investments held by the Plan were:

Manager	Fund Name

	Passive Plus III Pension Fund
	Passive Plus IV Pension Fund
	Passive Plus V Pension Fund
	Pre Retirement (Passive Plus Universal) Pension Fund
Standard Life	At Retirement (Passive Plus Universal) Pension Fund
	Pre Retirement (Passive Plus Annuity) Pension Fund
	At Retirement (Passive Plus Annuity) Pension Fund
	Pre Retirement (Passive Plus Lump Sum) Pension Fund
	At Retirement (Passive Plus Lump Sum) Pension Fund
Invesco	Global Targeted Returns
Schroder	Global Emerging Markets
	ACS World ex UK Equity Tracker
BlackRock	ACS Continental European Equity Tracker
	iShares Pacific ex Japan Equity Index
Vanguard	US Equity Pension Fund

We set out below the voting and engagement policies and examples for the equity and multi asset managers in place following the investment strategy review. The voting examples given represent significant votes the managers have undertaken on behalf of the Trustee.

The Passive Plus range of funds comprise equity funds managed by Vanguard. Details of Vanguards policies and examples are set out below.

Vanguard

Voting policy

Vanguard's Investment Stewardship team evaluates proxy ballot items presented to shareholders and casts votes on behalf of each fund's holdings in accordance with the funds' instructions set forth in the Voting Guidelines as well as local market standards and best practices.

In evaluating proposals, the team may consider information from many sources, including a company's independent board directors and executives, various research and data resources (such as Institutional Shareholder Services (ISS) or Glass Lewis) or other publicly available information. Vanguard periodically review its research and data providers, as well as its workflow and processes, to identify possible ways to enhance the inputs into proxy voting.

A wide variety of third-party research providers – including proxy advisers – are consulted based on their analysis of issues that bear on long-term shareholder value. These issues are then analysed in conjunction with the funds' proxy voting guidelines and other relevant data, including insights from company engagements, to reach independent decisions on behalf of each Vanguard fund.

Voting example – BP Plc

A significant voting example from May 2021, is when Vanguard voted against the shareholder resolution on climate change targets.

Their rationale was based on the fact that, although the report addresses material risk, BP Plc has already taken sufficient actions and/or has related actions pending to address proponent request.

Engagement policy

While proxy voting is an important component of Vanguards stewardship program, it recognises that candid dialogue during engagements can be more productive than its vote alone – particularly when it comes to environmental and social issues.

Vanguard note that engagement is the foundation of their Investment Stewardship program. Because its index funds are long-term investors in portfolio companies, its aim in its engagements is to understand how corporate boards of directors govern long-term strategy and how they are setting themselves up to stay relevant into the future. Vanguard do not seek to dictate company strategy or operations but raise concerns with relevant parties when it feels the economic interests of its shareholders may be at risk.

Vanguard conduct research and analysis to prepare for its discussions with company leaders and board members. Although such discussions can vary widely by company, sector and region, engagements tend to fall into one of three broad categories:

Strategic engagements (wide-ranging discussions with directors and executives)

Ballot-item engagements (focus on specific proxy voting ballot proposals)

Thematic engagements (target a universe of companies where Vanguard have identified a concentration of high potential risk around a specific theme)

Engagement example – Hoshizaki

During 2021 Vanguard engaged with Hoshizaki, a Japan-based kitchen appliance manufacturer, recognising the progress the company had made on disclosures about board composition, diversity, and climate change.

Vanguard noted that Hoshizaki had acted on shareholder feedback, and disclosed a board-level skills matrix that demonstrated how the board's experience aligned with the company's strategy. Furthermore, to gain a better understanding of board dynamics, the company has conducted internal effectiveness assessments and will bring in an outside consultant to perform an independent effectiveness assessment.

Vanguard also discussed the company's diversity efforts. The company has made notable efforts in the past and we look forward to its continuing its trajectory toward more diversity and women's participation. Company leaders also discussed initiatives for climate disclosures that would align with the TCFD framework.

Standard Life

Voting policy

Standard Life uses the services of Institutional Shareholder Services (ISS). However, it also conducts its own analysis of resolutions being considered at annual general meetings (AGMs) and other shareholder meetings.

When Standard Life votes against a resolution at a UK company meeting, it uses best endeavours to explain to the company its reasons for this decision.

In exceptional circumstances, Standard Life attends and speaks at shareholder meetings to reinforce its view to the company's board.

From time to time, Standard Life has significant disagreements with its investee companies on matters relating to stewardship and ESG factors. The basis for such disagreements and its strategy for resolving them, is the subject of discussion and agreement by its Stewardship & ESG Investment and portfolio management teams. The strategy is determined on a case-by-case basis. If Standard Life decides to intervene, it generally does so through private engagement with the company and, if appropriate, its advisers. However, if circumstances dictate, Standard Life will make its views known publicly.

Engagement policy

Standard Life seeks to integrate and appraise environmental, social and governance factors in its investment process. Its stated aim is to generate the best long-term outcomes for clients and aims to take steps to protect and enhance the value of its clients' assets.

Standard Life seeks to understand each company's specific approach to governance, how value is created through business success and how investors' interests are protected through the management of risks that materially impact business success. This requires Standard Life to engage in dialogue with management and non-executive directors to understand the material risks and opportunities; including those related to environmental and social factors.

Standard Life notes its commitment to exercising responsible ownership with a conviction that companies adopting improving practices in corporate governance and risk management will be more successful in their core activities and deliver enhanced returns to shareholders. As an owner of companies, the process of stewardship is a part of its investment approach as it seeks to benefit from their long-term success on its clients' behalf. Standard Life's fund managers and analysts regularly meet with the management and non-executive directors of companies in which it invests.

Invesco

Voting policy

Invesco has adopted and implemented a policy statement on Global Corporate Governance and Proxy Voting which it believes describes policies and procedures reasonably designed to ensure that proxies are voted in the best interests of its clients. This policy is intended to help Invesco's clients understand its commitment to responsible investing and proxy voting, as well as the governance principles that inform its approach to engagement and voting at shareholder meetings.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The voting decision lies with its portfolio managers and analysts with input and support from its Global ESG team and Proxy Operations functions. The final voting decisions may incorporate the unique circumstances affecting companies, regional best practices and any dialogue it has with company management. Invesco's proprietary proxy voting platform ("PROXYintel") facilitates implementation of voting decisions and rationales across global investment teams.

Invesco's voting policy is publicly available on its website: https://www.invesco.com/corporate/about-us/esg

Voting example – SBM Offshore NV (firm level).

In March 2021, Invesco voted in favour of a resolution to authorise the Board to exclude pre-emptive rights from share issuances[1] for the company SBM Offshore NV. A vote for this proposal was warranted because it is in line with commonly used safeguards regarding volume and duration of trades in shares executed. The vote passed, in line with Invesco's voting intention. And no immediate further action was taken as a result.

Engagement policy

At issuer level, Invesco primarily seeks to address problematic areas or opportunities for improvement from an ESG perspective. When engaging with other stakeholders, such as regulators or industry bodies, Invesco's goal is more towards creating an inducive environment that would allow for optimal ESG outcomes in an efficient and fair manner, such as alignment with existing frameworks and reduced reporting burden.

While Invesco's engagement activity is based on the premise of a company's continual improvement, it is in a process of setting up an engagement reporting template that tracks annual engagement outcomes based on clearly defined ESG objectives and goals. It is also developing an escalation engagement framework to guide stewardship processes and achievements. For example, later in 2022 it will be developing a Net-Zero engagement framework that will guide its climate related engagements.

Engagement example – Amazon Inc. (firm level)

[1] Pre-emptive rights give a shareholder the option to buy additional shares of a company before they are sold on a public exchange.

In 2021, Invesco engaged with Amazon Inc. ("Amazon") by scheduling a meeting on the topic of ESG. Topics included:

- Disclosures around packaging: Invesco specifically expressed its desire for Amazon to report on packaging and set reduction targets at the corporate level. While Amazon would not specifically commit to this, it does plan to replace all plastic mailer envelopes with padder paper mailers by the end of 2022.
- The development and use of technologies such as "Recognition" and the app "Wickr" by Amazon Web Services (AWS); and
- The shareholder proposal on conducting a Racial Equity Audit (analysis of whether the way Amazon conducts business fuels racism and discrimination for its hourly workers), which gained significant votes (44% of votes in favour) at the 2021 AGM.

Overall, Invesco considered that Amazon did not take the feedback constructively. As such, Invesco are planning to follow up in the 2022 proxy season (pre-AGM) to discuss environmental and social proposals, such as those on packaging, Artificial Intelligence technology and racial equity.

Schroders

Voting policy

Schroders receive research from both ISS and the Investment Association's Institutional Voting Information Services ("IVIS") for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their own policies, Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts. Further information can be found in the Environmental, Social and Governance Policy for Listed Assets found here.

Schroders state that they consider "most significant" votes as those against company management. It states that it is not afraid to oppose management if they believe that doing so is in the best interests of shareholders and its clients. While there are a number of case studies within the sustainability reports of votes and engagement at a firm level, Schroders are as yet unable to disclose examples specific to the funds that the Plan invests in.

Voting example – SSP Group Plc

In February 2022, Schroders voted against SSP Group Plc's remuneration report as they believed that the award of any bonus in a year of negative shareholder experience and without any guarantee of repaying Coronavirus Job Retention Scheme support was not considered appropriate.

Engagement policy

Schroders defines engagement to be purposeful communication with an entity (e.g. government, corporate, institution, financial counterparties, regulator, industry body (or managers of SPVs or funds e.g. CLO manager) on particular matters of concern with the goal of encouraging change at the entity and/or wider system improvement.

Schroders' engagement activities are prioritised based on the materiality of its exposure to the individual companies; either by the total size of assets invested on behalf of clients or by the percentage of shares held.

Schroders generally engages for one of three reasons:

1. To seek improvement in performance and processes to enhance and protect the value of its investments
2. To monitor developments in ESG practices, business strategy and financial performance within a company
3. To enhance its analysis of a company's risks and opportunities

Its mechanisms for engagement vary but typically involve actions such as phone calls, written correspondence, one to one meetings with company representatives and voting. Engagements are prioritised based on the materiality of the issues and size of Schroders' exposure.

Engagement example

In 2021, Schroders engaged with a number of FTSE 100 companies to inform them that, from 2022 onwards, it will be using its shareholder votes to apply pressure on firms that have failed to meet board diversity targets.

Schroders's believes that diversity is important for a company's long-term strategy and success. Further, this will allow for more constructive debate of different views as well as a better representation of wider stakeholders.

Schroders engaged by sending out letters to companies. Since sending out these letters, 25 companies acknowledged receipt, 15 provided a substantial response and one has since appointed a non-white director to its board. Schroders will monitor the progress of companies on this issue.

BlackRock

Voting policy

BlackRock's proxy voting process is led by its Investment Stewardship team. Voting decisions are made by the Investment Stewardship team with input from investment colleagues. Blackrock's voting decisions are informed by its voting guidelines, its engagements with companies, and research on each underlying company. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the year.

BlackRock subscribes to research from the proxy voting advisers ISS and Glass Lewis. BlackRock uses the research and its own analysis to identify companies where additional engagement would be beneficial. BlackRock does not routinely follow the voting recommendations of its proxy voting advisers.

Voting Example – Huadian Power (firm level)

In June 2021, BlackRock voted against a proposal from the management of Huadian Power International ("Huadian International"), a Chinese energy company. The proposal sought to reorganize its wind and solar power portfolio by transferring all related assets into a dedicated renewable energy entity, which the majority is controlled by its parent company, Huadian Group. In exchange Huadian International would receive a minority stake in the renewable energy entity.

BlackRock voted against the proposal because it was concerned about the conflict of interest between Huadian International and its parent company. The proposal would prevent Huadian International from investing in wind or solar power projects, to avoid it being in competition with the majority shareholder, Huadian Group. In BlackRock's view, the transaction would disadvantage the minority shareholders of Huadian International by preventing them from participating in China's renewable energy market. The proposal passed with a majority vote.

Engagement policy

BlackRock considers engagement to be at the core of its stewardship efforts. It enables BlackRock to provide feedback to companies and build a mutual understanding about corporate governance and sustainable business practices. Each year, BlackRock sets engagement priorities to focus on, such as governance and sustainability issues that it considers to be most important for companies and its clients.

BlackRock's priorities reflect an emphasis on board effectiveness and the impact of sustainability-related factors on a company's ability to generate long-term financial returns. BlackRock's stated key engagement priorities include board quality, climate and natural capital, strategy purpose and financial resilience, incentives aligned with value creation, company impacts on people.

More information can be found here: https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf

Engagement Example – Vale S.A. (firm level)

At a strategy level, BlackRock has engaged with Vale S.A. ("Vale"), a Brazilian mining company, since 2019. In January 2019, a tailings dam at one of Vale's iron ore mines collapsed and causing significant fatalities and environmental damage. Tailings dams are used to store water and waste that are by products from the mining process.

Over the course of 2020 and 2021, BlackRock held frequent engagements with Vale. Vale provided updates on the dam collapse, including the status of the investigation and the final settlement. Vale provided additional context on the frequent public announcements about: 1) the steps taken to strengthen risk management and governance policies to ensure the safety of people and operations; and 2) the remediation measures regarding the environmental damage and socio-economic impact on the local community.

BlackRock's engagements with Vale also focused on board effectiveness and sustainability. It shared its expectations of board quality including composition, diversity, and independence. BlackRock also discussed the company's sustainability disclosures and carbon emissions reduction targets.

Voting Statistics

We set out below the voting statistics associated with the equity and multi asset managers in place following the investment strategy review for the period from 1 April 2021 – 31 March 2022:

Voting Statistics	For the period from 1 April 2021 – 31 March 2022		
	% of resolutions voted for which the fund was eligible	**Of the resolution on which the fund voted, % of resolutions voted against management**	**% of resolutions abstained**
Standard Life			
Passive Plus III Pension Fund	The Passive Plus range of funds comprise equity funds managed by Vanguard. Details of Vanguards voting statistics in respect of these funds is set out below.		
Passive Plus IV Pension Fund			
Passive Plus V Pension Fund			
Pre Retirement (Passive Plus Universal) Pension Fund			
At Retirement (Passive Plus Universal) Pension Fund			
Pre Retirement (Passive Plus Annuity) Pension Fund			
At Retirement (Passive Plus Annuity) Pension Fund			
Pre Retirement (Passive Plus Lump Sum) Pension Fund			
At Retirement (Passive Plus Lump Sum) Pension Fund			
Invesco			
Global Targeted Returns	100%	6%	1%
Schroder			
Global Emerging Markets	97%	8%	5%

BlackRock			
SL iShares UK Equity Index	97%	5%	2%
ACS World ex UK Equity Tracker	93%	7%	0%
ACS Continental European Equity Tracker	75%	11%	1%
iShares Pacific ex Japan Equity Index	100%	11%	0%
Vanguard			
Emerging Markets Stock Index Pension Fund *	99%	6%	2%
Pacific ex Japan Stock Index Pension Fund *	100%	3%	0%
Japan Stock Index Pension Fund *	100%	0%	0%
FTSE Developed Europe ex UK Pension Fund *	89%	7%	0%
Vanguard US Equity Pension Fund **	99%	2%	0%
FTSE UK All Share Index Pension Fund *	99%	1%	0%

* Fund used within the Passive Plus range of funds ** Fund used within the Passive Plus range of funds and also available on a standalone basis

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