

AEROSOLS INTERNATIONAL LIMITED PENSION PLAN

YEAR ENDED 5 APRIL 2025

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

INTRODUCTION

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 5 April 2025. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, as amended, and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustee's primary investment objective is to ensure that it can meet its obligations to the beneficiaries of the Plan both in the short and long term. Further details on the Trustee's specific investment objectives can be found in the SIP.

Investment Strategy

During the course of the year, following a review of the Plan's investment strategy, the Trustee implemented a new investment strategy that targeted an allocation of 60% in growth assets and 40% in matching assets compared with the previous allocation of 80% growth and 20% matching assets. The reorganisation took place over September / October 2024.

Review of the SIP

The SIP was reviewed following the changes to the Plan's investment strategy and the revised SIP was approved at a Trustee meeting in May 2025.

Assessment of how the Engagement Policies in the SIP have been followed for the year to 5 April 2025

The Trustee is satisfied that the Engagement Policies set out in the SIP have been followed and this Statement sets out further background.

Plan's Investment Structure

The Plan's main investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Plan to invest in pooled funds managed by third party investment managers.

As such, the Trustee has no direct relationship with the Plan's underlying investment managers.

The Trustee has the responsibility of monitoring the pooled funds, in conjunction with advice received from its investment advisor, Atkin Pensions.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change, which also sets out the processes followed by the Trustee in relation to voting rights and stewardship.

The Trustee has considered financially material factors such as ESG issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Plan for members. The Trustee believes that ESG factors are implicitly reflected in the expected risk and return profile of the asset classes the Plan is invested in and it is therefore in members' best interests to account for these factors within the investment process.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the ESG

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policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect the fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Plan's assets are subject to the pooled fund managers' own policies on responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Plan with the help of the investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers.

The Trustee will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The following sections set out how the Trustee's engagement and voting policies were followed and implemented during the year.

Engagement

Monitoring

- The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in appointing new investment managers, implementing investment strategy decisions, and monitoring the existing investment managers.
- Managers will be expected to report on their own ESG policies as and when requested by the Trustee.
- The Plan's investment performance report is reviewed by the Trustee on a half yearly basis.
- The Trustee receives an annual ESG report from Mobius in relation to the pooled funds held by the Plan via the Mobius investment platform.

Stewardship

- The assets are invested in pooled funds through Mobius and are subject to the stewardship policies of those pooled funds.

Voting Activity

The Plan has no direct relationship with the pooled funds it is ultimately invested in and therefore has no voting rights in relation to the Plan's investments and no direct ability to influence the managers of the pooled funds. The Trustee has therefore effectively delegated its voting rights to the managers of the funds the Plan's investments are ultimately invested in.

If the Trustee were to be specifically invited to vote on a matter relating to the corporate policy, it would exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's members. However, the Trustee has not been asked to vote on any specific matters over the reporting period.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e. all funds which include equity holdings) in which the Plan's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

The tables below and on the following pages set out a summary of the key voting activity over the financial year. Further information is available on request.

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Fund	Votes cast		
	Votes in total	Votes against management endorsement	Abstentions
LGIM World Developed Equity Index Fund	29,050	6,162	96
LGIM Dynamic Diversified Fund	102,057	22,930	835
LGIM Global Emerging Markets Equity Index Fund	40,573	7,170	1,099

engagement policy implementation statement (continued) Fund	Proxy voter used?	Most significant votes (description) Significant vote examples
LGIM World Developed Equity Index Fund	LGIM's Investment Stewardship team uses Institutional Shareholder Services, Inc. (ISS) 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.	<p>Company: Microsoft Corporation</p> <p>Date: 10/12/2024</p> <p>Resolution: Report on AI Data Sourcing Accountability</p> <p>Vote: For</p> <p>Rationale: Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.</p> <p>Significance: High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Outcome: Fail</p>

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LGIM

As above

Dynamic Diversified Fund

Company: Shell Plc

Date: 21/05/2024

Resolution: Approve the Shell Energy Transition Strategy

Vote: Against

Rationale: Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.

Significance: Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Outcome: Pass

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LGIM

As above

Global Emerging Markets Equity Index Fund

Company: Tencent Holdings Limited**Date:** 14/05/2024**Resolution:** Elect Charles St Leger Searle as Director**Vote:** Against**Rational:** Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors.

Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.

Significance: Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors.**Outcome:** Pass
