

## Implementation Statement

### A.S. Watson (Health & Beauty UK) Pension Plan

This Implementation Statement has been prepared by the Trustee of the A.S. Watson (Health & Beauty UK) Pension Plan (“the Plan”) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2024.

#### Trustee policies on voting and engagement

The Trustee’s Statement of Investment Principles (SIP) in force during March 2024 describes the Trustee’s policy on the exercise of rights (including voting rights) and engagement activities as follows:

- “The Trustee believes that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The Trustee delegates responsibility for stewardship activities attaching to the Plan’s investments to its investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long term shareholder value. In addition to the exercise of voting rights, managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance, improve social and environmental impact and to mitigate financial risks.”

The Trustee’s SIP was last reviewed in December 2023 and is made available online here:

[Statement of Investment Principles \(superdrug.com\)](https://www.superdrug.com)

The Trustee decided not to set stewardship priorities for the Plan because the Plan solely invests through pooled investment vehicles where the Plan’s assets only represent a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. As a result, the Trustee decided not to set stewardship priorities. However, the Trustee takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually.

## How voting and engagement policies have been followed

The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers. The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code. However, the Trustee cannot usually directly influence the managers' policies on the exercise of investment rights where the Trustee holds assets in pooled funds. This is due to the nature of these investments. The Trustee receives reporting on the voting and engagement policies of the fund managers and considers these as part of manager appointment and review processes.

The Trustee believes that ESG factors are financially material – that is, they have the potential to impact the value of the investments from time to time.

The Trustee monitors the ESG performance of its managers on a regular basis.

The Trustee considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Plan.

The Trustee was satisfied that the managers' policies were reasonable and no further remedial action was required during the period. Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Plan's stewardship policies.

**Prepared by the Trustee of the A.S. Watson (Health & Beauty UK) Pension Plan  
June 2024**

## Voting Data

Voting only applies to funds that hold equities in their portfolio. The Plan's equity investments are all held through pooled funds and as such the investment managers for these funds vote on behalf of the Trustee.

The equity investments are managed by abrdn and Schroder Investment Management ("Schroders"). The table below provides a summary of the voting activity undertaken over the year to 31 March 2024. In December 2023, the Plan disinvested its holdings in the Schroders Life Diversified Growth Fund. As such, the voting and engagement data for this fund is provided for the year to 31 December 2023.

Manager	abrdn	abrdn	Schroders
<b>Fund name</b>	Vanguard FTSE Developed World Hedged Pension Fund	Vanguard FTSE Developed World ex UK Equity Index	Life Diversified Growth Fund
<b>Structure</b>	Pooled		
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.		
<b>Number of company meetings the manager was eligible to vote at over the year</b>	2,218	2,115	1,114
<b>Number of resolutions the manager was eligible to vote on over the year</b>	29,398	27,088	14,227
<b>% of resolutions the manager voted on</b>	98.6%	98.6%	93.8%
<b>% of resolutions the manager abstained from</b>	0.1%	0.0%	0.4%
<b>% of resolutions voted <i>with</i> management</b>	96.4%	96.1%	89.0%
<b>% of resolutions voted <i>against</i> management</b>	3.6%	3.9%	10.5%
<b>% of resolutions voted contrary to the recommendation of the proxy advisor</b>	0.3%	0.3%	7.4%

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. The Trustee has decided not to set stewardship priorities / themes for the Plan. For this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6
<b>Funds affected</b>	Both Vanguard funds	Both Vanguard funds	Both Vanguard funds	Schroder Life Diversified Growth Fund	Schroder Life Diversified Growth Fund	Schroder Life Diversified Growth Fund
<b>Company name</b>	Mercedes-Benz Group AG	Credit Suisse Group AG	Lennar Corporation	Alphabet Inc.	Mastercard Incorporated	The Coca-Cola Company
<b>Date of vote</b>	03/05/2023	04/04/2023	12/04/2023	02/06/2023	27/06/2023	25/04/2023
<b>Summary of the resolution</b>	Elect Stefan Pierer to the Supervisory Board	Approve Discharge of Board and Senior Management	Approve Recapitalization Plan for all stocks to have one-vote per share	Report on Risks of Doing Business in Countries with Significant Human Rights Concerns	Report on Lobbying Payments and Policy	Report on Congruency of Political Spending with Company Values and Priorities
<b>How the manager voted</b>	Against	Against	For	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>		This information was not provided.		Schroders may tell the company of their intention to vote against the recommendations of the board before voting, in particular if the manager are large shareholders or have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations.		
<b>Rationale for the voting decision</b>	Concerns regarding extent of other commitments.	Concern regarding management/board actions or oversight.	Determined the proposal was aligned with Vanguard-advised funds' voting policy.	Schroders believe enhanced transparency on the company's due diligence processes to address and minimise human rights risks when operating in high-risk areas would be beneficial for shareholders.	Additional disclosure of the company's state level lobbying, indirect lobbying-related expenditures and board oversight mechanisms would help shareholders better assess the risks and benefits, including regulatory, legal and	Schroders believe that how they have voted is in the best financial interest of their clients' investments. They believe support for this resolution was warranted because increased disclosure of the company's indirect

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6
					reputational, associated with the company's participation in the public policy process. Schroders believe that how they have voted is in the best financial interest of their clients' investments.	political contributions and their alignment to Company values and priorities could provide shareholders with a more comprehensive understanding of the company's management of the related risks and benefits.
<b>Outcome of the vote</b>	Pass	Withdrawn	Fail		This information was not provided.	
<b>Implications of the outcome</b>		This information was not provided.			Schroders monitor voting outcomes particularly if they are large shareholders or have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or other engagement work, the manager may escalate Schroders concerns by starting, continuing, or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.	
<b>Criteria on which the vote is considered "significant"</b>		This information was not provided			Votes were against management.	

## Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee. Whilst the Plan's credit holdings do not have any voting rights attaching to them, the Trustee focuses on how the investment process and profile of the managers is aligned with the Plan's ESG policies.

The table below provides a summary of the engagement activity undertaken by Abrdn, Insight Investment Management ("Insight"), Schroder, M&G and Royal London during the year. Muzinich & Co ("Muzinich") were unable to provide engagement data over the period whilst they had started gathering engagement data in 2020, the full roll-out of their ESG framework has been delayed and were not able to provide any comprehensive engagement data before the Scheme disinvested their holdings with the manager.

Manager	Insight	abrdrn	Schroder	M&G	Royal London
<b>Fund name</b>	Global ABS Fund	Both Vanguard funds	Diversified Growth Fund	All Stocks Corporate Bond Fund	UK Corporate Bond Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	60-70	This information was not provided.	1,402	10	144
<b>Number of engagements undertaken at a firm level in the year</b>	2,521	2,008*	6,724	This information was not provided.	755
<b>Examples of engagements undertaken with holdings in the fund</b>	<p><b>Mercedes Benz:</b> Understanding their ESG approach and engaging on Insight's additional reporting requirements</p> <p><b>AFG:</b> Engaging with issuer surrounding their ESG data provision.</p>	<p><b>Thungela Resources Ltd:</b> Climate Change – Employee Health and Safety</p> <p><b>ENEL:</b> Climate Change – Human rights &amp; Community Relations</p>	<p><b>Ecora Resources:</b> Environment – Climate Change</p> <p><b>International Business Machine Corp:</b> Governance – Board effectiveness – Diversity</p>	<p><b>Chesnara Plc:</b> Governance – Executive Remuneration</p> <p><b>AT&amp;T INC:</b> Social – Diversity &amp; Inclusion</p>	<p><b>Shell Plc:</b> Environment – Climate Change &amp; Governance</p> <p><b>British Land</b> – Biodiversity</p>

\*abrdrn provided firm-level engagement data as at 31 December 2023

\*\*Royal London data provided for year to 30 September 2023