

IMPLEMENTATION STATEMENT

Avon Cosmetics Pension Plan

The Trustees of the Avon Cosmetics Pension Plan have prepared this implementation statement in compliance with the governance standards introduced under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). Its purpose is to demonstrate how, and the extent to which, the Plan's Statement of Investment Principles (SIP) dated 29 September 2020 has been followed, if there has been any review of the SIP and how the policies on voting, stewardship and engagement have been followed. This statement covers the period 31 December 2021 to 31 December 2022.

A. Review of the Statement of Investment Principles

During the Plan year, there was a review of the Statement of Investment Principles and changes are being made to reflect the revised investment strategy adopted in August 2022.

B. Plan Governance

During the Statement Period the Trustees continued to have responsibility for the governance and investment of the Plan's assets whilst delegating the day-day aspects of investment management to their Fiduciary Manager, SEI. SEI is required to manage the Plan in line with the principles and policies set out in the SIP.

There was a review of the investment strategy during the period where changes in the Strategic Asset allocation were made.

C. Implementation of the Statement of Investment Principles

The SIP sets out the policies in the following matters:

i. Investment Objectives

The Fiduciary Manager, SEI has managed the Plan's assets in accordance with the Trustees' primary objective to make sure that together with contributions from the employer the assets meet the obligations to the beneficiaries of the Plan. This is by implementing a long-term strategy with a rate of investment return higher than the growth of the Plan's liabilities to ensure full funding on an appropriate basis.

ii. Choosing Investments

The Trustees have delegated management of the investment portfolio to the Fiduciary Manager, SEI. SEI has chosen investments in accordance with the criteria set out in the Investment Regulations, the Occupational Pension Scheme (Charges and Governance) Regulations 2015. For the current strategy, SEI has chosen assets across a diverse portfolio of investments to reduce investment risk.

iii. Risks

The management of investment risk is a function of the asset allocation and diversification strategies. SEI have managed the investment risk by monitoring the risks and updating the Trustees over the year.

iv. Expected return on investments

The Trustees receive and reviewed quarterly reports over the year and were satisfied with the content of the report and that SEI's performance was in line with the SIP policies and the Trustees' long-term expectations.

v. Financial and non-financial material considerations

The Fiduciary Manager, SEI acknowledges that environmental, social, and governance (ESG) factors may have material impacts on the financial performance of an investment. SEI seeks to consider ESG and sustainability factors in the management of the funds by (i) performing an ESG assessment as part of manager research to develop a deeper understanding of Portfolio Managers' capabilities, (ii) by requiring all Portfolio Managers to consider material financial and non-financial risks as part of their investment process; (iii) by conducting effective and independent risk oversight and (iv) by striving to act as good stewards of assets through shareholder engagement and proxy voting.

vi. Voting and Engagement

Please refer to section D for further details regarding the implementation of the Voting and Engagement policy.

vii. Asset Manager arrangements

The Trustees have conducted the annual review of the investment objectives and continues to monitor performance on a quarterly basis against these objectives.

The Trustees are satisfied that the policies as described in the SIP have been implemented during the year.

The Trustees have not identified any areas where the Plan's investments have diverged from the policies set out within the SIP.

D. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. The Plan only invests via pooled investment funds Return Enhancement Pool and through segregated accounts for the Risk Management Pool. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustees still monitor and engage as much as possible.
- ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Plan.
- iii. SEI, the Plan's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.

- iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services.
- v. SEI will report on voting and engagement activity to the Trustees on a periodic basis together with its adherence to the UK Stewardship Code. The Trustees will consider whether the approach taken was appropriate or whether an alternative approach is necessary. The Fiduciary Manager is a signatory to the UK Stewardship Code 2020.
- vi. The Trustees will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors.

The Trustees are of the opinion that this policy has been followed during the year. In particular:

- The Trustees have received and reviewed quarterly reports from SEI that set out
 - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.
- SEI's engagement priorities which for 2022 included priorities in each of the following categories:
 - Climate change
 - Sustainable Agriculture
 - Modern Slavery
 - Future of Work
 - Board Governance
- The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
- The Trustees reviewed the above quarterly reports throughout the Plan year and monitored performance. The Trustees were satisfied with the content of the report and that SEI's performance was in line with the SIP and the Trustees' expectations.
- The Trustees have considered SEI's voting practices and stewardship policies noting that they are a signatory to the UN Principles for Responsible Investment.
- The Trustees have a process in place to review SEI's performance against objectives, including ESG factors.
- SEI's engagement efforts are primarily focused on public equities; however, many companies represented in our engagement efforts are also held in fixed income strategies. SEI believes that these fixed income funds also benefit from the positive progress that results from productive shareholder engagement. The engagement on climate change through SEI's collaboration with their engagement partner spans both equity and fixed income.

In light of the above and otherwise, the Trustees have considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation on behalf of the Trustees remain aligned with the Trustees' views on these matters.
- The current policy is appropriate and no further action is required at this stage, albeit the Trustees will continue to monitor the performance of this policy and SEI's performance in the future.

E. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider, namely Glass Lewis as a proxy for all voting. SEI provide the Specialist provider with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 31 December 2021 to 31 December 2022, across the Plan's holdings¹ SEI voted as follows, including the percentage of overall votable items voted on:

Fund Name	Global Managed Volatility	Dynamic Asset Allocation	Emerging Market Equity	Factor Allocation Global Equity
ISIN	IE00B19H3542	IE00B5NNKL10	IE0002515637	IE00BDD7WJ18
Number of Votable Meetings	575	745	562	257
Number of Votable Items	7826	14797	5517	2121
% of Items Voted	91%	94%	99%	99%
For	91%	93%	83%	89%
Against	8%	6%	13%	9%
Abstain/ Withheld/ Other	1%	1%	4%	2%
% of votes with management	91%	94%	82%	88%
% of votes against management	8%	6%	14%	10%
% Other	1%	0%	4%	2%
Voting Against/Abstain by Category				
Capital Related	7%	3%	19%	13%
Board/Directors/Governance	44%	37%	47%	50%
Remuneration Related	18%	21%	11%	17%
Shareholder Proposals	26%	26%	1%	11%
Other	5%	13%	22%	9%

F. Significant Votes

A highlight of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they have a material impact on the company or the wider community. SEI selects votes based on one or more of the following criteria's:

- Votes SEI consider to be high profile which have such a degree of controversy that there is high client and/ or public scrutiny.

¹ SEI has shown voting data for the relevant quarters the fund was invested in.

- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to companies on one of SEI's watch lists. Watch lists cover ESG topics such as climate and diversity as well as initiatives including Climate Action 100 + and the United Nations Global Compact.
- Votes relating to our 2022 thematic priorities as described in section D.

To date the Trustees have accepted SEI's position on what constitutes a significant vote but this will be kept under consideration.

Company Name	Held in Fund(s) (% size of holding)²	Theme	Date of Vote and Outcome	Vote Decision and Significance of vote
Amazon	Dynamic Asset Allocation (<0.01%)	Corporate Governance	Date: 25/05/2022 Outcome: Against	Voted Against the proposal 'advisory vote on executive compensation'. In association with the new CEO transition, Mr Jassy is set to receive \$212 million as a time based promotion award, which will become fully vested in ten years. Large awards like this can undermine the integrity of a company's regular incentive plans and the link between pay and performance. Although the long vesting period may help lessen concerns around the lack of performance based conditions, an award of this size without performance – based vesting conditions is concerning. This vote is deemed significant because it is a high profile company which has been under scrutiny on account of its labour conditions which continue to be a focal point for investors and the media. Additionally, the lack of clarity of future grants to Mr Jassy and lack of transparency to the shareholders through performance-based conditions for a grant this size warrant shareholder opposition.
Bezeq	Global Managed Volatility (<0.01%)	Corporate Governance	Date: 28/04/2022	Voted Against the proposal 'amend employment terms of executive chair'. SEI believe that the shareholders should be concerned that management would keep the right to grant an annual bonus to the chair on a discretionary basis, without the need for any quantitative measure of performance. SEI believe this is not in the shareholders' best interests and the company has also failed to disclose a clear description of their performance hurdles. This vote is deemed significant because without this disclosure it makes it hard to evaluate the extent to which the company aligns annual executive compensation with

² % holding as at last day of the quarter in which vote occurred.

				short-term performance and Bezeq has a high ESG risk rating.
Rami Levi Chain Stores Hashikma Marketing Ltd	Global Managed Volatility (<0.01%)	Corporate Governance	Date: 29/06/2022 Outcome: For	Voted Against the proposal 'elect Mordechai Berkovitch'. In 2021 Rami Levi acknowledged that their long-serving board chair Mordechai Berkovitch had criminal charges brought to him by the Jerusalem District Attorney's Office. There has been a very slow response from the company in making the shareholders aware of the allegations and these charges were in connection to activities that allegedly occurred during his time as an external legal consultant of Beit Shemesh municipality. This vote is deemed significant because Mordechai Berkovitch is a long-standing board member and SEI believe that Rami Levi's shareholders should be concerned with the criminal investigations he is involved in as matters may worsen and it may dampen shareholder value. Rami Levi has a high ESG risk rating.
Shufersal Ltd	Global Managed Volatility (<0.01%)	Corporate Governance	Date: 22/09/2022 Outcome: For	Voted Against the proposal 'elect Itzik Abercohen'. In this year's annual meeting a competitive election has made it possible for there to be more recommendations than actual seats on the board. A popular candidate being backed by a few institutional investors is Shufersal's former CEO Itzik Abercohen who resigned in January 2022. His resignation was fast tracked because of the 2 scandals he was involved in. The first, revealed by Israel's Channel 10, showed that the company was marketing discounted prices to ultra-Orthodox Jewish parts of the population. The second involved a raid of Shufersal's offices and Itzik Abercohen being questioned on suspicion of price fixing. This vote is deemed significant due to Abercohen's involvement as CEO in the ongoing legal cases against Shufersal. Whilst it is noted that investigations are in the early stages, SEI is concerned by the circumstances surrounding Abercohen's departure and the hasty attempt to return him to the board. Shufersal also has a high ESG risk rating.
Sime Darby Plantation Berhad	Emerging Market Equity (<0.01%)	Corporate Governance	Date: 16/6/2022 Outcome: For	Voted Against the proposal 'elect Tan Ting Min' to the board. Sime Darby Plantation has been involved in allegations of forced labour and child labour on plantations and estates which they own and run. In January 2022 Customs and Border

		Employee Health & Safety		Protection issued a finding stating that there was enough information to indicate the existence of forced or indentured labour. This vote is deemed significant because SEI believe the risk committee should have oversight of the company's main functions and it is their responsibility of ensuring adequate risk management mechanisms are in place. Since the risk committee did not adequately address the company's labour practices no past and present member of the risk committee should be up for re-election like Tan Ting Min. Sime Darby Plantation Berhad has a high ESG risk rating.
Tesla Inc.	Dynamic Asset Allocation (<0.01%) Factor Allocation Global Equity (<0.01%)	Corporate Governance Social	Date: 08/04/2022 Outcome: Against	Voted For the 'Shareholder Proposal Regarding Report on Effectiveness of Workplace Sexual Harassment and Discrimination Policies'. In the last five years, Tesla has faced more than 40 lawsuits from former and current employees alleging that it fosters a sexist and racist work culture. In the lawsuits, Tesla is depicted as having a workplace where slurs, groping, and threats are commonplace, and where the human resources function has repeatedly failed to address workers' concerns. These allegations made by employees are mainly claims of harassment, discrimination and poor working conditions. This vote is considered significant because a failure to adequately address matters related to sexual harassment and discrimination could result in significant difficulties attracting and retaining employees, fines or additional lawsuits, and, ultimately, the erosion of shareholder value. By reporting on the effectiveness and outcomes of its efforts to prevent harassment and discrimination, it will allow shareholders to better understand the efficacy of the Company's policies and initiatives. The report will also help to identify Tesla's progress on relevant metrics and targets and mitigate potential risks.
Eutelsat Communications	Factor Allocation Global Equity (<0.01%)	Corporate Governance Social	Date: 10/11/2022 Outcome: For	Voted Against the 'Ratification of the Co-Option of Eva Merete Søfelde Berneke'. Eutelsat Communications provides satellite TV services to Russia, among which Tri kolor and NTV, which are considered to be the spearheads of Russian war propaganda and a major source of news and information for 25% to 30% of the Russian population. Since the Russian invasion of Ukraine, Eutelsat has received public opposition for deciding to maintain its operations in Russia, which

				represented 6.7% of its revenue in the past fiscal year. This vote is deemed significant because the level of disclosure provided by the Company on its decision to maintain operations in Russia constitutes a substantial failure to properly inform shareholders on material risks. As CEO of the Company, shareholders could reasonably hold Eva Merete Søfelde Berneke accountable for this issue.
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G. Engagement Activity

A highlight of some of the engagements during the period are shown in the table below. SEI conducts shareholder engagement collaboratively through third party specialists Sustainalytics and Columbia Threadneedle Investment reo. Each case study describes a milestone achieved relating to our engagement priorities as described in section D.

Company Name	Held in Fund(s)	Theme	Objective	Description
Archer-Daniels-Midland (ADM)	Global Managed Volatility Dynamic Asset Allocation	Sustainable Agriculture	Progress on ESG governance, land use, biodiversity and carbon management activities	<p>Through our collaborative engagement with Sustainalytics, SEI have engaged with ADM to encourage a transition to more sustainable agricultural practices, a holistic response to environmental challenges, and to contribute to a more sustainable food system.</p> <p>During a call in May 2022, ADM discussed its approach to carbon and land management risks. The company explained recent updates to their executive share plan, outlining the integration of ESG metrics (carbon emissions and employee diversity criteria) to replace total shareholder return, which are more reflective of stakeholder materiality and desired behaviour change.</p> <p>Archer-Daniels-Midland also mentioned their attention to deforestation and carbon sequestration exposures, and has put a stakeholder materiality assessment in place to monitor these exposures and impacts. This includes a goal to mitigate deforestation in all supply chains by 2030, which is already in progress.</p> <p>ADM has set a robust target to reduce 25% of its scope 3 greenhouse gas emissions by 2035 from a 2019 baseline, outlined by a clear strategy focused on the company's supply chain activities. Through various approaches to supply chain management, ADM is taking steps to reduce its ecological impacts and risks.</p>

Siemens AG	<p>Dynamic Asset Allocation</p>	Future of Work	<p>Develop a proactive human capital management approach in hiring, developing and retaining talent to address the transformation caused by emerging trends.</p>	<p>Through our collaborative engagement with Sustainalytics, SEI have engaged with Siemens to encourage the continued development of human capital management approaches that address workplace transformations such as technology and remote work and enhanced focus on diversity, equity and inclusion. Siemens is a global technology firm with 380,000 employees.</p> <p>Siemens has set a goal to achieve 30% female representation in top management by 2025. It has acknowledged challenges collecting diversity data beyond gender given the company's global footprint, differences in local diversity expectations, and the need to maintain employee privacy.</p> <p>In March 2022, Siemens invited Sustainalytics to participate in an internal event focused on the future of work, with a focus on measuring the effectiveness of upskilling and reskilling programs as part of a company initiative to help employees build their skills to stay ahead in a changing workplace.</p> <p>Ongoing dialogue with Siemens is focused on diversity in leadership, pay equity, and efforts to make the company more inclusive.</p>
Shell PLC	<p>Dynamic Asset Allocation</p> <p>Global Managed Volatility</p> <p>Factor Allocation Global Equity</p>	Thematic – Climate Change	Climate Progress – Net Zero Strategy	<p>The Royal Dutch Shell (Shell PLC) company was one of the first oil and gas companies to set a net zero target as a part of their “Climate Progress” strategy. Despite this approach, Columbia Threadneedle reo has continued to engage the company to push their efforts to support progress in this area, specifically to disclose a clear methodology for how their assessment of a 1.5oC scenario is aligned with capex spending and fossil fuel investment.</p> <p>Shell has set scope 3 emissions intensity targets, but there is no clear alignment of these targets to achieving an absolute emissions reduction to achieve a 1.5 degree scenario. Although the company has published a “Climate Progress Report”, stakeholders have remained concerned about the impact of this strategy. Shell continues to remain open to engagement, and commits to updating their plans and targets as regulatory and economic environments evolve in the face of the current energy crisis.</p> <p>Outside of an emissions strategy, Shell PLC has taken strides to engage stakeholders on biodiversity risks, including the creation of “net positive impact” on biodiversity at newly developed sites and nature-based solutions</p>

				<p>projects. Through engagement efforts, these commitments will encourage further assessment and disclosure of how Shell measures impacts and progress.</p>
Walmart, Inc.	<p>Dynamic Asset Allocation</p> <p>Global Managed Volatility</p> <p>Factor Allocation Global Equity</p>	Global Standards Engagement	Labor Rights – Milestones Achieved	<p>Sustainalytics began its bilateral engagement dialogue with Walmart, Inc. in 2011. At the beginning of engagement efforts, labour rights were a major controversy within Walmart's engagement and management activities. Although initially exposed to a high degree of labour risk across the supply chain and within the brick and mortar stores, the company has evolved to a place where Walmart now welcomes constructive dialogue and engagement on industry best practices in human capital management.</p> <p>Since the inception of Walmart's engagement with Sustainalytics, the company has attended almost twenty conference calls and conducted two in-person meetings to discuss reducing their exposure to labour rights. Walmart, Inc. implemented and published a human rights policy statement across business operations, which led to an improvement in disclosure practices on the topic.</p> <p>Walmart, Inc. has taken the necessary steps to mitigate its risk associated with labour rights management, including resolving any related legal incidents and providing detailed human capital disclosures aligned with their strategy. Resulting from Walmart's consistent willingness to engage, and transition their leadership approach to one that supports transparent human rights management, Sustainalytics considers this case to be resolved.</p>
Imperial Oil Ltd.	<p>Dynamic Asset Allocation</p> <p>Factor Allocation Global Equity</p>	Climate Change	Reduction of scope 1 and 2 greenhouse gas emissions intensity.	<p>Imperial Oil Ltd. achieved a milestone in contribution to the Climate Change engagement theme conducted by Columbia Threadneedle reo. The Canada-based energy company committed to set a target to reduce the Scope 1 and 2 greenhouse gas emissions intensity of its oil sands facilities by 30 percent by 2030, relative to 2016 emission levels.</p> <p>This achievement is encouraging, as the company must make changes to a number of operational capabilities to achieve this reduction. When engaged, Imperial Oil Ltd. explained that it will meet emissions intensity reductions through the implementation of next generation technologies, efficiency improvements at facilities, and use of carbon capture and storage.</p>

				<p>Imperial's commitment to reduce greenhouse gas intensity contributes to Canada's national commitment to achieve net zero emissions. Specifically, the energy supplier reaffirmed its goal to achieve net zero for Scope 1 and 2 greenhouse gas emissions.</p> <p>Implementing initial climate governance for the company's oil sand operations is a key note of progress for Imperial Oil Ltd.</p>
Mitsubishi Materials Corporation	Factor Allocation Global Equity	Global Standards Engagement – Business Ethics (Consumer Interests)	Ensure suitable board-level quality control oversight is in place.	<p>In 2017 and 2018, Mitsubishi Materials Corp. revealed that a number of its subsidiaries had falsified various product data for the aerospace, automotive and electric power industries, affecting over 750 companies reliant on the data. This, coupled with additional misconduct found at one of Mitsubishi's copper smelter and other refineries, led to a number of fines for the corporation.</p> <p>Engagement with Mitsubishi Materials Corp. focused on supporting the company to implement board-level oversight of quality control activities, and to strengthen the corporate culture throughout the business that places high importance on quality control. Engagement efforts led the company to improve its quality control framework, and to obtain independent verification of related activities. Mitsubishi Materials Corp. has been willing to acknowledge the risks and hand, and dedicate resources to fix the issues that had been proactively self-reported.</p> <p>In order to avoid future falsification issues, the company disclosed steps to address previous shortcomings: enhancement of the framework and authority of the quality control department, expansion of quality training, enhanced inspection equipment, etc. These updates have led to no further incidents or falsifications of data to be identified or reported by Mitsubishi Materials Corp.</p>