

Implementation Statement

STEWARDSHIP AND ENGAGEMENT IMPLEMENTATION STATEMENT:

21 June 2024 to 30 June 2024



Introduction

On 6 June 2019, the UK Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the “Regulations”). The Regulations require that the Trustee of the Amcor Bemis Section of the Amcor Holding 2023 UK Pension Plan (the “Trustee”) outline how the stewardship, voting and engagement policies set out in their Statement of Investment Principles (“SIP”) have been followed over the course of the year under review.

This Statement has been prepared by the Trustee with the assistance of their appointed Fiduciary Manager and is for the year ending 30 June 2024 – this is a part period from 21 June 2024 to 30 June 2024. The engagement activities are an ongoing dialogue between the Fiduciary Manager and the firms being engaged with, which take place over a number of months, as such the activities reported below are for the period 1 July 2023 – 30 June 2024.

The Trustee’s Stewardship and Engagement policies are included in the SIP which is available on request.

Last review of the key policies regarding Stewardship and Engagement

Policies regarding stewardship, voting and engagement were last reviewed as part of a wider review of the SIP in April 2024. The Trustee confirmed that the policies remained suitable and in the best interests of members. No material changes were made.

During the course of the year, the Trustee has received presentations from their appointed Fiduciary Manager in relation to how the votes are carried out on their behalf and more generally on how Environmental, Social and Governance (“ESG”) factors are integrated into the Fiduciary Manager’s investment philosophy and by association the underlying specialist managers used in the portfolio.

Engagement Activities

Not all investments have voting rights attached to them, however asset owners can engage with the issuers of equity and debt to influence positive change. The Trustee is supportive of engagement with investee companies in this way and has delegated this activity to the Fiduciary Manager.

The Fiduciary Manager aims to engage with companies on overall business strategy, capital allocation, and ESG practices while encouraging appropriate levels of risk mitigation. The Fiduciary Manager’s engagement policy is available [here](#) and examples of engagement activity are provided below.

Any reference to we, our and/or us in the following examples refers to the Fiduciary Manager’s policy, views and activity.

Direct-Company Engagement on ESG disclosures with a US-based managed healthcare Company

Engagement Action: Russell Investments conducted an inaugural engagement with a US-based managed healthcare company specializing in uninsured and underinsured care.

Engagement Objective: Russell Investments engaged with the aim to encourage the integration of the company’s ESG strategy with its business strategy.

Engagement Summary: Russell Investments has no concerns about the company’s strategy and considers its current practices to exceed expectations. The company reports in accordance with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) and aligns its efforts with the Sustainable Development Goals (SDGs). Furthermore, the company is actively considering how environmental and social factors might impact its patient base, especially given the unique challenges faced by the uninsured and those with limited access to resources. This comprehensive approach goes beyond merely assessing the environmental and social impacts of its operations, demonstrating a deep commitment to integrating ESG considerations into its core business strategy.

Engagement Outcome: Russell Investments will close the engagement on ESG disclosure, as the company’s practices in this area are deemed satisfactory.

Direct-Company Engagement on governance with a financial holding company based in the US

Engagement Action: Russell Investments engaged with a financial holding company based in the US. The dialogue focused on the company’s executive compensation practices, board composition, and Diversity, Equity, and Inclusion (DEI) efforts.

Engagement Objective: Russell Investments aims to encourage the company to improve its disclosure and transparency around executive compensation practices. From a governance perspective, we have also requested the company to separate the roles of the CEO and Chair of the board. In the area of human capital, our goal was to assess the company's approach to DEI for its robustness.

Engagement Summary: The company acknowledges the concerns raised by investors regarding executive compensation but has shown no immediate intention to address them. They assert that their approach to compensation is holistic, though they have chosen not to disclose specific internal targets at this time. While the bonus is currently capped in terms of total compensation, the company is not willing to establish a bonus limit related to salary, which would align with best practices. Regarding equity awards, the company has decided not to add any additional metrics to the long-term incentive plan, believing that ROTCE alone is sufficient for compensation purposes, despite utilizing several KPIs to measure business performance. There are no forward-looking plans for special grants, but a recruitment award is anticipated once the CEO steps down, which is expected to occur in approximately five years.

In terms of board composition and accountability, the company has responded positively to the significant support received at the AGM for the separation of the CEO and Chair roles. They have committed to implementing this change once the current CEO steps down. Succession planning is already in place, with the CEO set to transition to the role of chair for about a year to support the leadership transition. Following this period, an independent chair will be appointed to the board, ensuring a smooth and effective governance structure moving forward.

Engagement Outcome: Russell Investments will review the Say on Pay vote ahead of the 2024 AGM and engage with the company accordingly. We are satisfied with the response received on the other two topics, and no further action is needed.

Direct-Company Engagement on UN Global Compact Principles

Engagement Action: Russell Investments engaged with a US-based financial services company. This engagement was driven by the company being flagged as a violator of UNGC Principle 10 (Businesses should work against corruption in all its forms, including extortion and bribery) by Sustainalytics.

Engagement Objective: Russell Investments aims to ensure the company is in line with the UN Global Compact Principles.

Engagement Summary: In our discussions regarding UNGC Principle 10, company representatives emphasized the significant milestones and improvements necessary to lift the asset cap imposed by the Federal Reserve. This asset cap is part of a broader consent order that includes essential board changes and enhancements to compliance and operational risk programs. Addressing this order is a comprehensive, company-wide effort that involves all employees, including those in operational compliance and risk management teams. The company has recruited experienced personnel who have successfully navigated similar regulatory challenges at other institutions. Notably, progress has been made, with six of the eight consent orders terminated since the new management team, led by the CEO, took over. Despite these significant efforts, the asset cap remains a topic of regular discussion and management, requiring ongoing attention. The timing for lifting the asset cap will ultimately be determined by the Federal Reserve, and the company is diligently ensuring that all necessary work is completed to meet regulatory expectations.

Persistent management gaps identified by the CFPB, particularly in the mortgage and auto businesses, are being addressed with rigorous new processes and third-party assistance. Remediation efforts include direct cash payments to affected customers, which can be a lengthy process. The CFPB's latest consent order acknowledges the accelerated corrective actions taken since 2020. Continuous efforts are being made to ensure regulatory compliance and improve customer outcomes. Organizational changes reflect the maturity and evolution of the company's operational programs. The role of the chief accountability officer, created during the transformation process, no longer exists, and special purpose positions have been integrated back into business lines as these functions have stabilized and matured. The company acknowledged that they were lagging behind their peers in establishing the appropriate governance structures and risk oversight functions, but these measures have now been fully implemented.

Engagement Outcome: Russell Investments will continue to closely monitor the company's progress on addressing the consent orders, with particular attention to the lifting of the asset cap. Once these issues are resolved, we expect that Sustainalytics will no longer flag the company as a violator of the United Nations Global Compact Principle 10. At that point, we will be able to consider the engagement successfully resolved.

Industry Participation

The Trustee encourages the Plan's Fiduciary Manager to leverage its position through collaborative efforts and partnerships with other industry participants. To this end, the Fiduciary Manager is a signatory to the UK Stewardship Code 2020 and Principles for

Responsible Investment (“PRI”) and a member of Climate Action 100+, Nature Action 100, and the Net Zero Asset Managers Initiative.

The UK Stewardship Code 2020, comprising a set of ‘apply and explain’ Principles, sets high stewardship standards for those investing money on behalf of UK savers and pensioners. The Fiduciary Manager’s latest investment stewardship report can be found [here](#).

PRI is a globally recognised proponent of responsible investment, which provides resources and best practices for investors incorporating ESG factors into their investment and ownership decisions. As a signatory to the PRI since 2009, the Fiduciary Manager has a long-standing relationship with the organisation and has completed the annual PRI assessment every year since 2013. The Principles are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices. The Fiduciary Manager is actively involved with the PRI, attending annual conferences and global seminars, and engaging on discussions of interest.

Climate Action 100+ is an investor initiative launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The Fiduciary Manager joined the Climate Action 100+ initiative in early 2020 and has directly engaged with a select number of companies on climate transition through the regional entities over the period.

Nature Action 100 is a global investor engagement initiative mobilizing institutional investors to establish a common high-level agenda for engagements and a clear set of expectations to drive greater corporate ambition and action to stem nature and biodiversity loss. Investors participating in the initiative are engaging with 100 companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. The Fiduciary Manager joined Nature Action 100 upon its launch in 2023.

In 2021, the Fiduciary Manager joined the Net Zero Asset Managers Initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. The Fiduciary Manager has committed to a range of actions that are the key components required to accelerate the transition to net zero and achieve emissions reductions in the real economy: Engaging with clients, setting targets for assets managed in line with net zero pathways, corporate engagement and stewardship, and policy advocacy.

Compliance with the policy over the period

As a holder of assets with attached voting rights, the Trustee is able to exercise these voting rights on behalf of members of the Scheme and believe the best approach is to delegate the execution of their policy to the Fiduciary Manager. The Trustee has received information on the voting activity that has been carried out on their behalf on an annual basis and are comfortable with the decisions taken.

Over the period, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in their SIP.

The Trustee is pleased with the progress the Fiduciary Manager has made over the year in this area and will continue to work with them to develop their policies in the future.