

Implementation Statement for year ending 31 December 2020

Amway (Europe) Limited Employee Benefits Plan

Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Amway (Europe) Limited Employee Benefits Plan (the “Plan”) covering the Plan year to 31 December 2020.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the Plan’s Statement of Investment Principles (“SIP”) required under section 35 of the Pensions Act 1995 (including any engagement policy contained within it) has been followed during the year;
- detail any reviews of the SIP the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review;
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this implementation statement will be made available on the following website: <https://www.amway.co.uk/about-amway-new/amway-employee-benefits-plan> and included in the Trustees’ annual report and Plan accounts for the year to 31 December 2020.

This is the first year of the Plan providing an Implementation Statement and the format of the statement is expected to evolve over time as practices are established.

Adherence to the SIP

In the Trustees’ opinion, at all times during the year to 31 December 2020, the SIP in force at the relevant time during that period (including any engagement policy contained within it) has been followed.

In line with the SIP, the Trustees have delegated all day-to-day investment decisions to two investment managers:

- Legal & General Assurance (Pensions Management) Limited (“Legal & General”) are appointed as a passive multi-asset manager and as an active property manager,
- Schroder Unit Trusts Limited (“Schroder”) are appointed as an active property manager.

The Plan’s assets (other than those in respect of AVCs) are entirely invested in pooled arrangements.

Due to the primarily passive nature of the Plan’s investments, the Trustees recognise that no material decisions are taken by the investment managers on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment managers in the exercise of their delegated duties. The Trustees will monitor the activities of its managers in this regard from time to time but appreciate that its applicability may be limited for certain asset classes such as government bonds.

The Trustees last fully reviewed their investment strategy in 2019. In years where a full review of the investment policies and strategy is not undertaken, the Trustees receive annual updates from the investment consultant on the investment managers’ performance and whether there have been any changes to the investment managers’ research ratings. This is discussed at Trustee meetings together with whether the managers are performing in line with the Plan’s objectives. The last such update was provided in September 2020 and covered the following requirements under the SIP:

- To review the return of the Plan's assets compared with the benchmark returns on each of the funds in which the Plan invests;
- To obtain on an annual basis, written advice on whether the investments are satisfactory as required by the Pensions Act;
- To monitor, from time to time, the extent to which the investment managers consider financially material environmental, social and governance issues in investment decision making and the extent to which the investment managers practice good stewardship, including engagement with firms and exercise of voting rights.

Trustees' voting and engagement policy

The Trustees are satisfied that the managers are engaging with investee companies in a manner aligned with the Plan's long-term investment objectives.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Non-financial matters policy

Non-financial matters, such as the views of beneficiaries and members of the Plan, have not been (and are not ordinarily) taken into account in determining the Trustees' investment principles or the current investment strategy.

Review of, and changes to the SIP

The SIP was reviewed and subsequently updated during the Plan year to reflect new regulatory requirements to describe the Trustees' arrangements with any asset managers and came into force on 30 September 2020. No changes were made to the Plan's target asset allocations.

Summary of voting over the year to 31 December 2020

The Plan's equity investments are managed by Legal and General via a number of pooled funds on an index-tracking basis. Given the indexed nature of the mandates, Legal and General are limited by the equities they must hold in the portfolio.

A summary of the voting on behalf of the Plan over the year to 31 December 2020 is provided in the table below:

Fund	Number of votes eligible	% of votes exercised	% of votes with mgmt.	% of votes against mgmt.	% abstained
UK Equity Index Fund	13,941	99.9%	93.0%	7.0%	0.0%
World (ex UK) Equity Index Fund - GBP Currency Hedged	39,168	99.0%	80.6%	18.8%	0.6%
World (ex UK) Equity Index Fund*	27,995	99.5%	79.6%	20.3%	0.1%

*Voting statistics for this fund are over the year to 30 September 2020

Voting information on the Plan's bond funds is not provided since the vast majority of loan and debt securities do not come with voting rights.

Significant votes

The table below demonstrates some of the most significant votes cast on behalf of the Plan over the year to 31 December 2020:

Company / Date	Resolution / Legal and General Comment
<p>Olympus Corporation 30 July 2020</p>	<p>Director election: voted against electing Director Takeuchi, Yasuo</p> <p><i>"Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation.</i></p> <p><i>In the beginning of 2020, we announced that we would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100.</i></p> <p><i>We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue."</i></p>
<p>Amazon 27 May 2020</p>	<p>Legal and General supported 10 of 12 shareholder proposals</p> <p><i>"We looked into the individual merits of each individual proposal, and there are two main areas which drove our decision-making: disclosure to encourage a better understanding of process and performance of material issues (resolutions 5, 6, 7, 8, 10, 13, 15 and 16) and governance structures that benefit long-term shareholders (resolutions 9 and 14)."</i></p> <p><i>"The market attention was significant leading up to the AGM, with:</i></p> <ul style="list-style-type: none"> • <i>12 shareholder proposals on the table – the largest number of any major US company this proxy season</i> • <i>Diverse investor coalitions submitting and rallying behind the proposals, including global, different types of investors and first time co-filers/engagers</i> • <i>Substantial press coverage – with largely negative sentiment related to the company's governance profile and its initial management of COVID-19</i> • <i>Multiple state treasurers speaking out and even holding an online targeted pre-annual meeting investor forum entitled 'Workplace & Investor Risks in Amazon.com, Inc.'s COVID-19 Response'"</i>
<p>Exxonmobil 27 May 2020</p>	<p>Director election: voted against electing Director Darren W. Woods</p> <p><i>"In June 2019, under our annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, we announced that we will be removing ExxonMobil from our Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, we also announced we will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, our voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration."</i></p>

The Trustees of the Amway (Europe) Limited Employee Benefits Plan

26 April 2021