

Implementation Statement

Fujichem Sonneborn Limited Employee Benefits Plan

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, who are all signatories to the UK Stewardship Code or equivalent. When selecting and reviewing their investment managers, where appropriate and applicable, the Trustee will consider the investment managers' policies on stewardship and engagement, and how these policies have been implemented.

The Trustee undertook an initial review of the stewardship and engagement activities of the current managers at their 17 June 2019 meeting, and was satisfied that their policies were reasonable and no remedial action was required at that time. This review also confirmed that all of the Plan's investment managers are signatories to the UN PRI.

Annually the Trustee receives and reviews voting information and engagement policies from the asset managers, along with their implementation of ESG considerations, via a summary provided by its investment consultant. We review this summary to ensure alignment with our own policies. This exercise is undertaken in line with the annual monitoring report, and the most recent summary was discussed at the Trustee meeting on 15 March 2021.

Having reviewed the above in accordance with our policies, the Trustee is comfortable that the actions of the fund managers are in alignment with the Plan's stewardship policies.

At the 15 March 2021 Trustee meeting, a discussion took place as to how the Plan could further incorporate the Trustee's views on ESG matters into their portfolio. As a result of this discussion, the Trustee is currently considering the options available to invest in an ESG-focussed equity fund in order to reduce their exposure to companies that fail to meet acceptable standards of various ESG matters.

The Plan's investment managers vote on behalf of the Plan's holdings in pooled funds. We have noted below the key voting themes over the year made on behalf of the Trustee, the key votes taken and the use of proxy voting advisors by managers:

Voting Data

Manager	Legal and General Investment Management						Columbia Threadneedle Investments
Fund name	Global Emerging Markets Index	Asia Pacific exJap Eqty Index	Japan Equity Index	Europe (ex UK) Equity Index	North America Equity Index	UK Equity Index	Dynamic Real Return Fund
Structure	Pooled						
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.						
Number of company meetings the manager was eligible to vote at over the year	5,139	703	551	686	794	943	358
Number of resolutions the manager was eligible to vote on over the year	44,755	5,150	6,518	11,412	9,495	12,574	4,659
Percentage of resolutions the manager voted on	99.82%	100.00%	100.00%	99.89%	100.00%	100.00%	98.8%
Percentage of resolutions the manager abstained from	1.37%	0.02%	0.00%	0.53%	0.04%	0.01%	2.4%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	82.58%	77.81%	86.08%	84.21%	71.79%	92.94%	91.3%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	16.05%	22.17%	13.92%	15.26%	28.17%	7.05%	6.3%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0.04%	0.16%	0.21%	0.40%	0.32%	0.80%	n/a

Significant votes

For the first year of implementation statements, we have delegated to the investment managers to define what a “significant vote” is. A summary of the data they have provided is set out below.

LGIM, Global Emerging Markets Index

	Vote
Company name	Samsung Electronics
Date of vote	17 March 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a
Summary of the resolution	Elect Park Byung-gook as Outside Director Elect Kim Jeong as Outside Director Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member
How the manager voted	LGIM voted against all three resolutions.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about KRW 8.6 billion. LGIM engaged with the company ahead of the vote. LGIM were not satisfied with the independence of the company board and that the independent directors are really able to challenge management. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board.
Outcome of the vote	The meeting results are not yet available.
Implications of the outcome	LGIM will continue to monitor the company.
Criteria on which the vote is considered “significant”	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny and the sanction vote was a result of a direct or collaborative engagement.

LGIM, Asia Pacific (ex Jap) Equity Index

	Vote 1	Vote 2
Company name	Qantas Airways Limited	Whitehaven Coal
Date of vote	23-Oct-20	22-Nov-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a
Summary of the resolution	Resolution 3: Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4: Approve Remuneration Report.	Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.
How the manager voted	LGIM voted against resolution 3 and supported resolution 4.	LGIM voted for the resolution.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM's Investment Stewardship team communicated the voting decision directly to the company before the AGM and provided feedback to the remuneration committee.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	LGIM supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, LGIM's concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. LGIM voted against resolution 3 to signal our concerns.	In Q4 2020, three of Australia's main export markets for coal – Japan, South Korea and China – announced targets for carbon neutrality around 2050. LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.
Outcome of the vote	About 90% of shareholders supported resolution 3 and 91% supported resolution 4. The meeting results highlight LGIM's stronger stance on the topic of executive remuneration, in our view.	The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour. Many of our ESG-focused funds – and select exchange-traded funds – are not invested in the company.
Implications of the outcome	LGIM will continue their engagement with the company.	LGIM will continue to monitor this company.
Criteria on which the vote is considered "significant"	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.

LGIM, Japan Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Olympus Corporation	Fast Retailing Co. Limited.	Toshiba Corp.
Date of vote	30-Jul-20	26-Nov-20	18-Mar-21
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		n/a	
Summary of the resolution	Elect Director Takeuchi, Yasuo at the company's annual shareholder meeting held on 30 July 2020.	Elect Director Yanai Tadashi.	Resolution 1: Appoint Three Individuals to Investigate Status of Operations and Property of the Company Resolution 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies
How the manager voted	LGIM voted against the resolution.	LGIM voted against the resolution.	LGIM voted for the resolutions.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Japanese companies in general have trailed behind European and US companies, as well as companies in other countries in ensuring more women are appointed to their boards. In the beginning of 2020, LGIM announced that it would vote against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for companies included in the TOPIX100 where these standards were not upheld. LGIM 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 act on this issue.		LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. LGIM also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability.
Outcome of the vote	94.90% of shareholders supported the election of the director	Shareholders supported the election of the director.	Resolution 1 was passed with 57.9% of participating shareholders in support. Resolution 2, in respect to the company's capital allocation and strategic investment policy received 39.3% support and did not pass.
Implications of the outcome	LGIM will continue to engage with and require increased diversity on all Japanese company boards.		LGIM will continue to monitor the company.

Criteria on which the vote is considered "significant"	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.	LGIM considers it imperative that the boards of Japanese companies increase their diversity.	The vote was high profile and controversial.
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LGIM, Europe (ex UK) Equity Index Fund

Vote 1	
Company name	Lagardère
Date of vote	05-May-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a
Summary of the resolution	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardère, as well as to remove all the incumbent directors (apart from two 2019 appointments).
How the manager voted	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. LGIM engaged with both Amber Capital, where they were able to speak to the proposed new SB Chair, and also Lagardère, where they spoke to the incumbent SB Chair. This allowed LGIM to gain direct perspectives from the individual charged with ensuring their board includes the right individuals to challenge management.
Outcome of the vote	Even though shareholders did not give majority support to Amber's candidates, its proposed resolutions received approx. between 30-40% support, a clear indication that many shareholders have concerns with the board. (Source: ISS data)
Implications of the outcome	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.
Criteria on which the vote is considered "significant"	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.

LGIM, North America Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Medtronic plc	Amazon	AmerisourceBergen Corporation
Date of vote	11-Dec-20	27-May-20	11-Mar-21
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation.	Shareholder resolutions 5 to 16	Advisory Vote to Ratify Named Executive Officers' Compensation
How the manager voted	LGIM voted against the resolution.	Of 12 shareholder proposals, LGIM voted to support 10. There are two main areas which drove LGIM's 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).	LGIM voted against the resolution.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. LGIM voted against the one-off payment. Prior to the AGM LGIM engaged with the company and clearly communicated our concerns over one-off payments.	LGIM's team has had multiple engagements with Amazon over the past 12 months. The topics of LGIM's engagements touched most aspects of ESG, with an emphasis on social topics. LGIM discussed with Amazon the lengths the company is going to in adapting their working environment, with claims of industry leading safety protocols, increased pay, and adjusted absentee policies.	LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure. LGIM voted against the resolution to signal its concern over the overall increased compensation package during a year that the company recorded a \$6.6bn charge related to opioid lawsuits and a total operating loss of \$5.1 billion.
Outcome of the vote	The voting outcome was as follows: For: 91.73%; against: 8.23%.	Resolution 5 to 8, and 14 to 16 each received approx. 30% support from shareholders. Resolutions 9 and 10 received respectively 16.7 and 15.3% support. Resolution 11 received	The resolution encountered a significant amount of oppose votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal.

		6.1% support. Resolution 12 received 1.5 % support. Resolution 13 received 12.2% support. (Source: ISS data)	
Implications of the outcome	LGIM will continue to monitor this company.	LGIM’s engagement with the company continues as we push it to disclose more and to ensure it is adequately managing its broader stakeholders, and most importantly, its human capital.	LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies.
Criteria on which the vote is considered “significant”	LGIM believe it is contrary to best practice in general and our pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.	The market attention was significant leading up to the AGMM and the Stewardship team received more inquiries related to Amazon than any other company this season.	LGIM considers it imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question.

LGIM, UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	International Consolidated Airlines Group	Imperial Brands plc	Pearson
Date of vote	07-Sep-20	03-Feb-21	18-Sep-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Approve Remuneration Report was proposed at the company's annual shareholder meeting held on 7 September 2020.	Approve Remuneration Report and Approve Remuneration Policy.	Amend remuneration policy was proposed at the company's special shareholder meeting, held on 18 September 2020.
How the manager voted	LGIM voted against the resolution.	LGIM voted against both resolutions.	LGIM voted against the amendment to the remuneration policy.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	As a result of Covid-19, the company took up support under various government schemes and a 30% cut to its workforce. The company withdrew its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion. The remuneration report for the financial year to 31 December 2019 was submitted to a shareholder vote. LGIM expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience.	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. The company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association. Prior to the AGM, LGIM engaged with the company outlining what its concerns over the remuneration structure were.	Pearson issued a series of profit warnings under its previous CEO. LGIM discussed shortcomings of the company's current remuneration policy. LGIM also spoke with the chair directly before the EGM, and relayed its concerns that the performance conditions were weak and should be re-visited. LGIM also asked that the post-exit shareholding requirements were reviewed to be brought into line with LGIM's expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.
Outcome of the vote	28.4% of shareholders opposed the remuneration report.	Approve Remuneration Report received 40.26% votes against, and 59.73% votes of support. Approve Remuneration Policy received 4.71% of votes against, and 95.28% support.	At the EGM, 33% of shareholders voted against the co-investment plan and therefore, by default, the appointment of the new CEO.
Implications of the outcome	LGIM will continue to engage closely with the renewed board.	LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research	Such significant dissent clearly demonstrates the scale of investor concern with the company's approach. It is

		arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.	important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.
Criteria on which the vote is considered "significant"	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.	LGIM are concerned over the ratcheting up of executive pay; and they believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.	Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and our outstanding concerns, LGIM deem this vote to be significant.

Columbia Threadneedle Investments, Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	Alphabet Inc.	Facebook, Inc.
Date of vote	27-May-20	03-Jun-20	27-May-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.61%	1.87%	0.83%
Summary of the resolution	Elect Director Thomas O. Ryder	Elect Director L. John Doerr	Report on Median Gender/Racial Pay Gap
How the manager voted	Against	Withhold	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?		No	
Rationale for the voting decision	Director is an affiliate serving on a key committee.	Compensation committee chair; concerns around compensation.	Material social risk for business; in shareholders' interests.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.		
Criteria on which the vote is considered "significant"	Vote against management		

Fund level engagement

Manager	Legal and General Investment Managers	Columbia Threadneedle Investments
Fund name	Passive equity portfolio	Dynamic Real Return Fund
Does the manager perform engagement on behalf of the holdings of the funds		Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?		Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year		<i>Data not provided</i>
Number of companies engaged with at a firm level in the year	874 (974 engagements within these companies)	<i>Data not provided</i>

Summary

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Plan's stewardship policies.

The Trustee and the investment consultant are working with the investment managers to provide additional information in the future, including where indicated above, in order to enhance their ability to assess the investment managers' actions.