

Sucden (UK) Limited Pension and Assurance Scheme
Implementation Statement
31 December 2020

Glossary

BlackRock	BlackRock Investment Management (UK) Limited
ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Sucden (UK) Limited Pension and Assurance Scheme
Scheme Year	1 January 2020 to 31 December 2020
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme’s investment managers and provides information on the significant votes made in respect of the Trustees’ equity holdings. Information is also provided on the how the Scheme’s investment managers make use of the services of proxy voting advisers.

Relevant Investments

The Scheme’s assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- BlackRock DC Diversified Growth Fund
- LGIM World Equity Index Fund

The Partners Generations Fund typically has an allocation of about 50% to listed strategies which includes equities, but the Trustees have excluded this from their analysis.

The Scheme's allocation to the Partners Generations Fund is about 10% of total assets meaning exposure to listed strategies via the fund represents approximately 5% of Scheme assets. The Trustees do not consider this to be significant.

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with investment managers. Part of the new wording provided a more detailed explanation of the Trustees' policy relating to the exercise of rights.

A summary of the Trustees' policy is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their investment adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustee's opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustees did not select any new funds during the period.
- Whilst the Trustees did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. As part of the work required to prepare this Implementation Statement, the Trustees, in conjunction with their investment adviser, have considered the voting record over the Scheme Year of the investment managers over the Scheme Year.

A summary of the key findings from that analysis is provided below. The summary includes details of concerns the investment adviser has raised with investment managers.

- All investment managers used by the Scheme are UNPRI signatories.

The Investment Managers' Voting Record

A summary of the investment managers' voting records

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained
BlackRock	160,769	91%	9%	0%
LGIM	66,242	82%	17%	1%

Split of votes may not sum to 100% due to rounding

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2020 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Investment Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
BlackRock	Several Advisers	Proxy advisers provide information but voting is determined by BlackRock
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

Our fund managers’ voting behaviour

We have reviewed the voting behaviour of our fund managers by considering the following:

- broad statistics of their voting record such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. “with management” or “against management”)
- the votes they cast to in the year to 31 December 2020 on the most contested proposals in eight categories across the UK, the US and Europe
- our fund manager’s policies and statements on the subjects of stewardship, corporate governance and voting

We have also compared the voting behaviour of our fund managers with their peers over the same period.

Our key observations are below along with actions we have taken as a result of our review of the fund managers’ voting behaviour.

Voting in Significant Votes

Based on information provided by the Trustees’ investment adviser, the Trustees have identified significant votes in eight separate categories. The Trustees consider votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply “waved through”. In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories based on shares held by the Scheme’s investment managers are listed in the Appendix. In addition, the Trustees considered each investment managers’ overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Description of Voting Behaviour

LGIM

Relative to their peers LGIM, show a high tendency to vote against Directors' proposals. They have also shown strong support for shareholders' proposals aimed to tackle a broad range of Environmental and Social issues.

Their voting policy is also detailed and includes clear rationales and rules for when they will vote against Directors' recommendations on a proposal.

LGIM have opposed 15% of the recommendations of Directors' proposals over the year and whilst this is significantly higher than many of their peers we do not view this as being excessive. Rather, this suggests that LGIM are taking their stewardship responsibilities seriously and would be one of the investors most likely to oppose a proposal worthy of opposition.

BlackRock

We observed that BlackRock had a strong tendency to vote with management. In line with this, but in contrast to their peers, they voted against contested shareholder resolutions designed to address issues such as climate change, human rights and forced labour.

In January 2020, BlackRock made public commitments to vote against management when they are failing to make progress on climate change issues. However, our review of the voting behaviour of BlackRock did not suggest any material improvement.

We find this to be unsatisfactory and our Investment Consultant has raised these concerns with BlackRock.

The Trustee will keep the voting actions of the investment managers under review.

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LIGM	BlackRock
Audit & Reporting						
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	50	50	Did Not Vote	Not held
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Against	For
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Against	Not held
INVESTEK PLC	06/08/2020	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	78	22	Not held	For
ATOS SE	16/06/2020	Appoint the Auditors	78	22	Against	Not held
Shareholder Capital & Rights						
STMICROELECTRONICS NV	17/06/2020	Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights	46	54	Against	Not held
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	58	42	Against	Not held
JUST EAT TAKEAWAY.COM N.V.	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Against	Not held
ASSICURAZIONI GENERALI SPA	27/04/2020	Authorize Share Repurchase Program and Reissuance of Repurchased Shares to Service Performance Share	68	32	Against	Not held
VIVENDI SA	20/04/2020	Authorize Specific Buyback Program and Cancellation of Repurchased Share	69	31	Against	Not held
Pay & Remuneration						
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Did Not Vote	Not held
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against	For
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against	Not held
AROUNDTOWN SA	24/06/2020	Approve Remuneration Policy	49	51	Against	Not held
PAYCOM SOFTWARE INC.	27/04/2020	Advisory Vote on Executive Compensation	45	53	Against	Not held
Constitution of Company, Board & Advisers						
SOLVAY SA	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	50	50	Against	Not held
UBS GROUP AG	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	48	48	For	Not held
GLOBAL PAYMENTS INC	29/04/2020	Elect Director Robert H.B. Baldwin, Jr.	57	43	Against	Not held
THE BOEING COMPANY	27/04/2020	Elect Susan C. Schwab	56	43	For	Against
WASTE MANAGEMENT INC	12/05/2020	Elect Director Victoria M. Holt	58	41	Against	Not held
Merger, Acquisition, Sales & Finance						
DELIVERY HERO SE	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights	78	22	Against	Not held
AJ BELL PLC	22/01/2020	Approve Waiver on Tender-Bid Requirement Pursuant to the Grant of Options to AJ Bell Trust	79	20	Not held	For
DASSAULT SYSTEMES SE	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	80	20	Against	Not held
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	For	For
SOCIETE GENERALE SA	19/05/2020	Authorize Issuance of Convertible Bonds for Private Placements without Preemptive Rights, up to Aggregate	93	7	For	Not held
Other Company Resolutions						
PEUGEOT SA	25/06/2020	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	69	31	Against	Not held
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	69	31	Against	For
GROUPE BRUXELLES LAMBERT (GBL)	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	71	29	Against	Not held
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Against	Not held
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approve the Rights Agreement	74	26	For	For
Governance & Other Shareholder Resolutions						
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	50	49	Against	Not held
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Against	Not held
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	For	Not held
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For	Against
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	49	49	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions						
JPMORGAN CHASE & CO.	19/05/2020	Shareholder Resolution: Climate Change Targets	49	49	For	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	05/05/2020	Shareholder Resolution: Board Diversity	53	47	For	Not held
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For	For
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	For	Not held
TRANSIDGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	For	Not held

Note

Where the voting record has not been provided at the fund level, we have based our analysis on the shares held within the Scheme's pooled funds as at 31 December 2020. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.