

**Futamura British Pension Scheme
Implementation Statement
Year Ending 31 December 2020**

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Futamura British Pension 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 manager 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 manager makes 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:

- LGIM Diversified Fund
- LGIM World Equity Index
- LGIM World Equity Index – GBP Hedged

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 the investment manager. 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 manager's 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 Trustees' 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 manager during the Scheme Year, that analysis has now been undertaken. The Trustees, in conjunction with their Investment Adviser, have considered the voting record of the investment manager over the year ending 31 December 2020 as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- The investment manager used by the Scheme is a signatory to the UNPRI.

The Investment Manager's Voting Record

A summary of the investment manager's voting record is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/abstained
LGIM	66,242	82%	17%	1%

Note

These voting statistics are based on LGIM'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 Voting Advisers

Investment Manager	Who is the proxy voting adviser?	How is the proxy voting adviser used?
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

The Investment Manager's Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment manager by considering the following:

- broad statistics of its 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 it cast in the year to 31 December 2020 on the most contested proposals in eight categories across the UK, the US and Europe;
- the investment manager's policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the investment manager with its peers over the same period.

The Trustees' key observations are set out below.

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 manager are listed in the Appendix. In addition, the Trustees considered the investment manager’s 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 its peers, LGIM shows a higher tendency to vote against directors’ proposals. The manager has also shown strong support for shareholders’ proposals aimed at tackling a broad range of environmental and social issues.

The manager’s voting policy is detailed and includes clear rationales and rules for when it will vote against directors’ recommendations on a proposal.

LGIM opposed directors in 17% of votes during the year and showed a tendency to do this in contentious votes. This suggests that LGIM is taking its stewardship responsibilities seriously.

Conclusion

Based on the analysis undertaken, the Trustees have no concerns regarding the voting record of LGIM but the Trustees will keep the position under review.

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..... Date:14/06/21

Signed on behalf of the Trustees of the Futamura British Pension Scheme

Significant Votes

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

Company	ISIN	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM
Audit & Reporting						
YARA INTERNATIONAL ASA	NO0010208051	07/05/2020	Receive the Directors Report	50	50	Did Not Vote
THE MOSAIC COMPANY	US61945C1036	21/05/2020	Appoint the Auditors	65	32	For
NORTHROP GRUMMAN CORPORATION	US6668071029	20/05/2020	Appoint the Auditors	24	75	Against
VIVENDI SA	FR0000127771	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Against
ATOS SE	FR0000051732	16/06/2020	Appoint the Auditors	78	22	Against
Shareholder Capital & Rights						
STMICROELECTRONICS NV	NL0000226223	17/06/2020	Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights	46	54	Against
NIELSEN HOLDINGS PLC	GB00BWFY5505	12/05/2020	Authorise Share Repurchase	58	42	Against
JUST EAT TAKEAWAY.COM N.V.	NL0012015705	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Against
ASSICURAZIONI GENERALI SPA	IT0000062072	27/04/2020	Authorize Share Repurchase Program and Reissuance of Repurchased Shares to Service Performance Share	68	32	Against
VIVENDI SA	FR0000127771	20/04/2020	Authorize Specific Buyback Program and Cancellation of Repurchased Share	69	31	Against
Pay & Remuneration						
YARA INTERNATIONAL ASA	NO0010208051	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Did Not Vote
ALTRIA GROUP INC.	US0220951033	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against
STMICROELECTRONICS NV	NL0000226223	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against
AROUNDTOWN SA	LU1673108939	24/06/2020	Approve Remuneration Policy	49	51	Against
RAYCOM SOFTWARE INC.	US70432V1026	27/04/2020	Advisory Vote on Executive Compensation	45	53	Against
Constitution of Company, Board & Advisers						
SOLVAY SA	BE0003470755	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	50	50	Against
UBS GROUP AG	CH0244767585	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	48	48	For
GLOBAL PAYMENTS INC	US37940X1028	29/04/2020	Elect Director Robert H.B. Baldwin, Jr.	57	43	Against
THE BOEING COMPANY	US0970231058	27/04/2020	Elect Susan C. Schwab	56	43	For
WASTE MANAGEMENT INC	US94106L1098	12/05/2020	Elect Director Victoria M. Holt	58	41	Against
Merger, Acquisition, Sales & Finance						
DELIVERY HERO SE	DE000A2E4K43	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights	78	22	Against
DASSAULT SYSTEMES SE	FR0000130650	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	80	20	Against
OCCIDENTAL PETROLEUM CORPORATION	US6745991058	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	For
SOCIETE GENERALE SA	FR0000130809	19/05/2020	Authorize Issuance of Convertible Bonds for Private Placements without Preemptive Rights, up to Aggregate	93	7	For
MUENCHENER RUECK AG (MUNICH RE)	DE0008430026	29/04/2020	Issue Bonds/Debt Securities	93	7	For
Other Company Resolutions						
SHAFTESBURY PLC	GB0007990962	31/01/2020	Meeting Notification-related Proposal	68	32	For
PEUGEOT SA	FR0000121501	25/06/2020	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	69	31	Against
TE CONNECTIVITY LTD	CH0102993182	11/03/2020	Adjourn Meeting	69	31	Against
GROUPE BRUXELLES LAMBERT (GBL)	BE0003797140	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	71	29	Against
VIVENDI SA	FR0000127771	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Against
Governance & Other Shareholder Resolutions						
NETAPP INC	US64110D1046	10/09/2020	Shareholder Resolution: Written Consent	50	49	Against
HP INC	US40434L1052	12/05/2020	Shareholder Resolution: Written Consent	50	50	Against
CHIPOTLE MEXICAN GRILL INC	US1696561059	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	For
CHEVRON CORPORATION	US1667641005	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For
KIMBERLY-CLARK CORPORATION	US4943681035	29/04/2020	Shareholder Resolution: Written Consent	49	49	Against
Environmental & Socially Focussed Shareholder Resolutions						
JPMORGAN CHASE & CO.	US46625H1005	19/05/2020	Shareholder Resolution: Climate Change Targets	49	49	For
EXPEDITORS INTERNATIONAL OF WASHINGTON IN	US3021301094	05/05/2020	Shareholder Resolution: Board Diversity	53	47	For
ORACLE CORPORATION	US68389X1054	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For
HUNT J B TRANSPORT SERVICES INC	US4456581077	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	For
TRANSNIGM GROUP INCORPORATED	US8936411003	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	For

Note

Where the voting record has not been provided at the fund level, the analysis is based 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.