

Thermofil Polymers Pension Scheme

Implementation Statement

This is the Implementation Statement prepared by the Trustee of the Thermofil Polymers Pension Scheme (“the Trustee” and “the Scheme”, respectively) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year to 5 April 2023; and
- The voting behaviour of the Trustee, or that undertaken on the Trustee’s behalf, over the year.

The voting behaviour is not given over the Scheme year end to 05 April 2023 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2023.

Stewardship policy

The Statement of Investment Principles (SIP), in force at September 2023, describes the Trustee’s policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2023 and has been made available online here:

<https://www.sumikaeurope.com.tr/address/sumika-united-kingdom/>

The Trustee periodically reviews engagement activities undertaken by their investment managers to ensure that the policies outlined above are being met and may explore these issues with their investment managers as part of their ongoing monitoring. The Trustee expects managers to engage with key stakeholders where appropriate. The Trustee is currently comfortable with all the investment managers.

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

How voting and engagement policies have been followed

- The Trustee invests entirely in pooled funds, and therefore delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- The Trustee expects that the investment manager will use their influence as major institutional investors to exercise the Trustee’s rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance and accountability and to understand how those companies take account of ESG issues in their businesses.
- Each year the Trustee receives and reviews voting information and engagement information (via production of this Statement) from the asset managers, which they review to ensure alignment with their own policies.
- The Trustee has reviewed the stewardship and engagement activities of the current managers during the year and were satisfied that their actions were reasonable in the context of the Trustee’s own policies and no remedial action was required during the period.

**Prepared by the Trustee of the Thermofil Polymers Pension Scheme
September 2023**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustee over the year to **31 March 2023**. The non-equity funds with LGIM have no voting rights attached.

| Manager | LGIM | | | | | |
|--|--|---------------------------------|----------------------------------|-------------------------|---|--|
| Fund name | UK Equity Index Fund | North America Equity Index Fund | Europe (ex UK) Equity Index Fund | Japan Equity Index Fund | Asia Pacific (ex-Japan) Developed Equity Index Fund | World Emerging Markets Equity Index 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. | | | | | |
| No. of company meetings the manager was eligible to vote at over the year | 733 | 676 | 618 | 505 | 177 | 4,231 |
| No. of resolutions the manager was eligible to vote on over the year | 10,870 | 8,543 | 10,391 | 6,267 | 1,382 | 36,506 |
| % of resolutions the manager voted on | 99.9% | 99.4% | 99.9% | 100.0% | 100.0% | 99.9% |
| % of resolutions the manager abstained from* | 0.0% | 0.1% | 0.5% | 0.0% | 0.0% | 2.1% |
| % of resolutions voted <i>with</i> management* | 94.5% | 65.4% | 81.0% | 88.8% | 70.3% | 79.5% |
| % of resolutions voted <i>against</i> management* | 5.5% | 34.6% | 18.5% | 11.2% | 29.7% | 18.4% |
| Proxy voting advisor employed | LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and they do not outsource any part of the strategic decisions. | | | | | |

Manager

LGIM

| % of resolutions voted against proxy voter recommendation | 4.2% | 26.6% | 9.7% | 9.2% | 18.4% | 6.8% |
|--|------|-------|------|------|-------|------|

Source: Legal & General Investment Management

¹As a percentage of the total number of resolutions voted on.

Some voting percentages quoted above may not sum to 100%. Managers assure us that this is due to classifications of votes and abstentions both internally and across different jurisdictions.

There are no voting rights attached to the other assets held by the Scheme and therefore no voting is information shown for these assets.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. For this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided a selection of 10 votes for each fund, which they believe to be significant. In the absence of agreed stewardship priorities / themes, for the most significant votes, the Trustee have classified these as the votes of the largest holdings of the wider 10 votes provided by LGIM. Where votes have been duplicated across funds, we have taken the next largest to gain a wider range of votes. All significant votes are shown in Appendix 1.

Fund level engagement

The data provided below is for the period 31 March 2022 to 31 March 2023. LGIM performs engagements on behalf of its funds and has engaged with companies over the year to influence them in relation to ESG factors. The table below provides a summary of the engagement activities undertaken by the manager during the year for the relevant funds. Engagement activities are limited for the Scheme's gilt and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Specific examples of manager engagement are provided in **Appendix 2**.

| Manager | LGIM |
|---|--|
| Fund name | UK Equity Index Fund North America Equity Index Fund (incl. GBP hedged) Europe ex UK Equity Index Fund (incl. GBP hedged) Japan Equity Index Fund (incl. GBP hedged) Asia Pacific Equity Index Fund (incl. GBP hedged) World Emerging Markets Equity Index Fund AAA-AA-A Bonds All Stocks Index Fund |
| Does the manager perform engagement on behalf of the holdings of the fund(s) | 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 the fund(s) in the year | UK: 328 North America: 263 Europe ex UK: 89 Japan: 42 Asia Pacific: 82 World Emerging Markets: 196 6A Bonds: 113 |
| Number of engagements undertaken at a firm level in the year | 1,331 |

Manager**LGIM**

Number of companies the manager engaged with at a firm level during the year

969

Source: Legal & General Investment Management

Appendix 1 – significant votes

LGIM, UK Equity Index Fund

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|---|---|
| Company name | Royal Dutch Shell Plc | BP Plc | Rio Tinto Plc |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 6.7% | 3.0% | 2.7% |
| Summary of the resolution | Resolution 20 - Approve the Shell Energy Transition Progress Update | Resolution 3 - Approve Net Zero - From Ambition to Action Report | Resolution 17 - Approve Climate Action Plan |
| How the manager voted | Against | For | Against |
| Where the fund manager voted against management, did they 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. | | |
| Rationale for the voting decision | <p>LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway.</p> <p>However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.</p> | <p>While LGIM note the inherent challenges in the decarbonisation efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.</p> | <p>LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts.</p> <p>However, while LGIM acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.</p> |

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|--------|--------|
| Outcome of the vote | 79.9% | 88.5% | 84.3% |
| Implications of the outcome | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | | |
| Criteria on which the vote is considered "significant" | LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. | | |

LGIM, North America Equity Index Fund

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|--|---|
| Company name | Amazon.com, Inc. | Alphabet Inc. | Meta Platforms, Inc. |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 2.8% | 1.8% | 1.2% |
| Summary of the resolution | Resolution 1f - Elect Director Daniel P. Huttenlocher | Resolution 7 - Report on Physical Risks of Climate Change | Resolution 5 - Require Independent Board Chair |
| How the manager voted | Against | For | For (management recommendation against) |
| Where the fund manager voted against management, did they 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. | | |
| Rationale for the voting decision | A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. | A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change. | A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair. |

| | Vote 1 | Vote 2 | Vote 3 |
|---|---|--|---|
| Outcome of the vote | 93.3% | 17.7% | 16.7% |
| Implications of the outcome | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | | |
| Criteria on which the vote is considered "significant" | LGIM pre-declared its vote intention for this resolution, demonstrating its significance. | LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. | LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). |

LGIM, Europe (ex UK) Equity Index Fund

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|---|---|
| Company name | LVMH Moet Hennessy Louis Vuitton SE | Novartis AG | TotalEnergies SE |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 2.2% | 2.0% | 1.6% |
| Summary of the resolution | Re-elect Bernard Arnault as Director | Re-elect Joerg Reinhardt as Director and Board Chair | Approve Company's Sustainability and Climate Transition Plan |
| How the manager voted | Against | Against | Against |
| Where the fund manager voted against management, did they 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. | | |
| Rationale for the voting decision | A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different, and a division of | A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM expect companies to | LGIM recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by |

| | Vote 1 | Vote 2 | Vote 3 |
|---|---|---|---|
| | responsibilities ensures there is a proper balance of authority and responsibility on the board. | increase female participation both on the board and in leadership positions over time. | strengthening its disclosure. However, LGIM remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory. |
| Outcome of the vote | 92.0% | N/A | 88.9% |
| Implications of the outcome | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | | |
| Criteria on which the vote is considered "significant" | LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. | LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on clients' behalf. | LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. |

LGIM, Japan Equity Index Fund

| | Vote 1 | Vote 2 | Vote 3 |
|--|----------------------------------|---|---|
| Company name | Shin-Etsu Chemical Co., Ltd. | Mitsubishi Corp. | Sumitomo Mitsui Financial Group, Inc. |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 1.5% | 1.1% | 1.0% |
| Summary of the resolution | Elect Director Kanagawa, Chihiro | Resolution 5 - Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement | Resolution 5 - Amend Articles to Disclose Measures to be Taken to Make Sure that the Company's Lending and Underwriting are |

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|--|---|
| | | | not Used for Expansion of Fossil Fuel Supply or Associated Infrastructure |
| How the manager voted | Against | For | For |
| Where the fund manager voted against management, did they 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. | | |
| Rationale for the voting decision | A vote against is applied due to the lack of meaningful diversity on the board. In addition, the Company has not provided disclosure surrounding the use of the former CEO as Advisor to the Board. The Company has a lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors. | A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change. | A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply. |
| Outcome of the vote | Not provided | 20.2% | 10.0% |
| Implications of the outcome | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | | LGIM have had positive engagement with the Company. Despite this, LGIM felt support of the shareholder proposal was appropriate to provide further directional push. LGIM will continue to engage with the Company to provide their opinion and assistance in formulating the Company's approach. |

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|--|--|
| Criteria on which the vote is considered "significant" | LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on clients' behalf. | LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. | Significant shareholder support for a Climate Shareholder Resolution in the Japan market. Support of shareholder proposal not in line with management recommendation despite positive engagement with the Company. |

LGIM, Asia Pacific (ex-Japan) Developed Equity Index Fund

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|--|---|
| Company name | Santos Limited | Oversea-Chinese Banking Corporation Limited | QBE Insurance Group Limited |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 0.6% | 0.9% | 0.4% |
| Summary of the resolution | Approve Advisory Vote on Climate Change | Elect Ooi Sang Kuang as Director | Approve Climate Risk Management |
| How the manager voted | Against | Against | For |
| Where the fund manager voted against management, did they 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. | | |
| Rationale for the voting decision | While LGIM note the improvement the company has made with regards to its operational emissions reduction targets, a vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. The absence of tangible scope 3 targets, together with the potential | A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Additionally, LGIM expects the Committee to be comprised of independent directors. A vote against the elections of Sang Kuang Ooi, Kwee Fong Hon (Christina Ong), and Joo Yeow Wee is warranted given that they serve on the nominating committee and the | A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply. |

| | Vote 1 | Vote 2 | Vote 3 |
|---|--|---|--------|
| | fossil fuels expansion plans, are at odds with the level of ambition required to align with such goals. | company, under the leadership of a non-independent chairman, is not considered to have appointed an independent lead director (LID). Beng Seng Koh, the company's lead independent director, is not considered independent. | |
| Outcome of the vote | 63% | 74.8% | 19.2% |
| Implications of the outcome | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | | |
| Criteria on which the vote is considered "significant" | LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. | | |

LGIM World Emerging Markets Equity Index Fund

| | Vote 1 | Vote 2 | Vote 3 |
|--|---|-------------------------------------|---|
| Company name | Meituan | China Construction Bank Corporation | Industrial & Commercial Bank of China Limited |
| Date of vote | 2022-05-18 | 2022-06-23 | 2022-06-23 |
| Approximate size of fund's holding as at the date of the vote (as a % of portfolio) | 1.3% | 1.1% | 0.8% |
| Summary of the resolution | Elect Wang Xing as Director | Elect Graeme Wheeler as Director | Resolution 7 - Elect Chen Siqing as Director |
| How the manager voted | Against | Against | Against |
| If the vote was against management, did the manager communicate their | 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 LGIM's investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics. | | |

| | Vote 1 | Vote 2 | Vote 3 |
|---|---|--|---|
| intent to the company ahead of the vote? | | | |
| Rationale for the voting decision | <p>A vote against was applied as LGIM expects a company to have at least one female on the board. LGIM also expects the roles of Chair and CEO to be separate. These two roles are substantially different, and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Therefore, a vote against the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfil fiduciary duties in the company.</p> | <p>A vote against was applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.</p> | <p>A vote against was applied under LGIM's Climate Impact Pledge. LGIM positively note the Company's increased willingness to engage with them and highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, LGIM continue to note their concern with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. LGIM will continue to monitor the Company's progress in this area.</p> |
| Outcome of the vote | 92% voted for the proposal | 96% voted for the proposal | 99% voted for the proposal |
| Implications of the outcome | LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. | LGIM will continue to engage with the company and monitor progress. | LGIM will continue to engage with the company and monitor progress. |
| Criteria on which the vote is considered "significant" | <p>LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on clients' behalf. LGIM also considers this vote to be significant as it is an application of an escalation of LGIM's vote policy on the topic of the combination of the board chair and CEO. LGIM has a longstanding policy advocating for the separation of the roles as they are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all combined board chair/CEO roles.</p> | <p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, LGIM's flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p> | <p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, LGIM's flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p> |

Appendix 2 – example of engagement activity undertaken during the year to 31 March 2023

LGIM: Capricorn – Governance Processes

What was the issue?

Capricorn was seeking to merge with other energy companies, and this raised concerns about the company's governance processes, given the potential negative impact such decisions would have on Capricorn's shareholders.

What did LGIM do?

LGIM voiced concerns over 2 mergers, one with Tullow Oil and the other with NewMed. LGIM have also supported the proposal to overhaul the board, requesting the deposition of seven directors, including the CEO, and the appointment of six new members instead.

Outcome

The EGM is due to take place at some point in 2023. LGIM will continue to engage in the issue and will report on any further actions.

LGIM: Sainsbury's – Staff Remuneration

What was the issue?

Sainsbury's has recently come under scrutiny for not paying its employees a real living wage.

What did LGIM do?

LGIM initially engaged with the company's then CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. LGIM therefore joined forces with ShareAction to try and encourage the company to change its policy for outer London worker. As these engagements failed to deliver change, LGIM and ShareAction jointly filed a shareholder resolution in Q1 2022, asking the company to become a living wage accredited employer.

Outcome

This escalation succeeded and in April 2022, Sainsbury's moved all its London-based employees to a real living wage.