

# Implementation Statement for the Firmenich Wellingborough Employee Benefits Plan

Covering 1 October 2020 to 30 September 2021

## 1. Background

The Trustees of the Firmenich Wellingborough Employee Benefits Plan (the “Plan”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Plan’s Statement of Investment Principles (“SIP”) during the previous Plan year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes. This is the second implementation statement produced by the Trustees and it is made as at 30 September 2021.

A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013**, **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at <https://firmenich.pensions-directory.co.uk/>.

## 2. Voting and Engagement

The Trustees are keen that their investment managers are signatories of the UK Stewardship Code, and the Plan’s current investment manager is a signatory to the Code.

The Trustees have elected to invest in pooled funds. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the year. The Trustees have delegated to their investment manager the exercise of voting rights. However, the Trustees will consider these policies in monitoring the pooled fund manager and in all future investment manager selections.

The Plan’s funds are:

LGIM Global Equity Fixed Weights (60:40) Index Fund – GBP Hedged

LGIM Diversified Fund

LGIM LDI Matching Core Long Fund Nominal

LGIM LDI Matching Core Long Fund Real

LGIM LDI Matching Core Short Fund Nominal

LGIM Managed Property

The underlined funds are predominantly fixed income and do not hold physical equities and hence there are no voting rights and voting data for the Trustees to report on.

**a. Description of Legal & General Investment Management (LGIM) voting processes**

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. Their voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' 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. Their use of ISS recommendations is to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on LGIM's custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

**b. Summary of voting behaviour over the year**

A summary of voting behaviour over the period is provided in the tables below.

	Summary Info
Manager name	Legal & General Investment Management
Fund name	Global Equity Fixed Weight (60:40) Index
Approximate value of trustees' DB assets	c.£7.9m as at 30 September 2021
Number of Equity Holdings	2725
Number of meetings eligible to vote	2666
Number of resolutions eligible to vote	33599
% of resolutions voted	99.93%
% of resolutions voted with management	82.81%
% of resolutions voted against management	17.04%
% of resolutions abstained	0.16%
% of meetings with at least one vote against managements	71.16%
% of resolutions voted contrary to the proxy adviser recommendation	11.73%

	Summary Info
Manager name	Legal & General Investment Management
Fund name	Diversified Fund
Approximate value of trustees' DB assets	c.£4.5m as at 30 September 2021
Number of Equity Holdings	6445
Number of meetings eligible to vote	7257
Number of resolutions eligible to vote	77945
% of resolutions voted	98.57%
% of resolutions voted with management	79.91%
% of resolutions voted against management	19.45%
% of resolutions abstained	0.64%
% of meetings with at least one vote against managements	70.97%
% of resolutions voted contrary to the proxy adviser recommendation	12.09%

### **c. Most significant votes over the year**

#### **Legal & General Investment Management (LGIM)**

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold LGIM to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

#### d. Most significant votes over the year

Below is a sample of the significant votes made by LGIM over the period 1 October 2020 to 30 September 2021. Full details of all significant votes are available on request.

#### **Most significant votes for LGIM Global Equity Fixed Weight (60:40) Index & LGIM Diversified Fund**

Company name	Amazon
Date of vote	26/05/2021
Summary of the resolution	Resolution 1a Elect Director Jeffrey P. Bezos
How you voted	Against
Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	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. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.
Outcome of the vote	95.1% of shareholders supported the resolution.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Company name	Facebook
Date of vote	26/05/2021
Summary of the resolution	Resolution 1.9 Elect Director Mark Zuckerberg
How you voted	Withhold
Where you voted against management, did you communicate your 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 our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	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. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.
Outcome of the vote	97.2% of shareholders supported the resolution.
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).