

Ferrero UK Limited Pension and Life Assurance Scheme

Appendix - Implementation Statement

IMPLEMENTATION STATEMENT

Ferrero Pensions and Life Assurance Scheme (the “Scheme”)

The Trustee of the Ferrero Pension and Life Assurance Scheme have prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme’s Statement of Investment Principles (SIP), dated August 2020. This statement covers the period 1 April 2019 to 31 March 2020.

An investment in equities brings with it an entitlement to vote at general meetings of the company whose shares are held. Some of the Scheme’s assets are invested in equities and the Trustee’s SIP includes wording relating to the Trustee’s voting and engagement policies.

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

LGIM World Equity Index – GBP Currency Hedged

LGIM MSCI World Minimum Volatility Index Fund

LGIM World Emerging Markets Equity Index Fund

BlackRock Dynamic Diversified Growth Fund

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- The Trustees have given Legal & General Investment Management and BlackRock full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the pooled investments, including undertaking engagement activities, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Code and UK Stewardship Code.
- The Trustees review an annual stewardship monitoring report, which includes details of voting and engagement activities associated with each of the funds invested in. Through periodic meetings with the investment managers, they have the opportunity to challenge manager decisions that appear out of line with the investment fund’s objectives or the objectives/policies of the Scheme.

The Trustees have implemented this policy as described and in particular:

- Have received annual reports from Legal & General and BlackRock regarding voting and engagement.
- Legal and General Investment Management and BlackRock have had their performance to the trustee in respect of voting, stewardship and engagement presented by its Investment Adviser, Aon in an email dated 22 October 2020, this fell outside a regular Trustee Meeting, however the information was reviewed by the Trustee in recess also on 22 October 2020.
- Following the review of the annual reports from Legal & General Investment Management and Blackrock, the Trustees considered the policy in regard to voting and stewardship and concluded that the current policy is appropriate.

Ferrero UK Limited Pension and Life Assurance Scheme

Appendix - Implementation Statement (*continued*)

B. Voting Record

B1. Legal and General Investment Management (“LGIM”)

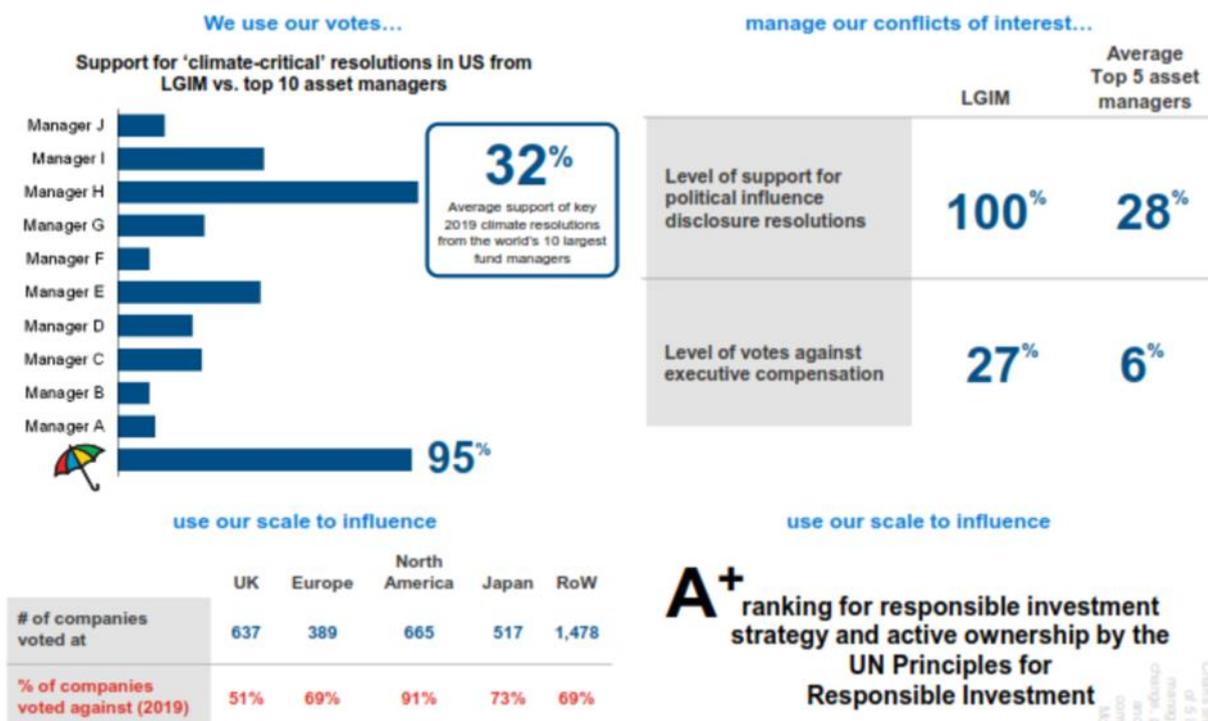
Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event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

LGIM have the legal right to the underlying votes for all underlying securities that have voting rights in LGIM pooled funds. A summary of the voting and engagement with companies by LGIM in 2019 across their range of pooled funds (some of which may not be held by the Scheme) is set out in the presentation extracts below:



Ferrero UK Limited Pension and Life Assurance Scheme

Appendix - Implementation Statement (continued)



B2. BlackRock

BlackRock have the legal right to the underlying votes in all underlying securities that have voting rights in BlackRock managed pooled funds. A summary of the voting and engagement with companies by BlackRock between 1 July and 30 June 2020 across their range of pooled funds (some of which may not be held by the Scheme) is set out in the presentation extracts below:

Annual voting statistics

Voting for current year: July 1, 2019-June 30, 2020

Region	Total number of meetings voted	Total number of proposals voted	% of proposals voted against management recommendation	% of meetings voted against one or more management recommendations
United States	3,781	30,492	7%	30%
Americas (ex-U.S.)	916	8,500	10%	48%
United Kingdom	775	10,951	5%	31%
EMEA (ex-UK)	2,434	32,314	13%	58%
Japan	2,350	23,562	6%	36%
Asia-Pacific (ex-Japan)	5,945	47,182	9%	34%
Total	16,201	153,001	9%	37%

Ferrero UK Limited Pension and Life Assurance Scheme

Appendix - Implementation Statement (continued)

Significant votes

Climate risk and the 2020 proxy season

We took voting action against 53 companies for their failure to make sufficient progress regarding climate risk disclosure or management.*

Holding directors accountable on climate

We voted against director-related items 55 times at 49 companies for insufficient progress on climate disclosures.**

*Voting action includes votes against director-related items (such as director elections)

Climate shareholder proposals

We voted against management on six non-binding climate-related shareholder proposals globally out of a total of 56.*

Company	Shareholder proposal	BIS vote rationale	
Chevron Corporation	Report on Climate Lobbying Aligned with Paris Agreement Goals	We voted FOR the proposal as enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy.	Voting Bulletin →
ExxonMobil Corporation	Require Independent Board Chair	Since there was not a relevant shareholder proposal on climate risk disclosure, the best path to express our disapproval was voting action against directors and vote FOR the Independent Chair proposal. We believe that the board would benefit from a more robust independent leadership structure.	Voting Bulletin →
iA Financial Corporation Inc.	Analyze Climate Risk and Report the Results of its Analysis	We voted FOR this proposal to signal our view that additional disclosure is needed.	
Ovintiv, Inc.	Report on Climate Change	We voted FOR this proposal given the materiality of climate risk to the company's business model and uncertainty regarding the company's near-term timeframe for setting GHG emissions reduction targets.	Voting Bulletin →
TransDigm Group, Inc.	Adopt Quantitative Company-wide GHG Goals	We voted FOR this proposal as we believe it is in the best interests of shareholders to have access to greater disclosure on this issue.	Voting Bulletin →
Fortum Oyj	Include Paris Agreement 1.5-degree Celsius Target in Articles of Association	We ABSTAINED as while we agreed with the proposal on substance, it was too prescriptive and not the most suitable tool to address climate related matters.	Voting Bulletin →

Held boards accountable for sound governance and business practices

5,536
unique companies with one or more votes against management

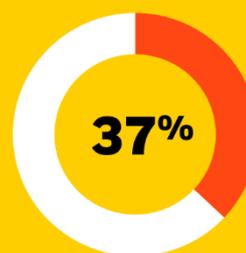
1,762
votes against management for lack of director independence

1,084
votes against management on executive compensation

69%
increase in votes against overcommitted directors over 2018 votes

1,569
votes against management for insufficient diversity

86%
supported shareholder proposals on "one share, one vote"



Percent of shareholder meetings we voted against management