

Fujifilm Electronic Imaging Pension Plan

Implementation Statement

For the year ended 5 April 2021

Introduction

This Implementation Statement (the “Statement”) has been prepared by the Trustee (the “Trustee”) of the Fujifilm Electronic Imaging Pension Plan (the “Plan”) to demonstrate how the Trustee has acted on certain policies within its Statement of Investment Principles (“SIP”).

Each year, the Trustee must produce an Implementation Statement that demonstrates how it has followed certain policies within the Plan’s SIP over the year. This Implementation Statement covers the Plan year from 6 April 2020 to 5 April 2021.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit (“DB”) investments held by the Scheme.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

SIP Policies

This Implementation Statement should be read in conjunction with the Plan’s SIP covering the year under review, which provides details of the Plan’s investment policies along with details of the Plan’s governance structure and objectives.

The Plan’s most recent SIP, dated September 2020, includes policies on:-

- How “financially material considerations” including environmental, social and governance (“ESG”) considerations, are taken into account when making investment decisions for the Plan;
- The extent to which non-financial matters are taken into account in the investment decision-making process including the selection, retention and realisation of investments;
- Stewardship and voting policy, including details on monitoring and engaging with the investee companies in which they invest (and other relevant stakeholders) including areas such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations;
- A policy on the regular monitoring of the Plan’s asset manager, LGIM, particularly concerning performance, remuneration, and compliance against its ESG policy; and
- A policy covering the regular monitoring and review of arrangements with the Plan’s investment manager.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Plan year-end and the extent to which the Trustee believes the policies within the SIP have been followed.

The Plan was invested in pooled funds managed by Legal & General Investment Management (“LGIM”) (the “Investment Manager”) over the Plan year under review to 5 April 2021.

It is therefore LGIM that is delegated to and responsible on a day-to-day basis for implementing the Trustee’s policy on taking ESG considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments. The Trustee’s policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Plan’s interests in the investments.

The Trustee expects LGIM to engage with investee companies (and other relevant persons including, but not limited to, investment managers, and issuers/other holders of debt and equity and other stakeholders). It expects LGIM to exercise ownership rights and undertake monitoring and engagement in line with the its general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. The Trustees will also monitor LGIM's voting activity to ensure votes are being used and are aligned to their views on ESG.

The Trustee seeks to appoint investment managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice

Equity Voting Behaviour

The Plan invests in pooled funds, which means that the responsibility for exercising the voting rights of the shares held by the Plan sit primarily with LGIM as the Investment Manager. The Plan's voting behaviour over the Plan year is summarised below.

The Plan held three pooled investment funds which carried equity voting rights during the Plan year as set out below:

- Global Equity Fixed Weights 60:40 Index Fund (c. £7.0m or c. 7% of total Plan assets as at 5 April 2021);
- Global Equity Fixed Weights 60:40 Index Fund – GBP Hedged (c. £7.3m or c. 7%); and
- World Emerging Markets Equity Index Fund (c. £0.8m or c. 1%)

LGIM manages over £1 trillion in assets, and use their resulting influence to focus their votes on making a positive impact on climate change, income equality, diversity and ESG integration.

Voting Summary

The tables below show LGIM's voting summary covering the Plan's investment in the LGIM Global Fixed Weight 60:40 Index Fund and the LGIM World Emerging Markets Equity Index Fund over the year to 31 March 2021 (being the nearest reporting period to the Plan year-end date of 5 April 2021).

LGIM Global Equity Fixed Weights 60:40 Index Fund	1 April 2020 – 31 March 2021
Number of meetings LGIM was eligible to vote at over the year	3,641
Number of resolutions LGIM was eligible to vote on over the year	44,680
Of the eligible resolutions, percentage that LGIM voted on.	100.0%
Of the resolutions voted, percentage that LGIM voted with management.	83.6%
Of the resolutions voted, percentage that LGIM voted against management.	16.3%
Of the resolutions voted, percentage where LGIM abstained .	0.2%
Percentage of eligible meetings where LGIM voted at least once against management.	5.5%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.4%

Note: totals may not sum due to rounding.

LGIM World Emerging Markets Equity Index Fund	1 April 2020 – 31 March 2021
Number of meetings LGIM was eligible to vote at over the year	3,998
Number of resolutions LGIM was eligible to vote on over the year	36,036
Of the eligible resolutions, percentage that LGIM voted on.	99.9%
Of the resolutions voted, percentage that LGIM voted with management.	85.2%
Of the resolutions voted, percentage that LGIM voted against management.	13.4%
Of the resolutions voted, percentage where LGIM abstained .	1.4%
Percentage of eligible meetings where LGIM voted at least once against management.	5.1%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.0%

Note: totals may not sum due to rounding.

Note, the Global Equity Fixed Weights 60:40 Index Fund – GBP Hedged is simply a sterling hedged version of the non-hedged fund and otherwise invests and votes in the same manner as the Global Equity Fixed Weights 60:40 Index Fund show above.

Proxy Voting

The Trustee did not employ a proxy-voting service during the Plan year to 5 April 2021.

LGIM votes by proxy as given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Service's ('ISS') electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

Significant Votes

LGIM has provided examples of what it believes to be the most significant votes cast on the Trustee's behalf during the period.

LGIM Global Equity Fixed Weights 60:40 Index Fund:

One example of a vote LGIM considered to be significant in the Plan year to 5 April 2021 was when it voted against Qantas' executive pay proposal in October 2020 to ensure that the impact on the company's stakeholders during Covid-19 was also reflected in the executive pay for the year. Another example, LGIM cited was when it voted for a stakeholder proposal for Whitehaven Coal in November 2020 to request the company for a report on the potential wind-down of the company's traditional coal operations given the importance of a managed decline in traditional fossil fuels to meet global climate targets.

LGIM World Emerging Markets Equity Index Fund:

LGIM has not provided details of any significant votes in relation to the securities in this fund over the Plan year to 5 April 2021.

How Voting and Engagement Policies Have Been Followed

The Trustee intends to review a summary of the voting and engagement activity taken on its behalf on a regular basis. The information published by LGIM on its voting policies has provided the Trustee with comfort that the Plan's voting and engagement policies have been followed during the Plan year to 31 March 2021.

As set out in the SIP, the Trustee expects LGIM to engage with investee companies on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

Details of specific voting and engagement topics are shown in the table below.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	LGIM has clear voting policies covering strategy topics - such as overall strategy, CEO's responsibilities and board/governance structure, independence issues, diversity and remuneration - and has acted on them throughout the Plan year on behalf of the Trustee.
Risks	✓	LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.
Social and Environmental impact	✓	LGIM has written to over 500 companies with poor climate scores relative to their size and for those that don't meet minimum standards during the 2021 AGM season, LGIM will look to sanction through voting. If these minimum standards are not met over time, LGIM may look to divest until progress is shown. Over 2020, LGIM announced that it had reinstated investments in Subaru following evidence of progress against emission targets and climate exposure. During 2020, to promote ethnic diversity at the board level, LGIM sent letters to engage with 35 of the largest UK companies and 44 of the largest in the US on why they have no ethnic diversity. LGIM stated it would expect at least one member at the board level to be from a minority background by 2021 and has started to vote against the chair of the board or of the nomination committee if this is not the case.
Corporate Governance	✓	LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair. Over the year LGIM voted against 411 companies that combined the roles. Over 2021, LGIM has stated they will oppose Directors in Germany from being elected for longer than 4 years to hold Directors to more accountability than in the past.
Conflicts of Interest	✓	Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance.
Capital Structure	✓	LGIM has policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance.

		For example, LGIM has a policy that newly issued shares should not expose minority shareholders to excessive dilution.
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Engagement with Investee Companies (Non-Equity Investments)

Exercising equity voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Plan's fixed income investment held with LGIM in the Active Corporate Bond All Stocks Index Fund (c. £67m or c. 68% of total Plan assets as at 5 April 2021). However, the Trustee expects LGIM to engage on its behalf to aim to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

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. LGIM's voting policies are reviewed annually and take into account client feedback.

While engagements are not yet available at a fund level, they are published at a firm level each quarter. LGIM is working to be able to provide engagement information at a fund specific level.

Over the 12 months to 31 March 2021, LGIM undertook 974 engagements with 874 companies. Some engagements cover multiple topics and LGIM has provided the following summary:

- 427 on environmental topics;
- 241 on social topics;
- 470 on governance issues; and
- 279 on other topics including finance and strategy.

The Trustee will monitor LGIM's reporting to see if more detail at a fund level can be provided in the future for monitoring purposes.

The remainder of the Plan's assets (c. £15m or c. 15% of total Plan assets as at 5 April 2021) are invested in leveraged nominal and index-linked government bonds with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Plan's liabilities. LGIM has governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

How Voting and Engagement Policies Have Been Followed

Having reviewed the actions taken by LGIM over the Plan year, the Trustee believes that its policies on stewardship and engagement have been implemented appropriately over the year and in line with its views. The Trustee will continue to monitor the actions taken on its behalf each year, and press for improved engagement information and ESG reporting metrics from LGIM on a fund specific level.

If LGIM deviates substantially from the Trustee's stated policies, the Trustee will initially engage and discuss this with LGIM, and if the Trustee still believes the difference between its policies and LGIM's actions are material, the Trustee will consider terminating and replacing the mandate if necessary.

Deloitte Total Reward and Benefits Limited
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Risk Warnings

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

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