

Fujifilm Electronic Imaging Pension Plan Implementation Statement

For year ended 5 April 2024

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 2023 to 5 April 2024.

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 SIP, which covers the year under review, dated March 2022, 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.

Please note, the Plan's SIP dated March 2022 was updated post year-end to reflect changes in investment strategy.

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 2024.

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 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 Trustee 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.

Description of 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.

As at 5 April 2024, there was a single mandate where underlying assets included publicly listed equities – the LGIM All World Equity Index Fund (GBP Hedged).

- All World Equity Index Fund – GBP Hedged (c. £1.0m or c. 1.5% of total Plan assets as at 5 April 2024)

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.

Please note that LGIM only provide data to each quarter-end, as such the voting data provided is for the period to 31 March 2024 rather than the Scheme year-end of 5 April 2024 (with part-quarter data currently being unavailable).

The following table shows LGIM's voting summary covering the Plan's investment in the LGIM All World Equity Index Fund (GBP Hedged) over the year to 31 March 2024.

LGIM All World Equity Index Fund (GBP Hedged)	1 April 2023 – 31 March 2024
Number of meetings LGIM was eligible to vote at over the year to 31/3/2024	6,557
Number of resolutions LGIM was eligible to vote on over the year to 31/3/2024	64,058
Of the eligible resolutions, percentage that LGIM voted on	99.9%
Of the resolutions voted, percentage that LGIM voted with management	79.3%
Of the resolutions voted, percentage that LGIM voted against management	20.2%
Of the resolutions voted, percentage where LGIM abstained	0.5%
Percentage of eligible meetings where LGIM voted at least once against management	63.5%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser	11.4 %

Note totals may not sum due to rounding.

Proxy voting

The Trustee did not employ a proxy-voting service during the Plan year to 5 April 2024.

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'). To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.

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 5 April 2024.

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 Trustee?	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	✓	<p>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. LGIM believes that board independence, diversity and remuneration can have a financially material impact on the assets it invests within, with the Board ultimately responsible for the strategy for any company that LGIM invests in or holds as a counterparty. LGIM have clear voting policies covering each of these topics and have acted on them throughout the Scheme year on behalf of the Trustees.</p> <p>In 2023, LGIM further enhanced its global policy expectations that at least one-third of the directors on non-controlled company boards are women. Additionally in 2023, LGIM expanded its expectations to cover smaller companies, voting against boards where female directors do not make up at least 25% of the total. Over the year to 5 April 2024, LGIM voted against the election of male chairmen due to a lack of gender diversity at a number of companies, including Tesla Inc, NVIDIA Corporation, and Walmart. LGIM expects a company to have at least one-third women on the board. LGIM also voted against management on the grounds of their Climate Impact Pledge where companies are not deemed to meet minimum standards with regard to climate risk management. Over the year to 5 April 2024, these included votes against the management of Realty Income Corporation, Broadcom Inc and Tencent Holding Limited.</p>

Capital structure	✓	<p>LGIM has policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance.</p> <p>For example, LGIM has a policy that newly issued shares should not expose minority shareholders to excessive dilution.</p> <p>LGIM also has policies that protect minority shareholder rights including “one share, one vote” to avoid weakening of corporate governance as investors ability to influence and hold directors accountable would be reduced. In calendar year 2023, LGIM applied 265 votes against US companies with dual class share structures. Over the year to 5 April 2024, LGIM voted against management, in favour of removing supermajority vote requirements with the rationale of improving shareholder rights at companies such as Eli Lilly Company and AbbVie Inc.</p>
Conflicts of interest	✓	<p>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.</p> <p>For example, LGIM voted against Intuit electing a Director as LGIM has had concerns with the remuneration practices for the past year.</p> <p>LGIM also has a policy on independence relating to the Chair of the Board at companies. LGIM expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>
Risks	✓	<p>LGIM has clear voting policies on ensuring that companies manage risk effectively and have robust internal controls.</p> <p>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.</p> <p>LGIM also believes that increased transparency and disclosure can allow for financially material risks to be identified. As an example, LGIM voted against management at The Coca-Cola Company, in favour of the company reporting on congruency of political spending with company values and priorities. LGIM believe that the company was potentially leaving itself exposed to reputational risks related to funding organisations that take positions contradictory to those of the company’s stated values.</p>
Corporate governance	✓	<p>The Trustee believes that the board’s duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustee also believes that the appropriate governance structures need to be in place. These include the voting stances to oppose combined chair/CEO roles and all-male boards globally.</p> <p>Since 2021, LGIM has adopted a policy to vote against all elections which combine the roles of CEO and Chair. As some examples of this in practice, LGIM has subsequently voted against electing directors of</p>

		<p>Meta, Johnson & Johnson, and The Home Depot, Inc over the year to 5 April 2024, alongside several others, in line with this policy.</p> <p>LGIM has reinforced its position on leadership structures across their stewardship activities such as via individual corporate engagements and director conferences.</p>
Social and environmental impact	✓	<p>LGIM has clear voting policies in respect of resolutions surrounding ESG impact. Instances of these are outlined below. LGIM has engaged with companies that have poor climate scores relative to their size and for those that don't meet minimum standards and if these minimum standards are not met over time, LGIM may look to divest until progress is shown.</p> <p>LGIM introduced a policy to vote against the largest UK and US companies in 2022 where there was insufficient gender representation on the executive committee, or the board did not include at least one person from an ethnic minority background.</p> <p>In relation with this policy, in May 2023 LGIM voted against management at Amazon, in favour of reporting on median and adjusted gender/racial pay gaps. LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. The rationale behind the vote against management is that LGIM believe Board diversity is an engagement and voting issue.</p>

Significant votes

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. The Trustee has adopted the investment manager's definition of significant votes and has not set stewardship priorities. LGIM has provided examples of what it believes to be the most significant votes cast on the Trustee's behalf during the period for the LGIM All World Equity Index Fund – GBP Currency Hedged.

Example 1: LGIM All World Equity Index Fund- GBP Currency Hedged	
Vote Details	JPMorgan Chase & Co.
Approximate size of fund's holding as at date of vote	0.6% of LGIM All World Equity Index Fund- GBP Currency Hedged
Rationale for significance	LGIM considers this vote to be significant as they pre-declared their intention to support. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
Voting decision	LGIM voted for the resolution: report on climate transition plan describing efforts to align financing activities with GHG targets. LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets.
Voting against management	LGIM voted against management. LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
Vote outcome	Fail
Next Steps	LGIM will continue to engage company and monitor progress.

Example 2: LGIM All World Equity Index Fund- GBP Currency Hedged

Vote Details	Apple Inc., 28/02/2024.
Approximate size of fund's holding as at date of vote	3.7% of LGIM All World Equity Index Fund- GBP Currency Hedged.
Rationale for significance	LGIM considers this vote to be significant as it relates to diversity. LGIM believes diversity is a financially material issue for its clients with implications for the assets managed on its clients' behalf.
Voting decision	LGIM voted against Apple reporting on the risks of omitting viewpoint and ideological diversity from its Equal Employment Opportunity policy. LGIM is satisfied with the level of pre-existing disclosure around diversity and non-discriminatory practices provided to shareholders by Apple. LGIM also does not consider this specific reporting topic to be a standard industry practice.
Voting against management	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. Typically, it is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
Vote outcome	Fail
Next Steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

A large number of the most significant votes cast by LGIM related to the election of directors with the majority of instances being against such resolutions. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair noting the belief that the two roles are substantially different and require distinct skills and experiences. Since 2015 LGIM has supported shareholder proposals seeking the appointment of independent board chairs, and since 2021 LGIM has adopted the view of voting against all combined board chair/CEO roles.

Another frequent topic was the issue of gender diversity at the board level or the lack of it. LGIM views gender diversity as a financially material issue with implications for the return on assets. LGIM seeks to engage with companies on this issue. As an example, LGIM applies voting sanctions to those FTSE 350 companies that do not have a minimum of one-third women on the board.

In relation to climate change, during the year to 5 April 2024, LGIM voted for additional reporting disclosing 2030 greenhouse gas reduction targets for high-emitting sectors and on a climate transition plan describing efforts to align financing activities with greenhouse gas emissions targets from JPMorgan Chase. LGIM continues to consider that decarbonisation of the banking sector is key to ensuring the goals of the Paris Agreement are met.

Engagement with investee companies

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 investments held with LGIM in the Maturing Buy and Maintain Credit fund range (c. £46.6m or c. 68.5% of total Plan assets as at 5 April 2024). 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 investee companies in writing, via conference call and at face-to-face meetings with management. 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.

Over the 12 months to 31 March 2024, LGIM undertook 2,144 engagements with 2,006 companies at the firm level. Some engagements cover multiple topics and LGIM has provided the following summary:

- 1,820 on environmental topics;
- 274 on social topics;
- 528 on governance issues; and
- 119 on other topics including finance and strategy.

The top five engagement topics at the firm level were climate change, remuneration, board composition, strategy and climate mitigation.

At a fund specific level, LGIM provided the following summary of engagements undertaken for the LGIM All World Equity Index Fund – GBP Currency Hedged in the year to 30 June 2024 (data for the year to 31 March 2024 was unavailable).

	Total Engagements	No. Unique Companies Engaged	% of eligible fund value engaged	Environmental Topics	Social Topics	Governance Topics	Other Topics
LGIM All World Equity Index Fund (GBP Hedged)	816	542	42%	552	166	249	82

The top five engagement topics for the above fund were climate change, remuneration, deforestation, corporate strategy, and climate impact pledges.

The remainder of the Plan's assets (c. £20.4m or c. 30.0% of total Plan assets as at 5 April 2024) are invested in a LDI portfolio held with LGIM which comprises of a combination of leveraged and unleveraged nominal and index-linked government bonds and inflation funds, with the purpose of reducing risk and funding level volatility 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.

Extent to which the Trustee's policies have been followed during the year

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.

