

# Fujitsu Comparable Pension Scheme ("the Scheme") Implementation Statement (excluding AVC Section)

## Introduction

This Statement sets out how the Statement of Investment Principles ('SIP') for the Scheme excluding AVCs has been followed during the year to 31 March 2021. This Statement has been produced in accordance with new regulatory requirements now in force and the guidance published by the Pensions Regulator.

## Investment Objectives



The primary objective of the Scheme Trustee is to invest the Scheme's assets in the best interest of the members and beneficiaries.

The financial objective of the Scheme Trustee is to target an expected return that is sufficient to support the requirements of the Technical Provisions and the current Deficit Recovery Plan, and to adopt an investment strategy which is consistent with the financial objective.

## Review of the SIP

During the year, the Trustee reviewed the SIP, and revisions were made to reflect the new requirements under the Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2019, relating to the following:

1. How the arrangements with asset managers incentivise them to align their investment strategy and decisions with the Trustee's policies in the SIP.
2. How the arrangements incentivise the asset managers to make decisions based on medium to long-term financial and non-financial performance of an equity and/or debt issuer and to use engagement to improve their performance in the medium to long-term.
3. How the method (and time horizon) of the asset manager's evaluation is in line with the Trustee's policies in the SIP.
4. How the Trustee monitors portfolio turnover costs incurred by the asset manager and how those managers define and monitor this.
5. The duration of the arrangement with the asset managers.

### Sustainable Investment, ESG and Stewardship

The Trustee considers sustainable investment issues, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, and effective stewardship, in the context of a broad risk management framework. The Trustee believes that integrating sustainable investment into its processes and decision making should lead to better outcomes for Scheme members, including by helping to manage regulatory and reputational risks. The information below provides some key highlights:



# All

Of the managers are signatories to the United Nations Principles of Responsible Investment



# 9

Out of 11 managers are signatories to the UK Stewardship Code



# 100%

of managers confirmed compliance with the SIP

## Implementation of the Statement of Investment Principles for year ending 31 March 2021

The table below outlines the policies in the SIP and explains how these have been implemented for the year to 31 March 2021.

### Sustainable Investment, ESG and Stewardship



#### Policy

*The Scheme Trustee and the JIC consider sustainable investment issues, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, and effective stewardship, in the context of a broad risk management framework.*

*The Scheme Trustee and the JIC believe that integrating sustainable investment into its processes and decision making should lead to better outcomes for Scheme members, including by helping to manage regulatory and reputational risks*

*The JIC's policy is that day-to-day decisions relating to the selection, retention and realisation of Scheme assets is left to the discretion of its investment managers. Furthermore, the JIC expects the investment managers to consider ESG issues and explores these issues with its managers to understand how they exercise these duties in practice and receive reports on how these issues are addressed.*

*When considering the appointment of new managers, and reviewing existing managers, the JIC, together with the Investment Executive (IE), looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.*

#### Implementation

The evaluation of how the investment managers identify and manage material ESG risks including climate change, along with the quality of their stewardship activities, form part of the JIC's and the IE's ongoing appraisal of the manager's appointment. In addition, the JIC discuss ESG issues with the investment managers during their annual review meeting.

The IE provide an annual Stewardship & Engagement Report to the JIC with an assessment of the investment managers' ESG policies and how these have been implemented over the year and summarising the engagement and voting activity (where relevant) for each manager to be assessed by the JIC.

The Scheme has nil exposure to listed equities at year-end, and the voting records of the relevant manager over the period until termination is summarised in the Stewardship & Engagement Report. The JIC does not use the direct services of a proxy voter. The relevant investment manager makes use of proxy voting services to analyse vote issues and make recommendations. They are not obliged to follow these recommendations and vote all proxies based on their own voting policies.

### Voting activity

Voting activity information from the sole equity manager over the period is summarised in the table below. Examples of a couple of significant votes that have been cast by the investment manager are also summarised below.

The investment manager did make use of proxy voting services to analyse vote issues and make recommendations. They are not obliged to follow these recommendations and vote all proxies based on their own voting policies.

➤ How many meetings were you eligible to vote at?	<b>90</b>
➤ How many resolutions were you eligible to vote on?	<b>1,295</b>
➤ What % of resolutions did you vote on for which you were eligible?	<b>100%</b>
➤ Of the resolutions on which you voted, what % did you vote with management?	<b>93%</b>
➤ Of the resolutions on which you voted, what % did you vote against management?	<b>7%</b>
➤ Of the resolutions on which you voted, what % did you abstain from voting?	<b>1%</b>
➤ In what % of meetings, for which you did vote, did you vote at least once against management?	<b>31%</b>
➤ What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	<b>N/A</b>

#### Significant Votes – The Walt Disney Company

On 11 March 2020, MFS voted against a resolution to ratify a named executive officer's compensation.

This was due to concerns around the structure and magnitude of the executive pay program. The vote was not passed, and MFS continue to engage on the topic.

#### Significant Votes – Comcast Corporation

On 3 June 2020, MFS voted to support an independent chair of the company board.

Due to the size and complexity of the organisation, MFS believe an independent chair would be in the best, long-term interest for shareholders. It was agreed this would occur upon the next transition of CEO.



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