

C&C MARSHALL COMPANY PENSION PLAN

Report and Financial Statements for the year ended 5 April 2021

Scheme Registration No: 10154364

IMPLEMENTATION STATEMENT

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 5 April 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018/2019 and the guidance. The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

Investment Strategy

The basis of the Trustees' strategy is to divide the Plan's assets between a 'growth' portfolio, comprising assets such as equities and diversified growth funds, and a 'stabilising' portfolio, comprising assets such as bonds and liability driven investments.

The growth-stabilising allocation is also set with regard to the overall required return objective of the Plan's assets, which is determined by the funding objective and funding level. In addition, the Plan's requirement for liquidity is considered when setting the strategic asset allocation.

During the course of the year, the Trustees did not make any changes to the Plan's investment strategy.

Review of the SIP

The Plan's SIP was updated in September 2020 to reflect new requirements under the Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustees' policies in the SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset managers' performance and the remuneration for asset management services are in line with the Trustees' policies mentioned in the SIP.
- How the Trustees monitor portfolio turnover costs incurred by the asset managers and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

Plan's Investment Structure

The Plan's only investment is a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Plan to invest in pooled funds managed by third party investment managers.

Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Plan's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance ('ESG') factors.

The Plan's SIP includes the Trustees' policy on ESG factors, Stewardship and Climate Change. The policies were last reviewed in September 2020. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.

Engagement Activity

In the relevant year, the Trustees have not engaged with the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, The Plan's investment consultant, on behalf of the Trustees, reviews the stewardship and ESG policies of the Fund managers periodically and reports on this to the Trustees.

Voting Activity

The Plan has no direct relationship with the underlying companies in which the Plan is ultimately invested, and therefore does not have voting rights in relation to the Plan's investments. The Trustees have therefore effectively delegated their voting rights to the managers of the Funds that the Plan is invested in.

Investment managers are expected to evaluate a number of factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.

The Trustees do not use the direct services of a proxy voter and have not been asked to vote on any specific matters over the Plan year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Plan's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

A summary of the key voting activity over the year is set out below:

Pictet Multi-Asset Portfolio

Proxy Voting

Pictet Asset Management uses the services of third-party specialists, Institutional Shareholder Services ('ISS') to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide. ISS are tasked with collecting meeting notices for all holdings and researching the implications of every resolution according to voting guidelines as defined by Pictet Asset Management.

Pictet proxy voting policy is based on generally accepted standards of best practice in corporate governance including board compensation, executive remuneration, risk management, shareholder rights. Because the long-term interests of shareholders are the paramount objective, Pictet does not always support the management of companies and may vote against management from time to time.

ISS are used on a continuous basis and all recommendations are communicated to relevant investment teams and Pictet's in-house ESG team.

Although Pictet typically uses the recommendations of ISS to inform voting decisions, Pictet Asset Management reserves the right to deviate from third party voting recommendations on a case-by-case basis in order to act in the best interests of their clients. Such divergences may be initiated by investment teams or by the ESG team and will be supported by detailed written rationale.

Significant Vote (description)

Pictet considers a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.

Significant Vote Example

Company: PayPal Holdings

Summary of the resolution: Adopt Human and Indigenous Peoples Rights Policy

Rationale: A vote 'FOR' the resolution as adoption of this proposal would serve to further enhance the company's stated commitment to recognise and integrate human and indigenous people's rights in its business operations as well as affirm its corporate social responsibility practice.

Outcome: Fail

A summary of the voting undertaken over the year is provided below:

- For the Multi Asset Portfolio, 411 votes were cast during the year.
- Pictet has participated in the vote for 100% of the 411 eligible proposals. Pictet has voted against management 25 times and did not abstain from any votes.

Columbia Threadneedle Multi-Asset Fund

Proxy Voting

Columbia Threadneedle uses organisations such as ISS, Institutional Voting Information Service ('IVIS') and Glass Lewis as well as Morgan Stanley Capital Investment ('MSCI') SCI ESG Research to provide proxy voting research. Proxy voting is effected by ISS.

The Responsible Investment team assesses the application of the policy and makes final voting decisions in collaboration with the firm's portfolio managers and analysts. Votes are cast identically across all mandates for which they have voting authority. All voting decisions are available for inspection on their website seven days after each company meeting.

Significant Vote (description)

Columbia Threadneedle defines 'significant votes' as any dissenting vote i.e., where a vote is cast against (or where they abstain/withhold from voting) a management-tabled proposal, or where they support a shareholder-tabled proposal not endorsed by management. They report annually on reasons for applying dissenting votes via their website.

Significant Vote Example

Company: Facebook Inc.

Summary of the resolution: Report on Median Gender/Racial Pay Gap

Rationale: A vote 'FOR' the creation of a report on median gender/racial pay gap in order to reduce material risk for the business and provide information that is in shareholder's interest.

Outcome: Fail

Implications: Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.

Significance: Vote against management

A summary of the voting undertaken over the year is provided below:

- There have been 601 votable meetings over the year. In these meetings, there were a total of 6988 votable proposals;
- Columbia Threadneedle has participated in the vote for 98.90% of the 601 votable proposals. In around 90.34% of these votes for proposals, Columbia Threadneedle has indicated their support to the companies' management, while voting against around 5.74% of the proposals.

Legal & General Investment Management ('LGIM') World (ex UK) Dev Equity Index Fund

Proxy Voting

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' 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. 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.

Significant Vote (description)

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation. 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 we 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.

Significant Vote Example

Company: Whitehaven Coal

Summary: A vote "FOR" the resolution in which shareholders asked the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.

Rationale: The continuing advocacy for a "managed decline" for fossil fuel companies, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets.

Outcome: The resolution did not pass as only 4% of shareholders voted in favour.

Implications: LGIM will continue to monitor this company.

Significance: The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.

Key votes undertaken over the period are summarised below:

- There have been 2645 votable meetings over the year. In these meetings, there were a total of 31,896 votable proposals;
- LGIM has participated in the vote for 99.80% of the 31,896 votable proposals. In around 79.76% of these votes for proposals, LGIM has indicated their support to the companies' management, while voting against around 20.04% of the proposals.

Given the nature of the underlying assets, there was no voting activity undertaken within the following mandates during the year:

- Columbia Threadneedle Pensions Property Fund;
- Stone Harbor Multi-Asset Credit Fund;
- BMO Short Profile Real Dynamic LDI;
- BMO Nominal Dynamic LDI.