Thermofil Polymers Pension Scheme

Implementation Statement

This is the Implementation Statement prepared by the Trustee of the Thermofil Polymers Pension Scheme (“the Trustee” and ”the Scheme”, respectively) and sets out:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement have been followed over the year to 5 April 2024; and
- The voting behaviour of the Trustee, or that undertaken on the Trustee’s behalf, over the year.

The voting behaviour is not given over the Scheme year end to 5 April 2024 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2024.

Stewardship policy

The Statement of Investment Principles (SIP), in force at April 2024, describes the Trustee’s policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2023 and has been made available online here:

https://www.sumikaeurope.com/address/sumika-united-kingdom/

The Trustee periodically reviews engagement activities undertaken by their investment managers to ensure that the policies outlined above are being met and may explore these issues with their investment managers as part of their ongoing monitoring. The Trustee expects managers to engage with key stakeholders where appropriate. The Trustee is currently comfortable with all the investment managers.

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

How voting and engagement policies have been followed

- The Trustee invests entirely in pooled funds, and therefore delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers.
- The Trustee expects that the investment manager will use their influence as major institutional investors to exercise the Trustee’s rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance and accountability and to understand how those companies take account of ESG issues in their businesses.
- Each year the Trustee receives and reviews voting information and engagement information (via production of this Statement) from the asset managers, which they review to ensure alignment with their own policies.
- The Trustee has reviewed the stewardship and engagement activities of the current managers during the year and were satisfied that their actions were reasonable in the context of the Trustee’s own policies and no remedial action was required during the period.

Prepared by the Trustee of the Thermofil Polymers Pension Scheme
September 2024

Version 1

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustee over the year to **31 March 2024**. The non-equity funds with LGIM have no voting rights attached.

Manager	LGIM					
Fund name	UK Equity Index Fund	North America Equity Index Fund	Europe (ex UK) Equity Index Fund	Japan Equity Index Fund	Asia Pacific (ex-Japan) Developed Equity Index Fund	World Emerging Markets Equity Index Fund
Structure	Pooled					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.					
No. of company meetings the manager was eligible to vote at over the year	709	645	542	514	461	4,328
No. of resolutions the manager was eligible to vote on over the year	10,462	8,731	9,556	6,103	3,279	33,716
% of resolutions the manager voted on	99.8%	99.8%	99.7%	100.0%	100.0%	99.9%
% of resolutions the manager abstained from*	0.03%	0.0%	0.4%	0.00%	0.0%	0.9%
% of resolutions voted *with* management*	94.4%	65.4%	80.6%	88.0%	74.9%	80.1%
% of resolutions voted *against* management*	5.6%	34.6%	19.0%	12.0%	25.1%	19.0%
Proxy voting advisor employed	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.					

Manager	LGIM					
% of resolutions voted against proxy voter recommendation	4.6%	29.0%	10.7%	9.8%	16.1%	7.4%

Source: Legal & General Investment Management
*As a percentage of the total number of resolutions voted on.

Some voting percentages quoted above may not sum to 100%. Managers assure us that this is due to classifications of votes and abstentions both internally and across different jurisdictions.

There are no voting rights attached to the other assets held by the Scheme and therefore no voting is information shown for these assets.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. For this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided a selection of 100+ votes for each fund, which they believe to be significant. In the absence of agreed stewardship priorities / themes, for the most significant votes, the Trustee have classified these as the votes of the largest holdings of the wider 100+ votes provided by LGIM. Where votes have been duplicated across funds, we have taken the next largest to gain a wider range of votes. All significant votes are shown in Appendix 1.

Fund level engagement

The data provided below is for the period 31 March 2023 to 31 March 2024. LGIM performs engagements on behalf of its funds and has engaged with companies over the year to influence them in relation to ESG factors. The table below provides a summary of the engagement activities undertaken by the manager during the year for the relevant funds. Engagement activities are limited for the Scheme's gilt and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Specific examples of manager engagement are provided in **Appendix 2.**

Manager	LGIM
Fund name	UK Equity Index Fund North America Equity Index Fund (incl. GBP hedged) Europe ex UK Equity Index Fund (incl. GBP hedged) Japan Equity Index Fund (incl. GBP hedged) Asia Pacific Equity Index Fund (incl. GBP hedged) World Emerging Markets Equity Index Fund Buy & Maintain Credit Fund
Does the manager perform engagement on behalf of the holdings of the fund(s)	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in the fund(s) in the year	**UK:** 313 **North America:** 234 **Europe ex UK:** 87 **Japan:** 68 **Asia Pacific:** 115 **Word Emerging Markets:** 205 **B&M Credit Fund:** 177
Number of engagements undertaken at a firm level in the year	2,144
Number of companies the manager engaged with at a firm level during the year	2,006

Source: Legal & General Investment Management

Appendix 1 – significant votes

LGIM, UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	BP Plc	Glencore Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.0%	3.8%	2.4%
Summary of the resolution	Approve the Shell Energy Transition Progress	Re-elect Helge Lund as Director	Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan"
How the manager voted	Against	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes	LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate.	LGIM considers this vote to be significant as they co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.

	Vote 1	Vote 2	Vote 3
	to be significant, particularly when LGIM votes against the transition plan.		

LGIM, North America Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.9%	6.2%	2.5%
Summary of the resolution	Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Report on Median and Adjusted Gender/Racial Pay Gaps
How the manager voted	Against	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business is a crucial step towards building a better company, economy and society.
Outcome of the vote	Pass	Fail	Fail

	Vote 1	Vote 2	Vote 3
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

LGIM, Europe (ex UK) Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Novartis AG	TotalEnergies SE	Sanofi
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.2%	1.7%	1.4%
Summary of the resolution	Re-elect Joerg Reinhardt as Director and Board Chair	Approve the Company's Sustainable Development and Energy Transition Plan	Elect Frederic Oudea as Director
How the manager voted	For	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote for is applied following engagement with the company.	A vote against is applied. LGIM recognise the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, LGIM remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.	A vote against is applied as LGIM expects a company to have a diverse board, with at least 40% of board members being women. LGIM expect companies to increase female participation both on the board and in leadership positions over time.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

LGIM, Japan Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Toyota Motor Corp.	Mitsubishi UFJ Financial Group, Inc.	Daiichi Sankyo Co., Ltd.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.2%	2.0%	1.6%
Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	To amend the articles of incorporation to publish a transition plan to align lending and investment portfolios with the Paris Agreement	Elect Director Manabe, Sunao
How the manager voted	For	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledge the progress that Toyota has	A group of climate-focused NGOs has been active in this area in the Asian market for a number of years, resulting in the first climate-related proposal of its type at Mizuho ahead of its 2020 AGM. LGIM since has supported previous resolutions at each of these Japanese	A vote against is applied due to the lack of meaningful diversity on the board.

	Vote 1	Vote 2	Vote 3
	made in relation to its climate lobbying disclosure in recent years. However, believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expect Toyota to improve its governance structure to oversee this climate lobbying review.	banks at their AGMs since 2020, and they have found that these proposals and the ensuing shareholder dialogue has helped drive improved disclosures and tighter policies at the companies. Therefore, LGIM supports this proposal to invigorate and encourage further strengthening of policies in line with science-based temperature-aligned pathways towards a net-zero-by-2050 world.	
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.		
Criteria on which the vote is considered "significant"	LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.	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.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

LGIM, Asia Pacific (ex-Japan) Developed Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	National Australia Bank Limited	Westpac Banking Corp.	Woodside Energy Group Ltd.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.1%	1.8%	1.5%
Summary of the resolution	Approve Transition Plan Assessments	Approve Westpac Climate Change Position Statement and Action Plan	To re-elect Mr Ian Macfarlane as a director
How the manager voted	For	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change. While LGIM acknowledge the Company's disclosures on sector policies and emissions reduction targets in this regard, they believe that additional reporting on how this is assessed in practice and any timelines associated with this in light of the Company's existing commitments is considered beneficial to shareholders.	A vote against this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5C. While they positively note the company's net-zero commitments and welcome the opportunity to voice LGIM's opinion on the bank's climate transition plan, they highlight some concerns with the scope of targets and disclosures. In particular, the bank has not committed to establish science-based targets, sector policies notably on certain fossil fuels and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.	The rationale for LGIM's vote against the most senior director up for re-election, Mr Ian Macfarlane, reflects their concerns around the company's lack of commitment to aligning with the Paris objectives and net zero, and the insufficient reaction to the significant proportion of shareholder votes against their climate report (49%) in the 2022 AGM. Additionally, following the completion of the BHP petroleum assets merger in 2022, LGIM are looking to get more clarity on the decarbonisation targets of the combined group, and note a number of gaps in the company's disclosure, primarily around the overreliance on offsets for achieving climate goals. In 2023, LGIM met with the company and with the chair of the board. However, still feel that actions taken are insufficient to restore investor confidence and that there is a lack of urgency around better aligning the company with the Paris objectives
Outcome of the vote	Withdrawn	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	This shareholder resolution is considered significant due to the relatively high level of support received.	LGIM is publicly supportive of so called "Say on Climate" votes. expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.

LGIM, World Emerging Markets Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Tencent Holdings Limited	Reliance Industries Ltd.	China Construction Bank Corporation
Approximate size of fund's holding as at the date of the vote (as a % of portfolio)	4.2%	1.6%	1.0%
Summary of the resolution	Elect Jacobus Petrus (Koos) Bekker as Director	Approve Reappointment and Remuneration of Mukesh D. Ambani as Managing Director	Elect Tian Guoli as Director
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with LGIM's investee companies in the three weeks prior to an AGM as LGIM's engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management and LGIM expects the Committee to comprise independent directors.	A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.
Outcome of the vote	Pass	No data given	No data given
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.

Appendix 2 – example of engagement activity undertaken during the year to 31 March 2024

Legal & General Investment Management

Heidelberg Cement: Carbon Emissions

Cement production is responsible for around 8% of global emissions per year. Therefore, the cement industry needs to decarbonise significantly for the world to reach net zero. Heidelberg believes it has an industry-leading decarbonisation policy as well as first-mover advantage in carbon capture and storage. LGIM participated in discussions with Heidelberg's management team to discuss the progress and economic viability of the company's planned CCS (Carbon Capture and Storage) projects.

Questions focused on:

- The economics of CCS (cost of capture, transport and storage versus carbon pricing),
- The external factors affecting viability of CCS projects (regulation, government subsidies etc.),
- Demand expectations for 'carbon-free' cement.

LGIM will continue to engage with Heidelberg as well as other competitors in the cement industry on their decarbonisation targets and trajectory. For Heidelberg, the economics of CCS will only become economical with either an increase in the carbon price or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management.