

SUN CHEMICAL LIMITED PENSION SCHEME

Sun Chemical Limited Pension Scheme Implementation Statement: ('the Statement')

Overview of this statement

This Statement represents the first such report provided under new requirements in place from 1 October 2020 regarding the production of an Implementation Statement for Trustees of pension schemes.

In this Statement the Trustees have sought to set out information describing the management of the Scheme's assets and in particular how the management of the assets has reflected the Trustee's policies as set out in the Statement of Investment Policies (the 'SIP') over the period from 6 April 2019 to 5 April 2020.

The Trustees fully expect as these policies evolve and as the pensions industry builds on initial foundations, the nature of future implementation reports will also evolve to provide relevant and useful information. The Trustees also expect that in particular reporting in respect of manager voting behavior on the Trustee's behalf, will evolve over time as managers evolve their reporting process and industry standards are adopted.

In the Trustees' opinion, all aspects of the SIP have been followed, including the Stewardship policy which was updated in September 2019.

The Trustees have split the Statement into several sections covering the main aspects of the management of the Scheme over the financial year:

1. Summary of changes to the SIP
2. Summary of notable changes to investment strategy
3. Overview of ongoing monitoring and reporting (DB assets)
4. Overview of ongoing monitoring and reporting (DC assets)
5. Details in respect of voting behaviour

1. Summary of changes to the SIP:

In September 2019 the Trustees made several changes to the SIP which are summarized below. These changes were prompted by new requirements to incorporate additional Environmental, Social and Governance ('ESG') and stewardship language into the SIP but prompted a broader review of the SIP. In making these changes the Trustees took advice from Goldman Sachs Asset Management International (GSAMI) their Fiduciary Manager and consulted with the company:

- Reworded the Investment Objectives section setting the date for targeting 100% funding to be aligned with the 2017 valuation. The rationale for this change was to ensure alignment between the SIP and the recovery plan from the 2017 valuation.
- Added sections with more details of the Trustee's policies and approaches in respect of Financially Material considerations, Non-Financial Matters and Stewardship. Further details of the changes made are set out below. These changes were as a result of enhanced regulatory disclosure requirements and language added to the SIP was reflective of the prevailing approach to managing assets.
 - o Financially Material Considerations: The Trustees recognise their need to take into account financially material considerations and in turn expect GSAMI as fiduciary manager and external investment managers selected by GSAMI to take such considerations into account.
 - o Non-Financial Matters: The Trustees' current investment policy does not specifically take into account non-financial matters.
 - o Stewardship: The Trustees recognise the importance of their role as stewards of capital. Voting decisions are delegated to GSAMI and external investment managers. Further details in respect of voting are set out below.

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2. Summary of notable changes to investment strategy

The Trustees retain responsibility for high level investment decisions with many other decisions delegated to GSAMI as the fiduciary manager. GSAMI's role is defined within an Investment Management Agreement ('IMA') entered into with the Trustees and in particular the Investment Guidelines section of the IMA. Over the period, the Trustees made two changes to the IMA guidelines following advice from GSAMI:

- **Private Assets:** In May 2019 the Trustees updated the growth portfolio asset allocation to include an allowance for GSAMI to build a private asset allocation to a target weight of 3% of growth assets. This was included to allow investment in private credit which is expected to improve diversification, capture the illiquidity and complexity risk premia and, to provide future income when the scheme is more mature and benefit payments have increased. An allocation to private credit was made with drawdowns expected to be made over the coming years.
- **Changes to asset allocation:** In October 2019 the Trustees made changes to the growth portfolio asset allocation and associated permitted ranges. The changes reduced exposure to asset classes which tend to perform poorly in the latter stages of economic expansion. The changes were based on advice from GSAMI that, given the extended nature of the current economic cycle, adjusting the allocation would provide improved diversification over coming years. The changes were implemented in early October. In making these changes, the Trustees and in particular the Investment Sub-Committee ('ISC') took advice from GSAMI as to the appropriate asset allocation and impact on future expected returns and risk relative to the agreed journey plan for the Scheme.
- **Changes to Fiduciary Management Fees:** In the same October 2019 amendment, the fiduciary management fee paid annually to GSAMI was reduced. This reduction was offered proactively by GSAMI as a reflection of recent movements in market pricing for mandates similar to the Scheme's.

Investment Objectives: As required under The Investment Consultancy and Fiduciary Management Market Investigation Order 2019, the Trustees agreed and set Investment Objectives for GSAMI. These objectives were set by considering GSAMI's IMA and extracting the key objectives. These were then supplemented with additional "softer" objectives.

In its role as fiduciary manager, GSAMI managed the portfolio over the period. Below we set out key changes GSAMI made as a result of their discretion:

- **Change to manager line up:** GSAMI has discretion to select managers on the Trustee's behalf. In early April 2020, GSAMI removed 3 "trend following" quantitative hedge fund managers from the portfolio and replaced them with an allocation to a GSAMI "Fund of Funds" which is a GSAMI managed fund consisting of multiple underlying external (i.e. non-GSAMI) managers. The rationale for this change was to improve the degree of diversification within the allocation. GSAMI's view is that diversification across quantitative hedge fund managers is highly important. In line with the stated SIP policies in respect of manager selection, GSAMI's changes to these managers considered the impact of financially material factors as they apply to these strategies. While GSAMI does generally consider ESG factors as part of the criteria which may be taken into consideration in their research and selection of investment managers and investments included in the portfolio, for these managers this consideration was not suitable given the systematic nature of their strategies.
- **Regular rebalancing trading activity:** GSAMI regularly rebalanced the portfolio across the period at month / quarter ends or when deemed opportunistically appropriate to do so. GSAMI also aligned this rebalancing action to raise cash when needed to pay benefits.

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3. Overview of ongoing monitoring and reporting (DB assets)

GSAMI monitors the portfolio and funding level on an ongoing basis and also provides reporting to the Trustees, primarily the ISC, to allow them to monitor aspects of the portfolio in line with the policies set out in the SIP. Below are key areas of reporting and ongoing portfolio monitoring in respect of the year:

- Regular reporting: GSAMI provided the Trustees with regular reporting:
 - Monthly – funding level update, portfolio performance, individual manager performance, portfolio positioning relative to benchmark, market views, breakdown of drivers of return across the growth portfolio
 - Quarterly – Funding level progression vs the journey plan, drivers of funding level progression, overview of tactical views, manager performance relative to peers, growth portfolio risk vs expectations and other ad hoc topics for discussion
- Annual Review: In April 2019 the ISC held a regular annual review meeting with GSAMI to “deep dive” into performance and review the asset allocation and appropriateness of the journey plan. No changes were made to the Journey Plan following this discussion.
- Ad Hoc updates: In March 2020, as a result of market volatility GSAMI provided daily funding level updates and more detailed weekly updates to the ISC.
- Trigger monitoring: GSAMI monitored the Scheme’s estimated funding position on a daily basis relative to the next derisking trigger. No trigger was hit over the year.
- Guideline breaches: GSAMI monitored the portfolio against the IMA guidelines and no breaches were reported for the year.
- Use of derivatives: Outside of pooled fund exposures, derivatives were used over the year as follows:
 - Currency hedging
 - To hedge liability interest rate and inflation risk
 - To gain exposure to equity markets to improve growth portfolio efficiency and diversification
 - To efficiently implement dynamic market views

4. Objectives and policies in the SIP (DC assets)

The Trustees outline several key objectives and policies relating to investment of Scheme assets in the SIP. Those that apply to the DC assets are noted in this section (in italics) together with an explanation of how these objectives have been met and policies adhered to over the course of the year.

Under the terms of the Trust Deed the Trustees are responsible for the investment of AVCs paid by members. The Trustees review the investment performance of the chosen providers on a regular basis and take advice as to the providers' continued suitability.

The Trustees review the performance of unit-linked AVC funds held by members on an annual basis. The Trustees appoint Aon Solutions Limited ('Aon') to carry out a formal review of the AVC arrangements to advise on the continued suitability of the providers every three years. This review considers provider financial strength, quality of administration and investment performance, suitability of the investment options offered and charges. The most recent review was carried out during 2020 (the previous review was undertaken in 2017).

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The Trustees also took formal advice from Aon during the year with regard to the closure of the Equitable Life With Profits Fund and the transfer of policies to Utmost Life and Pensions. This advice considered the relative risk to members of the Equitable Life With Profits Fund not closing, the reasonableness of the policy value uplifts proposed by Equitable Life to compensate for the loss of investment guarantees, and an assessment of the suitability and quality of the new investment options offered by Utmost Life and Pensions.

The Trustees are content that they have adhered to their policies and objectives set out in the SIP for the DC assets during the Scheme year.

5. Details in respect of voting behaviour (DB assets)

As noted above, in September 2019 the Trustees updated the SIP to provide enhanced details of their Stewardship policy. In summary the Trustees have adopted a policy of delegating voting decisions to GSAMI and external investment managers which, where appropriate has been followed. The Scheme holds a set of diversified exposures across multiple asset classes and through various structures. For the purposes of this section the Scheme's holdings have been split into the following categories in respect of the treatment of voting behaviour:

- **Delegated to manager:** Asset classes such as equities with significant voting responsibilities where this has been delegated to the manager to exercise.
- **Delegated to manager** – asset class with limited voting exposure: An asset class where the manager has ownership of the vote but by its nature the asset class has limited or no voting expected, for example fixed income assets. Within this grouping are included hedge funds for whom voting may be undertaken by individual managers depending on their process and strategy. For the purposes of this report the Trustees have not reported on hedge fund voting activity but expect as managers become accustomed to enhanced reporting requirements additional information will be able to be provided in future reports.
- **N/A** – no voting exposure: Asset classes that by their nature have no voting exposure.

The table below sets out at a high level the asset classes and weights with voting applicability:

Asset Class	Weight	Voting Applicability
Equities	11%	Voting set out below
Fixed Income	58%	Not applicable
Alternatives	15%	Limited applicability
Passive exposures with no votes	17%	Not applicable
Total:	100%	

In order to collate voting data GSAMI contacted the managers in the portfolio to request appropriate voting information. For asset classes other than equities information is generally less available with many managers noting that voting doesn't apply to their asset class / strategy or noting that they have been awaiting additional clarity on industry standards for collating voting information before building capabilities to provide voting information. The table therefore represents the best efforts approach to obtain voting information and the Trustees expect that as the industry aligns on standardized disclosures, more information will be forthcoming. GSAMI will continue to work with managers to seek to ensure appropriate information is being collated and provided and that as industry standards evolve, managers also evolve the information provided. The ability of a manager to provide more granular data may become part of GSAMI's selection criteria. The Trustees believe that for asset classes where voting is a key aspect of ownership (mainly equities) the Stewardship policy, which substantially delegates voting to individual managers, has been followed as set out in the table below.

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Significant Votes

In the table below the Trustees set out what they believe to be the most significant votes undertaken by managers on their behalf over the period. The Trustees approach to determining what defines “significant votes” was to rely on each manager’s definition. Three equity managers provided this information and so the table below sets out details of votes provided by these managers. Based on the responses from other managers, the Trustees expect in the near future a wider set of managers will be able to provide this information as many are currently working through their definition of “significant votes” in order to implement a robust approach to determining which votes are significant and which are not.

The information is set out in the below tables:

- Table 1: Managers where voting is delegated to the manager
- Table 2: Managers where voting is delegated to the manager but for an asset class with limited voting exposure
- Table 3: Managers where there is no voting exposure
- Table 4: Details of significant votes

Where the table sets out “For” / “Against” this indicates that the manager voted for / against the company board’s recommendations for each item. Additionally, where managers have provided information noting votes for which they have used proxy voting services, this has also been indicated.

Table 1: Managers where voting is delegated to the manager

Manager	Asset Class	Active / Passive	Investment Type	31 March 2020 Portfolio Weight	Total votes	For	Against	Abstain / Do not vote	Proxy Advisor Used
1	Equities	Active	Separate Account	0.7%	192	189	3	0	0
2	Equities	Active	Fund of Funds	3.3%	1,866	1,448	290	128	1,796
3	Equities	Active	Separate Account	0.4%	2,559	2,311	187	61	2,559
4	Equities	Systematic	Fund	2.7%	21,326	18,837	2,171	161	0
5	Equities	Active	Fund	1.5%	1,217	1,141	62	14	0
6	Equities	Active	Fund	1.5%	702	647	51	4	0
7	Listed Real Assets	Active	Separate Account	0.4%	974	927	27	20	974
8	Listed Real Assets	Active	Fund	0.5%	This manager provided voting information but requested that it not be made public.				

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Table 2: Managers where voting is delegated to the manager but for an asset class with limited voting exposure

Manager	Asset Class	Active / Passive	Investment Type	31 March 2020 Portfolio Weight	Comments
9	Alternatives	Systematic	Fund	1.4%	The manager's policy does not permit disclosure of voting records. The manager has a proxy voting policy and generally uses the services of a third-party proxy agent that votes pursuant to guidelines agreed to in advance which the Manager believes are in the best interests of the client.
10	Alternatives	Systematic	Fund	0.9%	The manager confirmed that there is limited to no voting exposure within this strategy
11	Alternatives	Systematic	Fund	0.8%	The manager did not provide detailed voting activity but confirmed any votes made are in line with the manager's policy which was provided.
12	Fixed Income	Active	Fund	1.3%	This is a global high yield bond fund where the primary investments are in corporate fixed bonds. Occasionally the manager may receive equity as part of a restructuring event on a position held. Only on those rare occasions would this fund have the ability to be part of a proxy voting process. Over the period there was one such instance with one vote for which the manager abstained.
13	Fixed Income	Active	Fund	1.1%	Limited voting at the strategy level given the portfolio is made up of debt holdings. The manager gave an example of engagement with one underlying company on the impact of water shortages on revenue.
14	Fixed Income	Active	Fund	5.5%	No voting activity given the investments are in Investment Grade corporate bonds, but the manager does engage with underlying companies on ESG issues.
15	Hedge Funds	Active	Fund of Funds	3.7%	Not included in scope of this report, see notes above.
16	Hedge Funds	Active	Fund of Funds	1.4%	Not included in scope of this report, see notes above.

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Table 3: Managers where there is no voting exposure

Manager	Asset Class	Active / Passive	Investment Type	31 March 2020 Portfolio Weight
17	Alternatives	Systematic	Fund of Funds	0.2%
18	Fixed Income	Active	Fund of Funds	0.2%
19	Fixed Income	Active	Fund	0.9%
20	Alternatives	Passive	Fund	3.1%
21	Alternatives	Systematic	Fund	3.1%
22	Fixed Income	Active	Fund	0.7%
23	Fixed Income	Active	Fund	1.6%
24	Liability Hedging	Active	Separate Account	46.2%
25	Alternatives	Systematic	Derivatives	0.3%
26	Equities	Passive	Derivatives	17.3%

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Table 4: Details of significant votes

Note, the tables below set out all votes that managers deemed to be significant. In addition, we have provided GSAMI's indication as to which votes the Trustees could deem to be most significant reflecting the Stewardship Policy set out in the SIP which expect the highest standards of governance, promotion of corporate responsibility and discussion of ESG factors.

Manager 2: one manager in fund of funds

Vote Date	Proposal Text	Vote Instruction	Vote Commentary/ rationale	GSAMI note
28-Nov-19	Approve Report on Company's Assessment of its Exposure to Climate-Related Risks by no later than October 2020	For	A vote FOR this item is considered warranted: The potential implementation of this item appears in line with and would not be expected to hinder the Company's own initiative already underway to improve its climate-related risk framework beyond October 2020; The disclosure requested by the resolution is considered reasonable and is likely to be useful for shareholders; and while the Company has provided some public commitments regarding its climate-related reporting in response to this resolution, its proposed timeframe of three to five years for enhanced reporting is considered slow, especially given the Company's own commitment and initiatives to implement the recommendations of the TCFD to which the proposal requirements are also aligned.	Significant: Corporate Responsibility ESG
28-Nov-19	Adopt and Publicly Disclose a Policy on Fossil Fuel Lending by no later than October 2020	For		
21-Jun-19	Elect Non-Independent Director 1	Against	A vote AGAINST is warranted because the independent director, is non-independent non-executive director under ISS' classification.	Significant: Governance
27-Jun-19	Elect Wang Daxiong as Director	Against	A vote AGAINST election of 3 directors is warranted given that they serve on the audit committee and the company and did not disclose sufficient information regarding the fees paid to the auditor to examine the level of non-audit services rendered by the auditor.	Significant: Governance
26-Apr-19	Approve Remuneration of Audit Committee Members	Against	A vote AGAINST this proposal is warranted as lack of timely disclosure prevents international institutional shareholders from making an informed voting decision regarding this proposal.	Significant: Governance

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Vote Date	Proposal Text	Vote Instruction	Vote Commentary/ rationale	GSAMI note
24-Mar-20	Approve Report and Resolutions Re: Employee Stock Purchase Plan	Against	A vote AGAINST this item is warranted because the lack of disclosure regarding the key terms of the proposed equity compensation plan prevents international institutional shareholders from fully assessing whether the plan adequately aligns the interest of its beneficiaries and shareholders.	Significant: Governance Corporate Responsibility
27-Jun-19	Amend 2016 Equity Incentive Plan	Against	A vote AGAINST this resolution is warranted because: Non-executive directors participate in the plan. Total potential dilution exceeds 10 percent. Vesting period for options is less than three years	Significant: Governance

Manager 5:

Date of vote	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Summary of the resolution	Vote	Rationale for the voting decision	Outcome of the vote	GSAMI Note
22/05/2019	3.4	Report on Climate Change	For	We supported a shareholder proposal requesting that the company produce enhanced disclosure on their approach to managing carbon emissions and addressing climate change.	Fail	Significant: ESG
30/04/2019	1.22	Elect Director	Against	We opposed the executive compensation and the re-election of the Compensation Committee Chairman due to the award of a large one-off payment to the board Chairman which we do not believe was appropriate or aligned with shareholders' interests.	Pass	Significant: Governance
25/04/2019	1.42	Approve Remuneration Report	Against	We opposed the executive remuneration report and policy as we do not believe the performance conditions are sufficiently stretching.	Pass	
13/12/2019	0.69	Elect Director and Audit Committee Member	Against	We opposed the election of two outside directors and four inside directors, due to ongoing concerns over board composition.	Pass	
30/05/2019	1.26	Require a Majority Vote for the Election of Directors	For	We supported a shareholder resolution requesting the introduction of a majority voting standard for director elections.	Fail	Significant: Corporate Responsibility

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Date of vote	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Summary of the resolution	Vote	Rationale for the voting decision	Outcome of the vote	GSAMI Note
30/04/2019	1.22	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	We opposed the executive compensation and the re-election of the Compensation Committee Chairman due to the award of a large one-off payment to the board Chairman. We do not believe this award was appropriate or aligned with shareholders' interests.	Pass	Significant: Corporate Responsibility
04/12/2019	1.5	Report on Gender Pay Gap	For	We supported a shareholder proposal requesting that the company produce enhanced disclosure on gender pay disparities across their business.	Fail	Significant: Corporate Responsibility ESG
19/09/2019	0.76	Approve Remuneration Report	Against	We opposed remuneration due to concerns regarding the structure of the retention plan. We were concerned that the structure of the plan could lead to short term decisions being made. We also had concerns that the independent members of the board have received share options.	Pass	Significant: Corporate Responsibility
20/05/2019	1	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	We opposed executive compensation due to a large increase in the CEO's pay during the year.	Pass	Significant: Corporate Responsibility
08/05/2019	0.98	Require Independent Board Chairman	For	We supported a shareholder resolution requesting an independent board chairman as we think it is in shareholders' best interests.	Fail	

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Vote Date	Proposal Text	Vote Instruction	Vote Commentary/ rationale	GSAMI note
8/05/2019	Provide Right to Act by Written Consent	For	The Right to Act by Written Consent was on the agenda of the 2018 AGM as a shareholder proposal and passed with 50.5% votes for. The company subsequently proposed to implement the ability to act by written consent with a threshold of 20% of outstanding shares. Acting on shareholder proposals that receive the support of a majority of votes cast shows good governance.	
14/06/2019	Approve Allocation of Income and Dividends	Against	The Manager evaluates each proposal separately but generally votes against proposals where the dividend allocation is persistently very low and the company retains significant cash on its balance sheet without adequate explanation.	Significant: Corporate Responsibility
14/06/2019	Director Election	Against	The company's dividend pay-out ratio has been persistently low over many years resulting in the Manager voting AGAINST both the allocation of income and the re-election of a director who failed to address shareholders' concerns around capital policy.	Significant: Corporate Responsibility
27/06/2019	Approve Allocation of Income and Dividends	Against	For many years the dividend payout ratio has been very low in contrast to the high and growing amount of cash on the balance sheet and high level of FCF generation.	Significant: Corporate Responsibility
25/02/2020	Reelect directors	Abstain	As per the Manager's Proxy Voting Policy they will generally abstain on bundled resolutions. A letter was sent to the company explaining our rationale and encouraging the company to unbundle any agenda items in future.	

6. Details in respect of voting behaviour (DC assets)

The Scheme's DC assets are held in policies provided through Prudential Assurance Company Limited ('Prudential') and Utmost Life and Pensions (formerly Equitable Life Assurance Society). The Prudential policies hold both unit-linked and With Profits investments, whereas the Utmost Life and Pensions policies hold only unit-linked funds, following the closure of the Equitable Life With Profits Fund on 1 January 2020.

Assets under management in these policies are modest (£2.2m in total, excluding With Profits terminal bonus). Furthermore, the assets are invested in a relatively large number of underlying funds. The Trustees have therefore taken a proportionate approach to the disclosures on these arrangements and have decided not to obtain specific fund-level information on voting behaviour for this reporting period. For this Statement, the Trustees have therefore provided an overview of voting behaviour at manager level.

The Trustees are satisfied that the managers appear to be exercising their respective voting and engagement duties to a satisfactory level at this stage, where applicable, and that the Trustees' stewardship policy is being appropriately implemented on its behalf

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The underlying managers of the DC assets are set out in the table below.

Provider / Funds	Underlying fund manager
Prudential	M&G Treasury & Investment Office ('M&G')
Equitable Life With Profits Fund	BlackRock Investment Management (UK) Limited ('BlackRock')
Utmost Life & Pensions	Aberdeen Standard Investments ('ASI') JP Morgan Asset Management ('JPM')

M&G - M&G use the Institutional Shareholder Services' ('ISS') voting platform to vote and they have built, with ISS, a custom voting service that reflects their public voting policy. Where a resolution has been flagged by a service provider, the stewardship team and / or relevant M&G fund manager will discuss and decide on an ultimate decision. Where possible, M&G will inform the company in advance if they are voting against the company's recommendation.

M&G's engagement approach has been developed to provide a systematic process around engagements in which they have a specific objective and seek particular outcomes. Prior to commencing on engagement, that objective is clearly set out, with actions and outcomes recorded through the life of the engagement.

For more information on M&G's voting and engagement activities please see <https://global.mandg.com/~media/Files/M/MandG-Plc/documents/responsible-investing/MG-Corporate-Finance-and-Stewardship-Report-2019.pdf>

BlackRock - BlackRock use the ISS platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. BlackRock's voting decisions are informed by internally-developed proxy voting guidelines, their pre-vote engagements, research, and the situational factors for each underlying company. Voting guidelines are reviewed annually and are updated as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

At a manager level, BlackRock engaged with 61% of the value of its clients' equity assets. An example of engagement carried out by BlackRock is with regards to a UK self-storage company. Following votes against management on executive pay dating back to 2017 and BlackRock's multi-year engagement with the company, the company announced it would make changes to its compensation practices. These changes were reflected in the management's updated compensation policy and long-term incentive plan, which BlackRock supported; both received nearly 98% shareholder support.

ASI - ASI make use of the ISS for proxy voting research and voting recommendations. This is alongside ASI's own analysis from AGMs and other shareholder meetings. ASI seek to discuss any vote against a resolution with the company before, explaining the reasons for doing so. More detail on ASI specific votes can be found here: <https://www.aberdeenstandard.com/en/ireland/responsible-investing/proxy-voting>

ASI state that they seek to generate the best long-term outcomes for clients and will actively take steps as stewards and owners to protect and enhance the value of their clients' assets. ASI generally meet representatives of investee companies at least once a year, while also routinely engaging on voting issues. If necessary, ASI will escalate an issue to ensure their views are represented by those with appropriate seniority and experience.

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JPM - JPM retains the services of the ISS voting agency to implement its voting policy, and uses research from ISS and Glass Lewis as an input in evaluating how a proxy should be voted. JPM 'tag' certain votes in the ISS system, to allow them to be subject to extra scrutiny. For example, if engagement is ongoing, or if the company has been flagged as an 'ESG outlier', or if an analyst or portfolio manager has requested it be reviewed in more detail.

At a manager level, JPM votes at approximately 8,000 shareholder meetings per year, in over 80 markets worldwide. For key issues or core shareholdings, or where there is ongoing engagement, they endeavor to inform companies when opposing the company's recommendations. In their engagement with the companies they invest in, JPMAM have five main investment stewardship priorities that they believe are most applicable: governance, strategy alignment with the long-term, human capital management, stakeholder engagement and climate risk. Please see the link here for more information on Investment Stewardship at JPMAM.
<https://am.jpmorgan.com/blob-gim/1383664293468/83456/J.P.%20Morgan%20Asset%20Management%20investment%20stewardship%20statement.pdf>