

McCain Foods (GB) Limited Pension & Life Assurance Scheme
Statement of Investment Principles - Annual Implementation Statement

Scheme year ending 30 June 2022

1 Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the McCain Foods (GB) Limited Pension & Life Assurance Scheme (“the Scheme”) covering the scheme year to 30 June 2022 (“the year”). The purpose of this statement is to set out:

- How, and the extent to which, in the opinion of the Trustees, the Scheme’s engagement policy (required under regulation 2(3)(c) of the Occupational Pension Schemes Investment Regulations 2005) has been followed during the year; and
- A description of voting behaviour (including the “most significant” votes made on behalf of the Trustees) and any use of a proxy voter during the year.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the Statement of Investment Principles (“SIP”) are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

In order to ensure that investment policies set out in the SIP are undertaken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustees delegate some responsibilities. In particular, the Trustees have appointed a Fiduciary Manager, Towers Watson Limited, to manage the Scheme’s assets on a discretionary basis. The Fiduciary Manager’s discretion is subject to guidelines and restrictions set by the Trustees. So far as is practicable, the Fiduciary Manager considers and seeks to give effect to the policies and principles set out in the Trustees’ SIP.

A copy of this Implementation Statement has been made available on the following website: www.mccain.co.uk under the link ‘Pension & Life Assurance: Governance’

Review and changes to the SIP

During the scheme year-end, changes to the SIP were made following the agreement of the Scheme’s tri-annual actuarial valuation. There were updates to the Scheme’s objectives along with some minor format changes and the SIP was adopted by the Trustees in September 2021.

Since the scheme year-end, further changes were made to the SIP to incorporate best practice wording on:

- The Trustees’ acknowledgment that while they delegate a number of stewardship activities to the Fiduciary Manager and investment managers, ultimately the responsibility for these activities remains with the Trustees;
- The Trustees priorities in the area of stewardship, and while addressing these is in the members’ interests;
- How the policies of the Scheme’s investment managers are assessed as appropriate in regard to the Trustees’ policies and objectives.

For the purpose of assessing how the Scheme’s SIP has been followed, the remainder of this statement specifically focusses on the SIP agreed in September 2021.

2 Voting and engagement

As set out in the previous section, the Trustees have delegated responsibility to the Fiduciary Manager to implement the Trustees' agreed investment strategy, including making certain decisions about investments (including asset allocation and manager selection/deselection) in compliance with Sections 34 and 36 of the Pensions Act.

The Trustees' view is that Environmental, Social and Governance ("ESG") factors can have a significant impact on investment returns, particularly over the long-term. As a result, the Trustees believe that the incorporation of ESG factors is in the best long-term financial interests of its members. The Trustees have appointed a Fiduciary Manager who shares this view and has fully embedded the consideration of ESG factors in its processes. The Trustees incorporate an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

The Fiduciary Manager's process for selecting, monitoring and deselecting managers explicitly and formally includes an assessment of a manager's approach to Sustainable Investing ("SI"), recognising that the degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures. Where ESG factors are considered to be particularly influential to outcomes, the Fiduciary Manager engages with investment managers to improve their processes.

The Fiduciary Manager produces detailed reports on the SI characteristics of the highest-rated managers (such as those included in the Scheme's portfolio) on an annual basis.

The Trustees have delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager and in turn to the Scheme's investment managers.

The day-to-day integration of ESG considerations and stewardship activities (including voting and engagement) are delegated to the Scheme's investment managers.

Through the engagement undertaken by the Fiduciary Manager, the Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital as applicable to their mandates. The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG and stewardship both at the appointment of a new manager and on an ongoing basis. The Fiduciary Manager engages with managers to improve their practices and may terminate a manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated on these grounds during the year.

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example fixed income whereby these holdings do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity managers (including listed infrastructure and real estate) as here there is a right to vote as an ultimate owner of a stock. Where managers provided multiple examples of "significant votes", three have been shown below.

Further information on the voting and engagement activities of the managers is provided in the table below.

At the end of the year, the Fund's equity holdings were invested across four pooled funds:

- Towers Watson Investment Management ("TWIM") Global Equity Focus Fund - an active global equity fund managed by the Fiduciary Manager which invests in number of underlying managers
- Manager A – an active China equity fund
- Manager B – an active Emerging Markets equity fund
- LGIM Heitman Global Prime Property Securities Fund - a passive global equity fund focussed on equity related to prime properties
- LGIM Infrastructure Equity MFG Fund – a passive global equity fund focusses on equity related to infrastructure companies

The Scheme is invested in both active and passive equity funds. For the active funds the Trustees have decided not to publicly disclose investment manager names. This decision relates to the underlying investment managers in the TWIM fund, and Managers A and B. Given the nature of these investments, the Trustees believe that publicly disclosing the names of the Scheme's investment managers could impact the investment manager's ability to generate the best investment outcome for the Scheme and ultimately, the Scheme's members.

TWIM

The underlying managers use ISS's 'ProxyExchange' electronic voting platform to electronically vote investors' shares. TWIM also uses EOS at Federated Hermes for voting recommendation services (via the ISS platform) to enhance engagement and achieve responsible ownership. The underlying managers are ultimately responsible for the votes.

Manager A

Corporate engagement and asset stewardship is a key part of the investment process for Manager A and has been a key part of the investment process across all of its investment strategies. The investment team's long-term investment horizon, approach of investing in companies with strong governance structures and history and experience of investing in local markets, supports that they are well-equipped to engage with company management with a view to improving outcomes for minority shareholders. The Fiduciary Manager views Manager A's approach to SI as good.

Manager A uses Glass Lewis as its proxy advisor. The Head of each asset class or their authorised signatory is responsible for ensuring that all company resolutions are reviewed such that an appropriate and consistent recommendation is made in line with the corporate governance guidelines and principles as outlined in the Proxy Voting policy. Once the proxy voting intentions have been confirmed, they must communicate the decision to the Company Engagement team in an agreed format by the pre-advised cut-off date. Manager A will only vote in the best interests of its investors.

Manager B

Manager B endeavours to invest in companies with sustainable franchises that they believe will continue to generate growth in earnings as a result of the barriers to entry for their businesses. Their research efforts are focused on understanding the drivers of growth, the headroom for continued growth and any potential threats to that growth. ESG considerations are one key to understanding the potential threats to growth. Manager B therefore integrate ESG analysis throughout our investment process. The Fiduciary Manager views Manager B's approach to SI as good.

Manager B augments their independent research by using Institutional Shareholder Services Inc. ("ISS") as an additional source of information.

LGIM

The Fiduciary Manager's view is that LGIM continues to demonstrate good / leading practice vs. peers, in particular in their willingness to take visible stances on topics they believe are important. This is supported by an effective approach to conflict management, high transparency and effective communications. The Some of LGIM's strengths in this area are displayed publicly through its climate impact pledge program and through leading collaborative engagement efforts. However, the Fiduciary manager continues to engage with LGIM on the level of stewardship team resourcing relative to the breadth and depth of coverage, as well as pushing for better / more effective fixed income engagement.

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 LGIM do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The LGIM Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what the Fiduciary Manager considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure votes are fully and effectively executed in accordance with LGIM's voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Further information on the voting and engagement activities of the managers is provided below:

Manager and strategy	Portfolio structure	Voting activity (as at 30 June 2022)
Towers Watson Investment Management Global Equity Focus Fund	Pooled multi-manager equity fund	Number of meetings at which the manager was eligible to vote: 145 Number of resolutions on which manager was eligible to vote: 2,357 Percentage of eligible votes cast: 100% Percentage of votes with management: 88% Percentage of votes against management: 11% Percentage of votes abstained from: 2% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 60% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 11%

Manager and strategy	Portfolio structure	Voting activity (as at 30 June 2022)
Manager A – an active Chinese equity fund	Pooled equity fund	Number of meetings at which the manager was eligible to vote: 109 Number of resolutions on which manager was eligible to vote: 1,024 Percentage of eligible votes cast: 100% Percentage of votes with management: 96% Percentage of votes against management: 4% Percentage of votes abstained from: 0% Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 18% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 5%

Manager and strategy	Portfolio structure	Voting activity (as at 30 June 2022)
Manager B – an active Emerging Markets equity fund	Pooled equity fund	<p>Number of meetings at which the manager was eligible to vote: 98</p> <p>Number of resolutions on which manager was eligible to vote: 985</p> <p>Percentage of eligible votes cast: 99%</p> <p>Percentage of votes with management: 86%</p> <p>Percentage of votes against management: 8%</p> <p>Percentage of votes abstained from: 6%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 32%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 1%</p>

Manager and strategy	Portfolio structure	Voting activity (as at 30 June 2022)
LGIM Heitman Global Prime Property Securities Fund	Pooled equity fund	<p>Number of meetings at which the manager was eligible to vote: 86</p> <p>Number of resolutions on which manager was eligible to vote: 965</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 81%</p> <p>Percentage of votes against management: 19%</p> <p>Percentage of votes abstained from: 0%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 57%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 16%</p>

Manager and strategy	Portfolio structure	Voting activity (as at 30 June 2022)
LGIM Infrastructure Equity MFG Fund	Pooled equity fund	<p>Number of meetings at which the manager was eligible to vote: 92</p> <p>Number of resolutions on which manager was eligible to vote: 1,088</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 77%</p> <p>Percentage of votes against management: 23%</p> <p>Percentage of votes abstained from: 0%</p>

		<p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 77%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 19%</p>
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TWIM, Manager A and LGIM provided significant voting data for their relevant funds and we have shown a selection of each as a representative. The TWIM Global Equity Focus Fund is a multi-manager equity fund and so voting is the responsibility of the underlying managers and not TWIM.

Coverage in portfolio	Most significant votes cast
<p>Manager within the Towers Watson Investment Management Global Equity Focused Fund</p>	<p>Company: Microsoft</p> <p>Resolution: Report on Gender/Racial Pay Gap</p> <p>How the manager voted: For</p> <p>Rationale for the voting decision: Promotes appropriate accountability and incentivisation on gender and diversity</p> <p>Rationale for being considered a significant vote: We consider diversity to be a critical factor influencing the long-term performance and sustainability of a company.</p> <p>Outcome of the vote: Fail</p> <p>Lessons learned/ future implications: Continue to consider proposals whether from management or shareholders which enhance company diversity.</p>
<p>Manager within the Towers Watson Investment Management Global Equity Focused Fund</p>	<p>Company: Alphabet Inc.</p> <p>Resolution: Report on Risks of Doing Business in Countries with Significant Human Rights Concerns</p> <p>How the manager voted: For</p> <p>Rationale for the voting decision: For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks</p> <p>Rationale for being considered a significant vote: Votes against management</p> <p>Outcome of the vote: Fail</p> <p>Lessons learned/ future implications: None</p>
<p>Manager within the Towers Watson Investment Management Global Equity Focused Fund</p>	<p>Company: Workday, Inc.</p> <p>Resolution: Approve Omnibus Stock Plan</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: The request for a 30m share allotment, which amounts to more than 10% of the current total share count (~254m) and is expected to be expended over the course of the next three fiscal years, would be excessively dilutive to outside shareholders. As such, we would encourage the board to submit a revised plan prior to the expiration of the current program, with the enterprise shifting to a more cash-based compensation approach in the process.</p> <p>Rationale for being considered a significant vote: Voted against management recommendation; Top 5 position in portfolio</p>

	<p>Outcome of the vote: Pass</p> <p>Lessons learned/ future implications: Investors are likely voting in line with management recommendations and not taking a closer look at dilution. We will likely continue to vote against the compensation scheme in place.</p>
<p>Manager A – an active Chinese equity fund</p>	<p>Company: <u>Yunda Holding Co. Ltd</u></p> <p>Resolution: Reappointment of Audit Firm</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: The company can do better in fee disclosure, including breakdown and changes across years.</p> <p>Rationale for being considered a significant vote: Against management</p> <p>Outcome of the vote: For</p> <p>Lessons learned/ future implications: More stringent activity on future matters in relation to governance, better communication with portfolio companies on areas for improvement</p>
<p>Manager A – an active Chinese equity</p>	<p>Company: <u>Sany Heavy</u></p> <p>Resolution: Approval of Deposit Services at An Affiliated Bank</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: Relates to the approval of investments in wealth management products with connected-party bank Sanxiang Bank. This is not good practice.</p> <p>Rationale for being considered a significant vote: Against management</p> <p>Outcome of the vote: For</p> <p>Lessons learned/ future implications: More stringent activity on future matters in relation to governance, better communication with portfolio companies on areas for improvement</p>
<p>Manager A – an active Chinese equity fund</p>	<p>Company: <u>DaShenLin Pharmaceutical Group Co. Ltd.</u></p> <p>Resolution: Application for Comprehensive Credit Line to Banks by Subsidiaries and Provision of Guarantee</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: The company is in net cash position and the guarantee quota is a bit too big for a cash rich business.</p> <p>Rationale for being considered a significant vote: Against management</p> <p>Outcome of the vote: For</p> <p>Lessons learned/ future implications: More stringent activity on future matters in relation to governance, better communication with portfolio companies on areas for improvement</p>
<p>LGIM Heitman Global Prime Property Securities Fund</p>	<p>Company: <u>Prologis, Inc.</u></p> <p>Resolution: Resolution 1a - Elect Director Hamid R. Moghadam</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>

	<p>Rationale for being considered a significant vote: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.</p> <p>Outcome of the vote: Pass</p> <p>Lessons learned/ future implications: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
<p>LGIM Infrastructure Equity MFG Fund</p>	<p>Company: <u>Getlink SE</u></p> <p>Resolution: Resolution 26 - Approve Company's Climate Transition Plan (Advisory)</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: Climate change: A vote against is applied due to the lack of clarity around long-term goals and net zero ambitions.</p> <p>Rationale for being considered a significant vote: LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.</p> <p>Outcome of the vote: Pass</p> <p>Lessons learned/ future implications: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>
<p>LGIM Infrastructure Equity MFG Fund</p>	<p>Company: <u>VINCI SA</u></p> <p>Resolution: Resolution 4 - Reelect Xavier Huillard as Director</p> <p>How the manager voted: Against</p> <p>Rationale for the voting decision: Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.</p> <p>Rationale for being considered a significant vote: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.</p> <p>Outcome of the vote: Pass</p> <p>Lessons learned/ future implications: LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>

Industry wide / public policy engagement:

The Fiduciary Manager has partnered with EOS at Federated Hermes (“EOS”) for a number of years to enhance its stewardship activities. One element of this partnership is to undertake public policy engagement on behalf of its clients (including the Trustees). This public policy and market best practice engagement is done with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and their investors operate, a key element of which is risk related to climate change. The Fiduciary Manager represents client policies/sentiment to EOS via the Client Advisory Council, of which TWL is currently the Chair. Engagement activities by EOS on public policy over the year included:

- Engagements with over 1,200 companies on a total of 4,154 issues and objectives representing assets under advice of \$1.64tn.
- 64 responses to consultations or proactive equivalents and 71 discussions with relevant regulators and stakeholders.
- Voting recommendations in relation to over 128,000 resolutions, with over 20,000 being against management.
- Active participation in a number of stewardship initiatives including Climate Action 100+, PRI, Investor Alliance for Human Rights and the International Corporate Governance Network.

The Fiduciary Manager is also engaged in several industry wide initiatives and collaborative engagements including:

- Becoming a signatory to the 2020 UK Stewardship Code in the first wave;
- Co-founding the Net Zero Investment Consultants Initiative with eleven other investment consultants in 2021, with a commitment across its global Investment business;
- Joining the Net Zero Asset Managers Initiative in 2021, committing 100% of its discretionary assets;
- Being a signatory of the Principles for Responsible Investment (“PRI”) and active member of their Stewardship Advisory Committee;
- Being a member of and contributor to the Institutional Investors Group on Climate Change (“IIGCC”), Asian Investors Group on Climate Change (“AIGCC”), and Australasian Investors Group on Climate Change (“IGCC”);
- Founding the Coalition for Climate Resilient Investment (with the World Economic Forum);
- Co-founding the Investment Consultants Sustainability Working Group;
- Continuing to lead collaboration through the Thinking Ahead Institute and Willis Research Network

3 Conclusion

The Trustee considers that all relevant SIP policies and principles were adhered to during the year.