

NUTRICIA LIMITED STAFF PENSION SCHEME

Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles ('SIP') produced by the Trustee 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 published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP, the Trustee's primary investment objective for the Scheme 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 Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustee has also received confirmation from the Scheme Actuary during the process of revising the investment strategy that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used for the Statutory Funding Objective.

Investment Strategy

During the course of the financial year, the Trustee did not review the Scheme's investment strategy. The Trustee aims to review the investment strategy on a periodic basis, and no less frequently than 3 years, in order to maintain consistency with the triennial Actuarial Valuation.

Review of the SIP

The Scheme's SIP was updated in July 2020. The changes made to the SIP 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 Trustee's policies in 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 Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

Scheme's Investment Structure

Over the course of the year, the Scheme's assets were invested via the JLT Investment Management (JLT IM), who maintained a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

JLT IM, now a part of Mercer Global Investments Europe Limited ("MGIE"), has fiduciary responsibility for the selection of pooled funds on the Mobius Platform.

As such, the Trustee has no direct relationship with the Scheme's underlying investments managers.

At the time of writing this document, the Scheme's relationship with JLT IM has ceased due to the closure of the company. Following a review of the fiduciary management services, the Trustee agreed that MGIE would perform fiduciary services through their Delegated Solutions ("DS") offering in the future.

Policy on ESG, Stewardship and Climate Change

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

The Scheme's SIP includes the Trustee's policy on ESG factors, Stewardship and Climate Change (Section 4.4 to 4.6). The policies were last reviewed in July 2020. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

The Trustee is responsible for ensuring that the Trustee board members are sufficiently educated in areas relating to ESG. When required, the Trustee will seek relevant education sessions from their investment adviser, Mercer, which is inclusive of ESG considerations.

Engagement

In the relevant year, the Trustee has not engaged with either Mobius, JLT IM, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustee reviews the stewardship and ESG policies of the Fund managers periodically.

The Trustee has effectively delegated its engagement activities to the investment managers of the funds that the Scheme is invested in. As a result, the Trustee has not directly engaged with the underlying companies that comprise the pooled funds.

Further, the Trustee did not engage with any public policy work over the reporting period.

Voting Activity

The Trustee has no direct relationship with the pooled funds the Scheme is ultimately invested in, and therefore has no direct voting rights in relation to the Scheme's investments. The Trustee has therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in. The Trustee has not been asked to vote on any specific matters over the Scheme 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 Scheme'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.

The table on the following page sets out a summary of the key voting activity over the financial year:

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Columbia Threadneedle – Multi Asset Fund	<p>ISS – Threadneedle take recommendations and vote via ISS.</p> <p>Glass Lewis & Co. – recommendations only.</p> <p>IVIS – recommendations only.</p>	6,988	401	274	A significant vote is deemed one to be any dissenting vote which is cast against (either abstaining or withholding from voting) a management tabled proposal or one which has been tabled by shareholders and not endorsed by management.	Threadneedle have provided a number of examples. These were predominantly where they had voted against election of a director or changes remuneration benefits. For example, on Amazon.com Inc., Threadneedle voted against an election of a director, as there were concerns that the director was an affiliate serving on a key committee.
JP Morgan Emerging Markets Opportunities Fund	ISS – to receive meetings notifications, provide company research and process its votes	1,047	46	4	JP Morgan define “significant” votes as votes where they are a major shareholder in their portfolios, where the vote is likely to be close or contentious or where there may be potential material consequences for their clients. They would also include certain categories of shareholder proposals, and votes in relation to companies or issues identified on their Focus list for engagement as potentially significant votes.	JP Morgan have provided a number of examples. These were predominantly where JP Morgan had voted against election of directors or changes remuneration benefits. For example, on China Overseas Land & Investment Ltd., JP Morgan voted against an election of three directors as there were independence concerns.
Nordea Diversified Return Fund	<p>ISS – for execution and recommendations only.</p> <p>NIS – for recommendations only.</p>	3,344	332	20	A vote is 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.	Nordea have provided a number of examples. These were predominantly where the manager had voted against the advisory to Ratify Named Executive Officers' Compensation. For example, on Nike, Nordea voted against the advisory to Ratify Executive officer's

						compensation as there were concerns regarding bonuses and share based incentives and relevant targets aligned with the interest of shareholders not being clearly defined.
Ninety One Asset Management – Diversified Growth Fund	Ninety One make use of ISS Proxy Exchange research service for all voting. ISS provide them with research recommendations and recommendations based on their internal voting policy, Ninety One then take these into consideration and discuss internally to make a decision in the best interest of the shareholders (which may differ from ISS recommendations).	1,865	75	37	Ninety One describe votes where there was significant client, media or political interest, those of a thematic nature (i.e. climate change) and significant corporate transactions.	<p>Ninety One have provided a number of examples.</p> <p>Citigroup Inc. – a vote ‘against’ the report on Lobbying Payments and Policy. The rationale behind the vote was due to the company was disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risks.</p> <p>JPMorgan Chase & Co. – a vote ‘for’ was cast in regards to the report on climate change. Ninety One believed that shareholders would benefit from additional information on the company’s plans regarding aligning its GHG emissions with the Paris Agreement climate goals.</p>
Ninety One Asset Management – Emerging Markets Equity Fund		1,037	79	57		<p>Ninety One have provided a number of examples. These were predominantly where Ninety One had voted against election of directors.</p> <p>For example, on NetEase Inc., Ninety One voted against an election of a director, as there were concerns that the nominee was a member of a less than majority independent</p>

board and was a member of the audit committee.

Pictet Multi Asset Fund	ISS – for voting execution and recommendations but do not apply the ISS default recommendation.	411	25	0	A vote is 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 we hold an important stake in the company.	<p>LVMH - a vote 'against' was cast in regards to the compensation of a Chairman and CEO. The rationale behind the vote was due to the lack of disclosure on the level of achievement of the performance conditions of the annual variable remuneration and the long-term incentive vested this year. The vote was approved.</p> <p>AT & T – a vote 'for' was cast in regards to require an independent Board Chairman. Pictet supported this proposal as they believed that AT&T would benefit from the appointment of a strong independent chairman.</p>
--------------------------------	---	-----	----	---	---	--

Notes: ISS = Institutional Shareholder Services Inc.
NIS = Nordic Investor Services
IVIS = Institutional Voting Information Service
GL = Glass Lewis & Co.