

## Fujitsu Comparable Pension Scheme

### Annual Implementation Statement for the AVC Section

#### Voting policy and behaviour

As all the AVC investments are held within pooled funds, the Trustee aims to select investment managers who are clearly demonstrating that they are using their voting power to institute change on those issues the Trustee believes are important. BlackRock are the main investment managers and their stewardship report can be accessed at the below links:

BlackRock: <https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2021.pdf>

#### Wider engagement

BlackRock's Investment Stewardship team is comprised of more than 60 professionals across the world, taking a local approach with companies while benefiting from global insights. BlackRock has developed a proprietary ESG scoring system at the firm-level which uses over 250 key performance indicators and covers 34 industries. Over 2021, BlackRock's stewardship team held more than 3,600 engagements with more than 2,300 unique companies across 57 markets, covering 68% of their clients' equity assets under management (AUM).

#### Voting information

The table below sets out the voting activities of BlackRock, Aviva and LGIM as the equity and multi-asset fund managers, including any votes cast on the Trustee's behalf and details on the Scheme's investment manager use of proxy voting and examples of votes cast that they deem to be significant. The voting covers the pooled equity and multi-asset funds available under the Scheme as at 31 March 2022.

Fund name	Voting activity	Example of one of the most significant votes cast during the period
BlackRock Emerging Markets Fund (which makes up part of the Blended global equity fund)	Number of eligible votes: 21,938 Percentage of eligible votes cast: 100.00% Percentage of votes with management: 89.71% Percentage of votes against management: 10.29% Percentage of votes abstained from: 3.93%	Company: Vendeta Limited Resolution: Elect new Director Decision: Voted against the resolution Rationale for decision: The Company does not meet BlackRock's governance expectations, and they believe the board would be more effective with a strong Lead Independent Director who has appropriate responsibilities and oversight
Fund name	Voting activity	Example of one of the most significant votes cast during the period
BlackRock Currency Hedged MSCI World Index Fund (which makes up part of the Blended global equity fund)	Number of eligible votes: 13,045 Percentage of eligible votes cast: 99.85% Percentage of votes with management: 91.24%	Company: Woodside Petroleum Ltd Resolution: Elect new Director Decision: Voted against the resolution

	<p>Percentage of votes against management: 8.60%</p> <p>Percentage of votes abstained from: 0.82%</p>	<p>Rationale for decision: The Company did not meet BlackRock's expectations of having adequate climate risk disclosures against all 4 pillars of TCFD and the Company did not meet BlackRock's expectations of having adequate Scope 3 metrics and targets.</p>
<b>Fund name</b>	<b>Voting activity</b>	<b>Example of one of the most significant votes cast during the period</b>
BlackRock UK Equity Index Fund	<p>Number of eligible votes: 10,778</p> <p>Percentage of eligible votes cast: 99.40%</p> <p>Percentage of votes with management: 92.80%</p> <p>Percentage of votes against management: 6.00%</p> <p>Percentage of votes abstained from: 1.20%</p>	<p>Company: WH Smith</p> <p>Resolution: Approve Remuneration Report and Remuneration Policy</p> <p>Decision: Voted against the resolution</p> <p>Rationale for decision: BlackRock voted against both items as there appeared to be a material disconnect between bonus outcomes and Company performance for the year under review. This follows concerns regarding the selection of Headline EBITDA as the primary metric to determine FY2021 bonus outcomes, which is not considered to utilise an appropriately stretching target range or adequately acknowledge the Company's financial position which has been materially affected by COVID-19. Concerns also persist in relation to the selection and disclosure of personal objectives. In addition concerns are held over the implementation of the policy, the misalignment of pay and performance and the manager has voted against the remuneration report multiple times in the past few years, warranting a vote against the remuneration report and policy.</p>
<b>Fund name</b>	<b>Voting activity</b>	<b>Example of one of the most significant votes cast during the period</b>
BlackRock 50:50 Global Equity Index Tracker Fund	<p>Number of eligible votes: 35,368</p> <p>Percentage of eligible votes cast: 94.19%</p> <p>Percentage of votes with management: 74.40%</p> <p>Percentage of votes against management: 23.70%</p> <p>Percentage of votes abstained from: 1.90%</p>	<p>Company: Anglo American plc</p> <p>Resolution: Approve Matters Relating to the Demerger of Thungela Resources Limited</p> <p>Decision: Voted for the resolution</p> <p>Rationale for decision: The vote was to demerge the Company's thermal coal operations in South Africa, to operate as a separate independent entity, under the name Thungela Resources Ltd. The manager supported the demerger as it forms part of Anglo American's strategy to continue reducing its thermal coal production footprint and, overall trajectory towards those products that enable a low carbon economy.</p>
<b>Fund name</b>	<b>Voting activity</b>	<b>Example of one of the most significant votes cast during the period</b>
Aviva International Stewardship Fund (which is a sub fund of the Aviva Stewardship Managed Fund)	<p>Number of eligible votes: 828</p> <p>Percentage of eligible votes cast: 90.94%</p>	<p>Company: Microsoft Corporation</p> <p>Resolution: Report on Effectiveness of Workplace Sexual Harassment Policies</p>

	<p>Percentage of votes with management: 75.7%</p> <p>Percentage of votes against management: 22.7%</p> <p>Percentage of votes abstained from: 1.6%</p>	<p>Decision: Voted for this Shareholder driven resolution</p> <p>Rationale for decision: The manager believe it is important to support this resolution as the company faces potential controversies related to workplace sexual harassment and gender discrimination. This is a risk area for the sector and the company that is key for talent attraction and retention.</p>
<b>Fund name</b>	<b>Voting activity</b>	<b>Example of one of the most significant votes cast during the period</b>
Aviva UK Stewardship Fund	<p>Number of eligible votes: 881</p> <p>Percentage of eligible votes cast: 99.55%</p> <p>Percentage of votes with management: 97.5%</p> <p>Percentage of votes against management: 2.2%</p> <p>Percentage of votes abstained from: 0.3%</p>	<p>Company: Gresham House Plc</p> <p>Resolution: Accept Financial Statements and Statutory Reports</p> <p>Decision: Voted against the resolution.</p> <p>Rationale for decision: Executive Directors were granted awards under a value creation type plan with an excessive award opportunity on offer. The Executive Directors also received significant salary increases during the year as a result of pay benchmarking. There are multiple performance related pay plans (for example the CEO's bonus for the year was £535,000), so it does not feel appropriate for big increases to be made in fixed pay. As the company did not put its remuneration report to the shareholder vote, Aviva reflected these concerns under the vote on the report and accounts. Aviva engaged extensively with the company regarding its concerns and particularly the lack of consultation on the new pay arrangements, especially as Aviva are relatively large shareholders. Aviva made its view clear that large share awards should only be payable for exceptional performance so if, over the next few years we see the contrary then Aviva will be holding the Board to account.</p>
<b>Fund name</b>	<b>Voting activity</b>	<b>Example of one of the most significant votes cast during the period</b>
LGIM Diversified Fund	<p>Number of eligible votes: 90,252</p> <p>Percentage of eligible votes cast: 98.76%</p> <p>Percentage of votes with management: 78.74%</p> <p>Percentage of votes against management: 20.47%</p> <p>Percentage of votes abstained from: 0.79%</p>	<p>Company: Apple Inc</p> <p>Resolution: Report on Civil Right Audit</p> <p>Decision: Voted for the resolution</p> <p>Rationale for decision: A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies. These are considered to be issues that pose a material risk to companies.</p>
<b>Fund name</b>	<b>Voting activity</b>	<b>Example of one of the most significant votes cast during the period</b>
Aviva Managed Fund (fund is managed by	Number of eligible votes: 7,948	Company: The Toronto-Dominion Bank

<p>Schroders on Aviva's behalf)</p>	<p>Percentage of eligible votes cast: 96.07%</p> <p>Percentage of votes with management: 86.45%</p> <p>Percentage of votes against management: 8.77%</p> <p>Percentage of votes abstained from: 0.11%</p>	<p>Resolution: Adopt a Diversity Target Higher than 40% for the Composition of the Board of Directors for the Next Five Years</p> <p>Decision: Voted for the resolution</p> <p>Rationale for decision: Although Schroders commends the company for the progress is has made to date, it is keen to see more progress given many of the bank's peers exceed this target already. Schroders therefore supported this resolution. Schroders believe there would be sufficient flexibility for the company to appoint candidates with a suitable skill set as they are asking the company to adopt a target rather than a strict quota.</p>
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