

Fujitsu Comparable Pension Scheme (the Scheme)

Annual Implementation Statement for the AVC Section for the Scheme year ended 31 March 2023

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 were the main investment manager over there the Scheme year ended 31 March 2023 and their 2022 stewardship report can be accessed at the below links:

BlackRock: <https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2022.pdf>

Wider engagement

BlackRock's Investment Stewardship team is comprised of more than 70 professionals across the world, taking a sector and local market approach with companies while benefiting from global insights. BlackRock has developed a proprietary ESG scoring system at the firm-level. Over 2022, BlackRock's stewardship team held more than 3,880 engagements with more than 2,580 unique companies across 51 markets.

BlackRock's stewardship priorities in 2022 were:

- Board quality and effectiveness
- Strategy, purpose and financial resilience
- Incentives aligned with financial value creation
- Climate and natural capital
- Company impacts on people

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 2023. A number of other funds are held in relation to the AVC investments under the Scheme but no voting rights apply to these funds.

The Trustee agreed its engagement priorities for its managers in March 2022 which are set out below and the Trustee has given consideration to these areas when selecting the significant votes:

- Climate change with focus on disclosures/reporting
- Modern slavery
- Diversity and inclusion

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)	<p>Number of eligible votes: 24,935</p> <p>Percentage of eligible votes cast: 98.36%</p> <p>Percentage of votes with management: 88.36%</p> <p>Percentage of votes against management: 11.64%</p> <p>Percentage of votes abstained from: 3.57%</p>	<p>Company: Grupo Mexico S.A.B. de C.V.</p> <p>Resolution: Elect or Ratify Chairmen and Members of Board Committees</p> <p>Decision: Voted against the resolution</p> <p>Rationale for decision: The Company did not meet BlackRock's expectation of having adequate climate risk disclosures against all 4 pillars of TCFD.</p> <p>This aligns with the Trustee priority area of climate change.</p>
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)	<p>Number of eligible votes: 14,092</p> <p>Percentage of eligible votes cast: 88.28%</p> <p>Percentage of votes with management: 93.96%</p> <p>Percentage of votes against management: 6.04%</p> <p>Percentage of votes abstained from: 0.84%</p>	<p>Company: Ocado Group Plc</p> <p>Resolution: Re-elect Director</p> <p>Decision: Voted against the resolution</p> <p>Rationale for decision: BlackRock voted against this for two reasons 1) the remuneration arrangements were poorly structured and 2) Concerns that insufficient progress with respect to sustainability-related reporting had been made.</p> <p>This aligns with the Trustee priority area of climate change.</p>
Fund name	Voting activity*	Example of one of the most significant votes cast during the period
BlackRock UK Equity Index Fund	<p>Number of eligible votes: 10,480</p> <p>Percentage of eligible votes cast: 99.76%</p> <p>Percentage of votes with management: 93%</p> <p>Percentage of votes against management: 6%</p> <p>Percentage of votes abstained from: 1%</p>	<p>Company: J Sainsbury Plc</p> <p>Resolution: Shareholder Resolution on Living Wage Accreditation</p> <p>Decision: Voted for the resolution</p> <p>Rationale for decision: BlackRock supported this proposal as it highlights the benefits of a fair Living Wage policy for all stakeholders. There is a strong business case for adopting higher base rates of pay including increased service quality, productivity, and a reduction of costs in the long term i.e., leads to better recruitment, and retention.</p> <p>BlackRock's focus was on the fact there is no ongoing commitment to match the real Living Wage to contractors. The letter from the Board Chair states that the majority of Sainsbury's contractors are already paid at, or above the Living Wage, but BlackRock would like this to be evidenced, and so far this is the piece that has not been forthcoming.</p>

		<p>If the business is able to demonstrate to stakeholders that it is treating everybody equally (i.e. that no contractor is being paid below the living wage) then it will effectively meet the spirit of the resolution. Rather than simply encouraging its suppliers to pay the living wage BlackRock think this should be a contract prerequisite or alternatively, BlackRock would like the company to assess what it would cost, to make up the difference itself.</p> <p>This aligns with the Trustee priority area of diversity and inclusion.</p>
Fund name	Voting activity*	Example of one of the most significant votes cast during the period
BlackRock 50:50 Global Equity Index Tracker Fund	<p>Number of eligible votes: 35,017</p> <p>Percentage of eligible votes cast: 95.85%</p> <p>Percentage of votes with management: 75%</p> <p>Percentage of votes against management: 23%</p> <p>Percentage of votes abstained from: 2%</p>	<p>Company: Carrefour SA</p> <p>Resolution: Approve Company's Climate Transition Plan</p> <p>Decision: Voted against the resolution</p> <p>Rationale for decision: BlackRock did not support this management-led climate transition plan as it lacked pertinent details which would outline how emissions will be reduced.</p> <p>This aligns with the Trustee's priority area of climate change.</p>
Fund name	Voting activity*	Example of one of the most significant votes cast during the period
Aviva International Stewardship Fund (which is a sub fund of the Aviva Stewardship Managed Fund)	<p>Number of eligible votes: 692</p> <p>Percentage of eligible votes cast: 97.25%</p> <p>Percentage of votes with management: 68%</p> <p>Percentage of votes against management: 32%</p> <p>Percentage of votes abstained from: 2%</p>	<p>Company: Salesforce Inc</p> <p>Resolution: Oversee and Report a Racial Equity Audit</p> <p>Decision: Voted for this resolution</p> <p>Rationale for decision: The resolution requested that Salesforce oversee and report on an independent racial equity audit analysing the impact of Salesforce's policies, services, and products on civil rights, equity, diversity, and inclusion. The proponent of the resolution would like to see input from civil rights organizations, employees, and customers. Salesforce discusses a number of initiatives in its Equality Updates to increase diverse hiring and to promote an inclusive culture, including initiatives to specifically create an equitable and inclusive culture for Black women. Salesforce has also established 2023 goals to increase representation in its workforce. It discloses racial and ethnic statistics on its U.S. workforce by leadership, tech, and non-tech roles and identifies areas for improvement, including LatinX representation. Salesforce has established a Racial Equality and Justice</p>

		<p>Task Force focused on People, Purchasing, Philanthropy and Policy. Salesforce appears to be making substantial efforts to promote an inclusive and diverse culture and address inequity in society, and to disclose its efforts to shareholders. However, in February 2021, the Company received some negative publicity after two Black women at the company resigned citing allegations of microaggressions and gaslighting. The Company disclosed in August 2021 that it was focused on creating an inclusive culture for Black women and announced plans to institute company-wide training to address microaggressions. The Company's 2022 Annual Equality Update suggests it is continuing to identify areas for improvement. Its disclosures also show that Black representation in its workforce is increasing. On balance, Aviva supported this resolution, as an independent racial equity audit would help the Company and shareholders better assess the effectiveness of Salesforce's efforts to address the issue of racial inequality for its stakeholders and its management of related risks.</p> <p>This aligns with the Trustee's priority area of diversity and inclusion.</p>
Fund name	Voting activity*	Example of one of the most significant votes cast during the period
Aviva UK Stewardship Fund	<p>Number of eligible votes: 841</p> <p>Percentage of eligible votes cast: 99.52%</p> <p>Percentage of votes with management: 97.1%</p> <p>Percentage of votes against management: 2.9%</p> <p>Percentage of votes abstained from: 1.0%</p>	<p>Company: Novartis AG</p> <p>Resolution: Reappoint Patrice Bula as Member of the Compensation Committee</p> <p>Decision: Abstain</p> <p>Rationale for decision: This voting approach was applied to express dissent on the lack of women on the Board. Aviva acknowledged at this time that the Company was relatively small, and reaching optimal gender diversity may take longer for them than for larger companies. During previous engagement, the Company had expressed awareness regarding gender diversity. The Company has previously made attempts to hire female Directors, though this did not materialise. However, Aviva feel that a significant amount of time has passed, and the lack of progress since is of concern. While the resolution did pass, the topic of board diversity is on the company's agenda, as confirmed during their engagement. Board appointments will be kept under review ahead of the next AGM.</p> <p>This aligns with the Trustee's priority area of diversity and inclusion.</p>

Fund name	Voting activity*	Example of one of the most significant votes cast during the period
LGIM Diversified Fund	Number of eligible votes: 99,252 Percentage of eligible votes cast: 99.82% Percentage of votes with management: 77.36% Percentage of votes against management: 21.94% Percentage of votes abstained from: 0.70%	Company: Amazon.com, Inc. Resolution: Elect Director Daniel P. Huttenlocher Decision: Voted against the resolution Rationale for decision: A vote against was applied as the Director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. This aligns with the Trustee's priority area of modern slavery
Fund name	Voting activity*	Example of one of the most significant votes cast during the period
Aviva Managed Fund (fund is managed by Schroders on Aviva's behalf)	Number of eligible votes: 1,075 Percentage of eligible votes cast: 96.8% Percentage of votes with management: 88.1% Percentage of votes against management: 11.9% Percentage of votes abstained from: 0.1%	Company: Atmos Energy Corporation Resolution: Re-elect Roger Mather as Director Decision: Voted against the resolution Rationale for decision: Less than 33% of the Board are female directors. This aligns with the Trustee's priority area of diversity and inclusion.

* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.