Noble Foods Limited Pension Scheme

Implementation Statement

For the year ended 31 March 2021

Introduction

This Implementation Statement (the "Statement") has been prepared by the Trustees (the "Trustees") of the Noble Foods Limited Pension Scheme (the "Scheme") to demonstrate how the Trustees have acted on certain policies within the Statement of Investment Principles ("SIP").

Each year, the Trustees must produce an Implementation Statement that demonstrates how they have followed certain policies within the Scheme's SIP over the year. This Implementation Statement covers the Scheme year from 1 April 2020 to 31 March 2021.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit ("DB") investments held by the Scheme.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

SIP policies

This Implementation Statement should be read in conjunction with the Scheme's SIP covering the year under review, which provides details of the Scheme's investment policies along with details of the Scheme's governance structure and objectives.

Between March 2020 and September 2020, the Scheme's SIP included policies on:

- How 'financially material considerations' including Environmental, Social and Governance ("ESG") factors are taken into account when taking investment decisions for the Scheme.
- The extent to which non-financial matters are taken into account in the investment decision making process.
- Stewardship and voting – including details on monitoring and engaging with the companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, risks, corporate governance and ESG).

The SIP was formally reviewed in 2020 and changed in September 2020 to add the following policies:

- In addition to the stewardship policy stated above, engagement with investee companies by the investment managers is also expected on the matters of capital structure and the management of actual or potential conflicts of interest.
- Enhanced policies on monitoring the Scheme's investment managers, particularly concerning financial arrangements, performance, ESG factors and engagement were added.
- A policy on the duration of the Scheme's arrangement with the investment managers was added.

These changes were made to reflect new legislative requirements.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Scheme year-end and the extent to which the Trustees believe the policies within the SIP have been followed.

The Scheme was invested in pooled funds managed by Legal & General Investment Management ("LGIM"), Aberdeen Standard Investments ("ASI") and Partners Group (collectively the "investment managers") over the Scheme year under review to 31 March 2021.

It is therefore the investment managers that are responsible for the policy on taking ESG considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments. The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments.

The Trustees expect the investment managers to engage with investee companies (and other relevant persons including, but not limited to, investment managers, and issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.

Description of voting Behaviour

The Scheme invests in pooled funds, which means that the responsibility for exercising the voting rights of the shares held by the Scheme sits with the investment managers. The Scheme's voting behaviour over the Scheme year is summarised below.

The pooled fund investments held by the Scheme that carried voting rights during the Scheme year were the LGIM All World Equity Index Fund – GBP Currency Hedged and the Partners Fund managed by Partners Group (c. £12.8m and c. £5.9m of Scheme assets respectively as at 31 March 2021).

The table below shows LGIM's voting summary covering the Scheme's investment in the LGIM All World Equity Index Fund – GBP Currency Hedged, which the Scheme was invested in throughout the Scheme year.

LGIM All World Equity Index Fund – GBP Currency Hedged	1 April 2020 – 31 March 2021
Number of meetings LGIM was eligible to vote at over the year	6,779
Number of resolutions LGIM was eligible to vote on over the year	70,672
Of the eligible resolutions, percentage that LGIM voted on.	99.9%
Of the resolutions voted, percentage that LGIM voted **with** management.	83.3%
Of the resolutions voted, percentage that LGIM voted **against** management.	16.0%
Of the resolutions voted, percentage where LGIM **abstained**.	0.8%
Percentage of eligible meetings where LGIM voted at least once against management.	5.6%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.2%

The table below shows Partners Group's voting summary covering the Scheme's investment in the Partners Fund, which the Trustees were invested in throughout the Scheme year. Note that Partners Group has only been able to provide voting information for the year to 31 December 2020,

Partner Group – The Partners Fund	1 January 2020 – 31 December 2020
Number of meetings Partners Group was eligible to vote at over the year	58
Number of resolutions Partner Group was eligible to vote on over the year	763
Of the eligible resolutions, percentage that Partners Group voted on.	98.6%
Of the resolutions voted, percentage that Partners Group voted **with** management.	92.4%
Of the resolutions voted, percentage that Partners Group voted **against** management.	6.5%

Of the resolutions voted, percentage where Partners Group **abstained**.	1.1%
Percentage of eligible meetings where Partners Group voted at least once against management.	34.5%
Percentage of voted resolutions where Partners Group voted contrary to the recommendation of their proxy adviser.	1.8%

Proxy Voting

The Trustees did not employ a proxy-voting service during the Scheme year to 31 March 2021.

LGIM votes by proxy as given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Service's ('ISS') electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

Partners Group also votes by proxy through Glass Lewis, a proxy advising firm who undertake research on each ballot item and recommends votes in line with best practice, including local market standards. Glass Lewis have been instructed to vote in-line with Partners Group's bespoke Proxy Voting Directive, which contains specific ESG and Sustainability corporate governance considerations that arise frequently. In circumstances where Glass Lewis' recommendation is different to that from the Proxy Voting Directive and the company's management, Partners Group will vote manually on the proposal.

How Voting and Engagement Policies Have Been Followed

The Trustees intend to review a summary of the voting and engagement activity taken on their behalf on a regular basis. The information published by LGIM and Partners Group on their voting policies has provided the Trustees with comfort that the Scheme's voting and engagement policies have been followed during the Scheme year to 31 March 2021.

As set out in the SIP, the Trustees expect the investment managers to engage with investee companies on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments.

Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	✓	LGIM's and Partners Group's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	✓	The Trustees believe that the board's duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustees also believe that the appropriate governance structures need to be in place. These include the separation of duties between the board and the CEO, as well as policies covering independence, diversity and remuneration. LGIM and Partners Group have clear voting policies covering each of these topics and have acted on them throughout the Scheme year on behalf of the Trustees.
Risks	✓	LGIM and Partners Group have clear voting policies on ensuring that companies manage risk effectively and have robust internal controls. As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.
Social and Environmental impact	✓	LGIM has written to over 500 companies with poor climate scores relative to their size and for those that don't meet minimum standards during the 2021 AGM season, LGIM will look to sanction through voting. If these minimum standards are not met over time, LGIM may look to divest until progress is

		shown. Over 2020, LGIM announced that it had reinstated investments in Subaru following evidence of progress against emission targets and climate exposure. During 2020, to promote ethnic diversity at the board level, LGIM sent letters to engage with 35 of the largest UK companies and 44 of the largest in the US on why they have no ethnic diversity. LGIM stated it would expect at least one member at the board level to be from a minority background by 2021 and has started to vote against the chair of the board or of the nomination committee if this is not the case. As part of the wider Climate Change Strategy, Partner's Group has worked with its direct lead investments to improve their energy measurement and reporting capabilities, with almost 80% of the private equity portfolio that has been under ownership for at least one-year able to now report greenhouse gas intensity figures as at 31 December 2020. Using these figures, Partners Group's ESG & Sustainability team will engage with investment teams, board members and portfolio company management teams to reduce emissions and climate related risks, with the aim of managing the portfolio towards the Paris Agreement goals. During 2020, Partners Group discovered that only 60% of portfolio companies have a defined diversity and inclusion strategy in place. Partners Group intends to spur progress by increasing diversity and inclusion within portfolio company boards and by leveraging best practices from portfolio companies that are most advanced in this area and applying them across the portfolio.
Corporate Governance	✓	LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair. Over the year LGIM voted against 411 companies that combined the roles. Over 2021, LGIM has stated they will oppose Directors in Germany from being elected for longer than 4 years to hold Directors to more accountability than in the past. To ensure that each board is operating at an appropriate level, a 'board maturity' assessment is used to assess effectiveness covering areas such as performance and company strategy. To ensure that each board is addressing the latest key business issues, Partners Group introduced ESG considerations into the board maturity assessment in areas such as diversity and inclusion to improve areas such as board strategy, initiatives and structure.
Conflicts of Interest	✓	Remuneration of personnel can lead to conflicts of interest between the principal (shareholder) and agent (management). Over the period under review, LGIM voted against incentive awards which did not have performance conditions, as these awards would not align remuneration with company performance. Partners Group also supports board remuneration where equity-based compensation is in the form of restricted shares, which are vested over a number of years, to ensure alignment between the board and long-term shareholders' interests.
Capital Structure	✓	LGIM and Partners Group have policies on voting in respect of resolutions regarding changes to company capital structure such as share repurchase proposals and new share issuance. For example, both LGIM and Partners Group have a policy that newly issued shares should not expose minority shareholders to excessive dilution.

Significant Votes

LGIM and Partners Group have provided examples of what they believe to be the most significant votes cast on the Trustees behalf during the period.

Two of the most significant votes by LGIM related to the remuneration of executive at two airline related companies. LGIM voted in favour of the proposed remuneration package presented to shareholders by Qantas Airways Limited, with LGIM stating that the decision to cut executive salaries, cancel short term incentive plans and defer vesting of the long-term incentive plan an appropriate measure given the financial impact on dividends, termination of employees and accepted government assistance that occurred over 2020. Conversely, LGIM voted against the remuneration package of International Consolidated Airlines Group, alongside 28.4% of the shareholder base, who had similarly accepted government support and made staff reductions but had retained a higher level of bonus payments to the current executives.

LGIM also voted for a report on the wind-down of coal operations at Whitehaven Coal given the uncertain role of the energy source as countries move to carbon neutrality by 2050. LGIM advocates a managed decline of fossil fuel companies with capital returned to investors which they believe will help reach these global targets. LGIM also voted in support of improving company policies on climate change. For example, LGIM supported a resolution for Proctor & Gamble to do more to ensure that their business does not result in deforestation as it is a priority for LGIM to ensure that clients' assets are not contributing to deforestation.

Due to the private markets nature of the Partners Fund, voting is only relevant for a small proportion of the portfolio. However, an example of a significant vote was in relation to Ferrovial, where Partners Group voted against the remuneration report on the grounds that the there was inadequate disclosure of performance targets linked to remuneration, there was no deferral of annual bonus during 2020 and that there were sizable equity rewards to the controlling shareholder. The overall vote was in favour of management and to approve the proposal but Partners Group has stated that they will continue to vote against management on this issue until they believe there is a reasonable remuneration policy in place.

Engagement with investee companies

Exercising equity voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Scheme's private markets investments in the Partners Fund, the fixed income investments held within the LGIM Investment Grade Corporate Bonds – All Stocks Index Fund (c. £15.1m of Scheme assets as at 31 March 2021) or the ground rents and long lease property assets held in funds with ASI (c. £4.4m and c. £2.2m respectively as at 31 March 2021). However, the Trustees expect the investment managers to engage on its behalf to aim to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

An example of engagement carried out by Partners Group for the Partners Fund was to improve the health and safety culture and outcomes at Fermaca, an underlying energy infrastructure investment. An external review of health and safety performance was conducted in 2019 and Partners Group subsequently implemented a health, safety and environmental plan to improve risk assessment and employee education. Fermaca also hired a dedicated health and safety manager. In 2020, an external onsite review was carried out to confirm field behaviours and to identify opportunities for improvement. Driven by these measures, Fermaca achieved a lower total incident rate than targeted.

LGIM actively engages with the investee companies via direct messages and meetings with management and engagements via email to influence positive ESG practice. It is also noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. LGIM's voting policies are reviewed annually and take into account client feedback.

While engagements are not yet available at a fund level, they are published at a firm level each quarter. LGIM is working to be able to provide engagement information at a fund specific level.

Over the 12 months to 31 March 2021, LGIM undertook 974 engagements with 874 companies. Some engagements cover multiple topics and LGIM has provided the following summary:

- 427 on environmental topics;
- 241 on social topics;
- 470 on governance issues; and

- 279 on other topics including finance and strategy.

The Trustees will monitor LGIM's reporting to see if more detail at a fund level can be provided in the future for monitoring purposes.

ASI, as portfolio investment managers of the Commercial Ground Rents Fund and Long Lease Property Fund actively engage with occupiers to influence in respect of ESG factors. For example, within the Ground Rents Fund, the investment manager engaged with occupier Park Holidays to improve the provision of ESG data with the aim of working with them to improve their ESG credentials. As an example of engagement by ASI within the Long Lease Property, ASI have engaged with Tesco to install several electric car charging stations at a number of their supermarkets.

The remainder of the Scheme's assets (c. £6.4m of assets as at 31 March 2021) are invested in leveraged nominal and index-linked government bonds through LGIM with the purpose of reducing risk by hedging the exposure to interest rate and inflation inherent in the Scheme's liabilities. LGIM has governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

How Voting and Engagement Policies Have Been Followed

Having reviewed the actions taken by the investment managers over the Scheme year, the Trustees believe that the policies on stewardship and engagement have been implemented appropriately over the year and in line with their views. The Trustees will continue to monitor the actions taken on their behalf each year.

If the investment managers deviate substantially from the Trustees' stated policies, the Trustees will initially engage and discuss this with each investment manager, and if the Trustees still believe the difference between their policies and the investment manager's actions are material, the Trustees will consider terminating and replacing the mandate if necessary.