

# FMC Technologies Pension Plan

Implementation Statement covering the Plan year from 1 January 2020 to 31 December 2020.

## Introduction

The Trustee of the FMC Technologies Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies set out in the Statement of Investment Principles (SIP) during the year.

The statement is also required to include a description of the voting behaviour during the year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during the year.

No changes were made to the voting and engagement policies in the SIP during the year. These policies were formally reviewed when the SIP was updated on 21 December 2020 to reflect the appointment of a new Fiduciary Manager and changes to the investment strategy.

The Trustee has, in its opinion, followed the Plan’s voting and engagement policies during the year.

## Description of voting behaviour during the year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated, to the asset managers, the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services during the year.

The Trustee does not wish to interfere with the day-to-day investment decisions of its asset managers. However, the Trustee, with support from the Fiduciary Investment Manager, does encourage its asset managers to comply with the principles outlined in the UN’s Principles for Responsible Investing and the UK Stewardship Code where this is appropriate for their mandate.

We do this primarily by requesting that the managers report on their voting activity, making it clear that compliance with these principles is expected. On the basis of their reporting, we believe that the managers have complied.

In this section we have sought to include voting data on the Scheme’s 24 funds that hold equities. We were unable to include voting data for four of these managers, two of which are winding down their funds, one of which will not complete such surveys until they are compulsory for managers, and one of which the plan has redeemed from and did not send the information.

The Trustee will continue to work with its Fiduciary Investment manager and asset managers with the aim of providing fuller voting information in future implementation statements.

**A summary of voting behaviour over the year is provided in the table below**

|   | <b>SUMMARY</b> |
|---|----------------|
| <b>Managers Reported</b>  | 20             |
| <b>Total Equity Managers</b>  | 24             |
| <b>Total Meetings eligible to vote</b>                              | 910            |
| <b>Total resolutions voted on</b>                                   | 15142          |
| <b>Average % of resolutions voted on that were eligible to vote</b> | 95%            |
| <b>Of the resolutions voted, % vote with management</b>             | 93%            |
| <b>Of the resolutions voted, % vote against management</b>          | 4%             |
| <b>Of the resolutions voted, % vote abstained from voting</b>       | 4%             |
| <b>Percentage of meetings with at least once against management</b> | 18%            |

|  | Manager 1     | Manager 2     | Manager 3                | Manager 4      | Manager 5                           | Manager 6      | Manager 7       | Manager 8      | Manager 9     | Manager 10   |
|--|---------------|---------------|--------------------------|----------------|-------------------------------------|----------------|-----------------|----------------|---------------|--|
| What was the total size of the fund/mandate as at the end of the Reporting Period?   | \$6.2 billion | \$960 million | \$112 million            | \$1.23 billion | £1.36 billion                       | \$2.38 billion | ¥17,941,514,983 | \$26.4 billion | \$940 million | \$13.6 billion   |
| Total size of Scheme assets invested in the fund/mandate as at the end of the Reporting Period (if known)?   | £6,550,759    | £12,698,022   | £15,483,401              | £14,952,422    | 19,976,601.81 (redeemed 12/31/2020) | £18,231,000    | £8,784,410      | £19,850,934    | £5,390,500    | £16,221,221  |
| How many meetings were you eligible to vote at?  | 26            | 15            | 43                       | 48             | 415                                 | 7              | 56              | 68             | 28            | 48   |
| How many resolutions were you eligible to vote on?   | 355           | 15            | 429                      | 545            | 5549                                | 75             | 649             | 973            | 406           | 360  |
| What % of resolutions did you vote on for which you were eligible?   | 68%           | 100%          | 100%                     | 97%            | 100%                                | 100%           | 100%            | 100%           | 97%           | 92%  |
| Of the resolutions on which you voted, what % did you vote with management?  | 87%           | 100%          | 94%                      | 98%            | 96%                                 | 88%            | 97%             | 93%            | 99%           | 92%  |
| Of the resolutions on which you voted, what % did you vote against management?   | 13%           | 0%            | 6%                       | 2%             | 4%                                  | 5%             | 3%              | 7%             | 0%            | 6%   |
| Of the resolutions on which you voted, what % did you abstain from voting?   | 12%           | 0%            | 0%                       | 0%             | 1%                                  | 7%             | 0%              | 3%*            | 1%            | 2%   |
| In what % of meetings, for which you did vote, did you vote at least once against management?  | 35%           | 0%            | 18%                      | 8%             | 2%                                  | 57%            | 34%             | 24%            | 4%            | 36%  |
| Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | ISS           | N/A           | ISS / Use our own Policy | ISS            | ISS                                 | N/A            | N/A             | Glass Lewis    | ProxyEdge     | ISS, Glass Lewis, and SES (for India Holdings) standard voting policy. |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser (if applicable)?   | N/A           | N/A           | N/A                      | 6%             | 2%                                  | N/A            | N/A             | 9%             | n/a           | 16%  |

|   | Manager 11    | Manager 12     | Manager 13     | Manager 14  | Manager 15    | Manager 16    | Manager 17   | Manager 18    | Manager 19     | Manager 20  |
|---|---------------|----------------|----------------|-------------|---------------|---------------|--------------|---------------|----------------|---|
| <b>What was the total size of the fund/mandate as at the end of the Reporting Period?</b>   | \$233 million | \$2.37 billion | \$9.15 billion | £62 million | £10.5 million | \$1.4 billion | \$10 billion | \$4.9 billion | \$1.88 billion | \$1.5 billion   |
| <b>Total size of Scheme assets invested in the fund/mandate as at the end of the Reporting Period (if known)?</b>   | £3,960,544    | £14,274,695    | £7,727,916     | £937,975    | £10,583,533   | £7,602,920    | £9,378,258   | £6,791,501    | £13,183,799    | £8,714,706  |
| <b>How many meetings were you eligible to vote at?</b>  | N/A           | 14             | 46             | 13          | 18            | 17            | N/A          | 20            | 28             | Engaged to improve capital allocation and protect shareholder rights in 35 holdings |
| <b>How many resolutions were you eligible to vote on?</b>   | 217           | 264            | 4594           | 87          | 311           | 230           | 327          | 20            | 385            | Manager tracks engagement, instead of Proxy votes                                   |
| <b>What % of resolutions did you vote on for which you were eligible?</b>   | 100%          | 77%            | 89%            | 100%        | 89%           | 100%          | 100%         | 100%          | 100%           | Manager tracks engagement, instead of Proxy votes                                   |
| <b>Of the resolutions on which you voted, what % did you vote with management?</b>  | 90%           | 77%            | 83%            | 100%        | 100%          | 90%           | 96%          | 95%           | 99%            | Manager tracks engagement, instead of Proxy votes                                   |
| <b>Of the resolutions on which you voted, what % did you vote against management?</b>   | 3%            | 0%             | 5%             | 0%          | 0%            | 10%           | 4%           | 0%            | 1%             | Manager tracks engagement, instead of Proxy votes                                   |
| <b>Of the resolutions on which you voted, what % did you abstain from voting?</b>   | 6%            | 23%            | 11%            | 0%          | 11%           | 0%            | 0%           | 5%            | 0%             | Manager tracks engagement, instead of Proxy votes                                   |
| <b>In what % of meetings, for which you did vote, did you vote at least once against management?</b>  | 30%           | 0%             | 33%            | 0%          | 0%            | 35%           | N/A          | 0%            | 11%            | Manager tracks engagement, instead of Proxy votes                                   |
| <b>Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?</b> | ProxyEdge     | ProxyEdge      | ISS            | ISS         | N/A           | N/A           | ISS          | N/A           | Broadridge     | N/A   |
| <b>What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser (if applicable)?</b>   | 2%            | N/A            | 6%             | 13%         | N/A           | N/A           | 6%           | N/A           | N/A            | N/A   |

## **Most significant votes over the year**

Below is a sampling of the most significant votes over the period. This sampling aims to provide insight into the broad range of issues on which portfolio managers voted, including decisions related to: mergers and acquisitions; board composition; executive compensation and alignment; share issuance; and environmental and social impact. Selecting samples this way addresses the regulators' focus on managers' engagement in a wide range of important issues, in addition to the potential impact on their portfolios. We selected votes pertaining only to significant positions in managers' portfolios, though we prioritized to highlight a broad swath of issues, and to highlight that managers often vote against executive management and against proxy consultants' recommendations.

### **Unilever, September, 2020**

Manager voted in support of management, approving the proposed cross-border merger. Manager believes this will lead to a positive outcome for the company's long-term future development. The vote carried and the merger was approved. The vote is significant based on position size (Unilever was a 10% position in the manager's portfolio) and due to the potential impact of the merger on the company's future performance.

### **Qorvo, August, 2020**

Manager voted to elect a slate of directors to the Board, in support of management's proposals. The position was 7.9% of the portfolio and pertains to a significant and impactful governance issue.

### **Samsung Electronics, March, 2021**

Manager voted for election of independent and executive directors of the company, against the proxy consultant's recommendation. Manager spoke with management after reading the ISS recommendation and gained comfort with management's proposal based on their long-standing dialogue with the company. This vote is considered significant as the manager voted against the recommendation of the proxy consultant (ISS) on the basis of the manager's engagement with the company. The Manager held a 6.6% position in Samsung at the time of the vote.

### **Davide Campari, March, 2020**

Manager voted in support of management's proposals to (i) transfer the company's registered office to Amsterdam, Netherlands from Milan, Italy, and (ii) create new time-vested loyalty shares with voting rights but no economic participation. The manager believed the loyalty shares would positively impact the company's long-term development through votes on corporate governance issues by holders of the loyalty shares. The vote carried. The position was 6.3% of the manager's portfolio.

### **Amazon, May, 2020**

Manager voted against a shareholder proposal requesting a report on certain of the business' community impacts. The manager voted along with management and the resolution failed to pass. Manager stated its support of Amazon's commitment to sustainability and social responsibility, highlighting its efforts to reduce emissions and to limit its environmental impact, generally. The position was 6.2% of the portfolio.

### **XPO Logistics, May, 2020**

Manager voted against four shareholder resolutions: (1) to integrate ESG metrics into the executive compensation plan; (2) to require that an independent director hold the Chairman position; (3) to strengthen measures to prevent sexual harassment in the workplace and align executive compensation incentives; and (4) to accelerate executive equity awards in case of a change of control. All four resolutions were defeated. The position was 5.9% of the Fund and represented 17.5% of the company's outstanding shares.

#### Laboratory Corp of America Holdings, May, 2020

Manager voted in favor of amending bylaws to call special meetings, a measure potentially impactful with respect to corporate governance issues. The position was 4.3% of the manager's portfolio.

#### Ascendas India Trust, June, 2020

Manager voted with management to approve issuance of equity or equity-linked securities with or without preemptive rights. Manager believes that the Singapore-based REIT's need for flexibility must be balanced with providing reasonable protection for unitholder interests, and that though the issuance limit without preemptive rights is typically 10 percent, 20 percent is warranted for Catalyst-listed REITs. The position was a top-10 position at 3.3% of the manager's portfolio.

#### ANTA Sports Products Ltd., May, 2020

Manager voted its shares against management in opposition of an authorization to reissue repurchased shares. In this case, the manager agreed with ISS's recommendation. The manager suggested that management either request authorization for fewer shares, issue them at a lower discount, or issue them with better disclosure required. The manager noted that this is an ongoing issue typical in Hong Kong, and that they will continue to both engage on this matter and to vote against such proposals, but that this is such a widespread practice and change is slow. The resolution passed. The position was 3.8% of the portfolio.

#### UDG Healthcare, January, 2020

Manager voted in support of management to approve a remuneration policy increasing the shareholding requirement of executives, stating that such a policy further aligns management incentives with shareholders. The policy was passed. UDG was a 3.5% position in the manager's portfolio.

#### Novo Nordisk, June, 2020

Manager voted with management and against the recommendation of ISS to approve the "creation of a pool of capital for the benefit of employees" permitting the issuance of a limited number of shares without pre-emption rights for issue to employees at a discount. Manager supported the measure because, unlike those in other countries, companies in Denmark do not have authorized but unissued capital that they may issue as needed. Rather, Danish companies must create specific pools of capital with a limited life for general use, which they may call upon during the life of the pool. In this case, the pool was to be used for a share-based incentive scheme. ISS objected to the fact that for this pool no maximum discount was disclosed. While the manager agrees with ISS's reasoning in general, it is not usual Danish practice to specify a maximum discount and the permission was for a relatively small potential maximum expansion in capital. The resolution passed with 97% support from shareholders.

#### **Votes in relation to assets other than listed equity**

The following comments were provided by the Scheme's asset managers, who don't hold listed equities, but invest in assets that had voting opportunities during the period:

- Private Equity Fund 1: The Fund's investment strategy is to invest in collective investment schemes managed by third party managers and does not include direct investments in public or private companies. As such, the Fund does not have a voting policy.
- Private Credit Fund 1: In voting proxies, the Fund is guided by general fiduciary principles. The Fund's goal is to act prudently and solely in the best interest of the Clients. The Fund attempts to consider all aspects of its vote that could affect, as applicable, the value of an

issuer, the issuer's securities or the value of a Client Account. The Fund votes proxies in the manner that it believes is consistent with efforts to achieve a Client Account's stated objectives, including maximizing the value of its portfolio.

- Private Credit Fund 2's clients primarily invest in loans and other debt investments. The holders of loans and debt investments are generally not entitled to vote on corporate matters, but in certain instances may be entitled to vote in connection with amendments or waivers under the relevant credit documents, or in connection with corporate events such as a merger or restructuring ("Corporate Actions").
- Private Equity Fund 2: Throughout its 30-year history as a leader in private equity investing, the Firm has worked closely with the portfolio companies of the private equity funds it manages, to introduce and implement ESG best practices. Today those companies together employ hundreds of thousands of people across the globe, lending scope and scale to the Firm's efforts to promote diversity, encourage sustainability, and enhance local economies. Just as we take care of our own people, we seek to help portfolio companies take care of theirs. Our industry-leading ESG reporting program for portfolio companies is a rich resource for the Firm and for the companies themselves to enable them to perform better and create value. Where the Firm-managed private equity funds own a controlling equity stake in, or can exercise influence over the operations of, portfolio companies, the Firm seeks to integrate, engage, and be transparent regarding ESG matters.
- Private Credit Fund 3: The Firm takes its voting responsibilities seriously and will exercise reasonable care to monitor corporate events and to cast votes in a manner that it believes is in the best interest of the Client Accounts and ultimately maximizes the value of Client Account investments.

In the case of the pooled investment arrangements, the policy on social, environmental, governance and ethical considerations is set by the pooled investment arrangement managers, who also exercise the rights attaching to investments (including voting rights), on behalf of all participants in these funds.

21 of the managers will vote on behalf of their investors. However, two of those managers allow their investors the option to vote their proportion of fund shares, if they prefer.