

Sea Containers 1990 Pension Scheme

Engagement Policy Implementation Statement for the year ending December 2021

Introduction

The Trustees of the Sea Containers 1990 Pension Scheme (the 'Scheme') have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment manager.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 31 December 2021. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustees, in conjunction with their investment consultant, appoints their investment managers and chooses the specific pooled funds to use in order to meet specific Scheme policies. They expect that their investment manager, where appropriate, to have taken account of financially material considerations, potentially including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process. Given the Scheme's investment strategy, the Trustees do not expect that ESG factors will be financially material in the investment manager's investment decisions.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

Stewardship - monitoring and engagement

The Trustees recognise that investment manager's ability to influence the companies in which they invest will depend on the nature of the investment.

Given the Scheme's investment strategy the Trustees do not have the opportunity to influence the investments' long term success through monitoring, engagement and/or voting.

Investment manager engagement policies

The Scheme's investment manager is expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how the investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the

investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

A link to the investment manager's engagement policy is provided in the Appendix.

Exercising rights and responsibilities

The investment manager is expected to disclose annually a general description of its voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment manager publishes online the overall voting records of the firm on a regular basis.

The investment manager uses proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment manager but rely on the requirement for their investment manager to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment manager is as follows:

Voting behaviour			
Investment manager	Period	Proportion of votes cast	Proportion of votes against management
Legal & General Investment Management	01/01/2021-31/12/2021	99%	18%

Trustees' assessment

The Trustees review the investment manager's policies in respect of financially material considerations, stewardship, engagement and voting from time to time and are satisfied that they are consistent with the Trustees' policies.

The Trustees recognise that engagement and voting policies, practices and reporting will continue to evolve over time and are supportive of their investment manager being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the engagement policy for the investment manager can be found here:

Investment manager	Engagement policy	Annual disclosure statement
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-approach-to-corporate-governance-and-responsible-investment.pdf

Information on the most significant votes the investment manager participated in during the year ending 31 December 2021 is shown below.

LGIM	Vote 1	Vote 2
Company name	Microsoft	The Procter & Gamble Co.
Market cap	US \$2,311bn as at 31 January 2022 (Thomson Reuters)	US \$397bn per Thomson Reuters as at 06/1/22
Sector	Software & services	Household & personal products
Issue identified	The company recently re-combined the chair and CEO roles, after having these separate for a number of years.	<p>The re-election of Angela Braly – as she is chair of the Governance and Public Responsibility Committee.</p> <p>In 2020, P&G shareholders, including LGIM, supported a resolution calling on the company to report on the efforts to eliminate deforestation, filed by Green Century. The resolution was passed with 67% support.</p> <p>Green Century wanted shareholders to vote against the re-election of Angela Braly</p>

		<p>because the actions taken by P&G since the previous AGM had not</p> <p>been sufficient. In particular, Green Century was concerned by P&G's failure to make a public commitment to end sourcing from intact forests and the lack</p> <p>of goals around the use of recycled fibre in its products.</p>
Summary of the resolution	To re-elect CEO Satya Nadella, and John Thompson (Nomination Committee Chair and Lead Independent Director).	<ul style="list-style-type: none"> • Resolution 1b – Elect Angela F Braly • 12 October 2021
How the fund manager voted	LGIM voted against both resolutions.	We voted in favour of Angela Braly's re-election
Rationale for the voting decision	<p>LGIM has set out expectations for all companies to have a separate chair and CEO.</p> <p>This recombination of the roles during 2021 at Microsoft was particularly disappointing as it has had a separation of the roles for many years.</p> <p>Given the company did not seek prior shareholder approval for the re-combination of roles, we also voted against the board Nomination Committee Chair/ Lead Independent Director.</p>	<p>LGIM engaged with Green Century* to find out why they were targeting Angela Braly and to shed light on their ongoing concerns with the company.</p> <p>We then engaged with P&G ahead of their AGM to discuss Green Century's concerns and for an update on the key actions we had asked P&G to take during</p> <p>our engagement in 2020 – namely, report to CDP Forests, and to accelerate their programme to source more Forest Stewardship Council (FSC) certified</p> <p>pulp because we felt 2025 was not an ambitious target. We also voiced our governance concerns with its structure in having a joint chair/CEO.</p>

		<p>While we continue to share some of the concerns of Green Century, we understand the issues the company is facing that prevent them from being able to fully comply with the requests.</p> <p>In addition, P&G had satisfied all of our requests that we made a year earlier; they have separated the chair/CEO role, they have submitted to CDP Forests and they have brought forward their commitment to ensure that 95% of their pulp from Canada and Quebec is FSC certified by the end of 2021.</p>
Outcome of the vote	<p>While engagement with the company has been fruitful over the years, we conveyed our disappointment at this governance change.</p> <p>Both directors were re-elected with over 90% support from shareholders.</p>	<p>7.96% of the votes cast were against the re-election of Angela Braly.</p> <p>We will continue to engage with the company on this important topic.</p>
Why is this vote significant?	<p>This vote was significant because it related to one of LGIM's engagement themes: Board effectiveness.</p>	<ul style="list-style-type: none"> • It was a high profile vote which had such a degree of controversy that there was high client and/or public scrutiny • The vote was linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's five-year ESG priority engagement themes