

Samsung Electronics Manufacturing (UK) Limited Pension and Life Assurance Scheme (the 'Scheme')

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 5th April 2022

Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance ("ESG") factors and climate change set out in the Scheme's Statement of Investment Principles ('SIP') have been followed during the year to 5 April 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and related guidance.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives it has set. As set out in the SIP, the Trustee's primary investment objective is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all Scheme liabilities as and when they fall due. In doing so, the Trustee also aims to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

Policy on ESG, Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and climate change. The policies in question were last approved on 2 November 2021 and no changes were made as a result of that review.

Scheme's Investment Structure

The Scheme's only investment is a Trustee Investment Policy ('TIP') with Mobius Life Limited ('Mobius'). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

As such, the Trustee has no direct relationship with the underlying investment managers responsible for managing the investments held on the Mobius platform.

Trustee Engagement

The Trustee monitors the performance of the underlying fund managers against set benchmarks. The Trustee's investment consultant, Mercer, assists the Trustee with this by providing periodic performance reports.

In the relevant year the Trustee has not engaged with either Mobius or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change.

The Trustee is working with Mercer to consider actions that can be taken to engage with their underlying fund managers going forward. For example, ESG specific ratings are now included within performance reporting (with ratings derived by the investment consultant) and this will help to determine whether further action should be taken in respect of specific funds.

The Trustee engages with Mercer on investment matters regularly, and reviews its performance on an annual basis.

Voting Activity

As noted earlier, the Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustee has therefore effectively delegated its voting rights to the managers of the funds the Scheme's assets are ultimately invested in.

The Trustee has not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are ultimately invested. We note that best practice in developing a statement on voting and engagement activity is evolving and we will continue to take on board industry activity in this area before the production of next year's statement.

The votes set out below were cast by the underlying fund managers. A fund manager may not always cast a vote when eligible to do so. An example of a reason for not casting a vote when eligible is a lack of sufficient detail on the issue being voted on.

The Table below also sets out where a proxy has been used. The role of a proxy voter or adviser typically involves providing recommendations for and opinions on how to vote, providing a platform for undertaking proxy research, and undertaking voting and reporting.

The Table also sets out where significant votes have been made by the fund managers in the relevant year. Most fund managers have a policy in place for determining whether or not a vote counts as ‘significant’.

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Columbia Threadneedle Multi Asset Fund	ISS – Threadneedle take recommendations from and vote via ISS. Glass Lewis & Co. – recommendations only.	2,549 eligible for	7.6%	1.5%	A significant vote is deemed to be any dissenting vote which is cast against (either abstaining or withholding from voting) a management tabled proposal or one which has been tabled by shareholders and not endorsed by management.	The Walt Disney Company 09/03/2022 Summary - Report on Lobbying Payments and Policy Vote - For Rationale - Supporting better ESG risk management disclosures Outcome - Fail Chalice Mining Ltd. 24/11/2021 Summary - Approve Issuance of Options to Stephen McIntosh Vote - Against Rationale - Remuneration concerns Outcome - Pass
Nordea Diversified Return Fund	ISS – for execution and recommendations only. NIS – for recommendations only.	2,348 eligible for	312	4 Abstain and 10 Withhold	A vote is significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or Nordea hold an important stake in the company.	Nike. - 06/10/2021 Summary - Report on Gender Pay Gap Voted - For Rationale - At the Nike AGM, Nordea supported a number of shareholder proposals, besides Report on Gender pay Gap, such as Report on Political Contributions Disclosure, Report on Human Rights Impact Assessment and Report on Diversity and Inclusion Efforts. Management voting recommendation was against on all these proposals but all got substantial support from shareholders at the AGM. None of these proposals was approved. Nordea thinks shareholders would benefit from additional information, allowing them to better assess these issues. Outcome - Against Implications - They will continue to support shareholder proposals on this issue as long as the company is not showing substantial improvements.

(continued)

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Vontobel Global Equity Life Fund	ISS – for voting execution	827 eligible for	14.0%	0.0%	Regard significance as a balance between the size of the investment within the portfolio combined with the aim of aligning interests with management teams to deliver long-term growth.	Vontobel holds, as a general policy, the requirement to separate the roles of chairman and CEO, as they believe this best supports the interests of shareholders. Though they do not maintain this as a strict policy. On 26 May 2021 they voted for Michael Mahoney to retain both roles at Boston Scientific. Mr. Mahoney has maintained both positions for some time and has a long track record successfully steering the company's performance. For any successor however they would continue their policy to discourage a similar arrangement. On 20 April 2021 they did vote against James Quincey maintaining both roles at Coca-Cola as they did not see a similar benefit to shareholders.
Ardevora Global Long-Only Equity Fund	Ardevora uses Glass Lewis & Co ("GL") as a proxy administrator to vote proxies on behalf of the various funds and accounts they manage. They vote in line with GL's proxy voting guidelines. Their policy is to vote proxies on a given issue in the same way for all of their clients.	2,950 eligible for	8.2%	0.2%	No specific definition has been given for a significant vote. In general they will follow the FCA threshold of 3% in the UK and 5% elsewhere. If they own more than this percentage of a listed company they would disclose it.	Agilent Technologies Inc. 16/03/2022 Summary: Shareholder Proposal Regarding Right to Call Special Meetings How you voted: For Rationale: A 10% threshold for calling a special meeting is appropriate Outcome: Approved Costco Wholesale Corp 20/01/2022 Summary: Shareholder Proposal Regarding Adoption of Targets to Achieve Net-zero Emissions by 2050 How you voted: For. Rationale: Adoption will further encourage development of GHG emissions reduction goals Outcome: Approved

Notes:

ISS = Institutional Shareholder Services Inc.; IVIS = Institutional Voting Information Service; NIS = Nordic Investor Services; PLSA = the Pensions & Lifetime Savings Association
The information in the table has been provided by the investment managers as 12 months to 31 March 2022