

Arkema Bostik Defined Benefit Pension Scheme Implementation Statement for the year ended 5th April 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee Directors of the Arkema Bostik Defined Benefit Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 5th April 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In Q1 2019, the Trustee Directors received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discussed their beliefs around those issues. This enabled the Trustee Directors to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustee Directors’ new policy was documented in the updated Statement of Investment Principles dated August 2020.

The Trustee Directors’ updated policy

The Trustee Directors believe that there can be financially material risks relating to ESG issues. The Trustee Directors have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustee Directors require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest. The Trustee Directors have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee Directors seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustee Directors, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee Directors’ requirements as set out in this statement. Further, the Trustee Directors have set XPS the objective of ensuring that any selected managers reflect the Trustee Directors’ views on ESG (including climate change) and stewardship.

The Trustee Directors commissioned a report from XPS on the extent to which ESG considerations are incorporated into the investment processes of the investment manager organisations appointed to the Scheme. The Trustee Directors recognise that the level of ESG integration within the investment processes is dependent on the asset class in question.

The report was discussed at the March 2020 Trustee meeting. One of the areas considered by the report was stewardship, which relates to influencing a company in which the Scheme is ultimately invested via the funds held within the Scheme’s portfolio. Companies can be influenced through meaningful engagement and using voting rights to drive long term positive change in their policies and practices. The report rated each investment manager organisation in this area and on ESG matters overall. ESG issues will be kept under review as part of the quarterly monitoring process and the Trustee Directors will communicate their concerns with the relevant investment manager organisations when, for example, they present at meetings.

Beyond the governance work currently undertaken, the Trustee Directors believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee Directors are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, and investments in equities will also form part of the strategy for the diversified growth funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

BlackRock Aquila Life UK Equity Index Fund

Voting Information
BlackRock Aquila Life UK Equity Index - EP
The manager voted on 97.17% of resolutions of which they were eligible out of 15742 eligible votes.
Investment Manager Client Consultation Policy on Voting
BlackRock’s engagement priorities are global in nature and are informed by BlackRock’s observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock welcome discussions with its clients on engagement and voting topics and priorities to get its perspective and better understand which issues are important to them. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock’s Investment Stewardship team would not implement the policy, but the client would engage a third-party voting execution platform to cast the votes.
Investment Manager Process to determine how to Vote
BlackRock’s voting guidelines are market-specific to ensure it takes into account a company’s unique circumstances by market, where relevant. BlackRock inform its vote decisions through research and engage as necessary. BlackRock’s voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which it assesses a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting.

How does this manager determine what constitutes a 'Significant' Vote?

During the period 1 April 2020 to 31 March 2021, BlackRock Investment Stewardship periodically published detailed explanations of specific key votes in "vote bulletins". These bulletins are intended to explain BlackRock's vote decision, including the analysis underpinning it and relevant engagement history when applicable, on certain high-profile proposals at company shareholder meetings. BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of its vote determination when it is most relevant to them. BlackRock consider these vote bulletins to contain explanations of the most significant votes.

Does the manager utilise a Proxy Voting System? If so, please detail

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA").

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market specific voting guidelines. While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into its vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that its investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
EXXON MOBIL CORP	Item 1.2: Elect Director Angela F. Braly Item 1.4: Elect Director Kenneth C. Frazier Item 4: Require Independent Board Chair	AGAINST: Item 1.2, Item 1.4, FOR: Item 4	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-exxon-may-2020.pdf			
ROYAL DUTCH SHELL PLC	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	AGAINST	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-shell-may-2020.pdf			
BARCLAYS PLC	Resolution 29: Approve Barclays' Commitment to Tackling Climate Change Resolution 30: Approve Share Action Requisitioned Resolution	FOR all management resolutions and AGAINST shareholder Resolution 30.	Not Provided

Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-barclays-may-2020.pdf			
CHEVRON CORP	Report on Climate Lobbying Aligned with Paris Agreement Goals Board Recommendation	For	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-chevron-may-2020.pdf			
MIZUHO FINANCIAL GROUP INC	Shareholder Proposal: Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-mizuho-fg-jun-2020.pdf			

BlackRock Aquila Life World (ex UK) Equity Index Fund

Voting Information

BlackRock Aquila Life World (ex UK) Equity Index

The manager voted on 93.6% of resolutions of which they were eligible out of 27464 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
EXXON MOBIL CORP	Item 1.2: Elect Director Angela F. Braly Item 1.4: Elect Director Kenneth C. Frazier Item 4: Require Independent Board Chair	Against, Against, For	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-exxon-may-2020.pdf			
MIZUHO FINANCIAL GROUP INC	Shareholder Proposal: Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-mizuho-fg-jun-2020.pdf			
CHEVRON CORP	Report on Climate Lobbying Aligned with Paris Agreement Goals Board Recommendation	For	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-chevron-may-2020.pdf			

VOLVO CLASS B	<p>Items 12.1, 12.4, 12.8, 12.11: Re-elect Matti Alahuhta, James Griffith, Martina Merz and Carl-Henric Svanberg as Directors</p> <p>Item 13: Re-elect Carl-Henric Svanberg as Board Chairman</p> <p>Item 15: Approve remuneration policy and other terms of employment for executive management</p>	Against	Not Provided
<p>Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-volvo-jun-2020.pdf</p>			
WOODSIDE PETROLEUM LTD	<p>Item 4a: Special Resolution to Amend the company Constitution</p> <p>Item 4b (1-3): Ordinary Resolution on Paris Goals and Targets</p> <p>Item 4c: Ordinary Resolution on Climate-Related Lobbying</p> <p>Item 4d: Ordinary Resolution on Reputation Advertising Activities</p>	Against	Not Provided
<p>Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-woodside-may-2020.pdf</p>			

BlackRock Dynamic Diversified Growth Fund

Voting Information

BlackRock Dynamic Diversified Growth Fund

The manager voted on 96.63% of resolutions of which they were eligible out of 12398 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
BARCLAYS PLC	<p>Resolution 29: Approve Barclays' Commitment to Tackling Climate Change</p> <p>Resolution 30: Approve ShareAction Requisitioned Resolution</p>	<p>FOR all management resolutions and AGAINST shareholder Resolution 30.</p>	Not Provided
<p>Further information provided in the voting bulletin:</p>			

https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-barclays-may-2020.pdf			
CHEVRON CORP	Report on Climate Lobbying Aligned with Paris Agreement Goals Board Recommendation	For	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-chevron-may-2020.pdf			
DAIMLER AG	Item 4: Resolution on ratification of Supervisory Board members' actions in the 2019 financial year Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board Item 12b: Resolution on the amendment of Article 16 of the Articles of Incorporation (Annual Meeting – Resolution)	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-daimler-jul-2020.pdf			
WOODSIDE PETROLEUM LTD	Item 4a: Special Resolution to Amend the company Constitution Item 4b (1-3): Ordinary Resolution on Paris Goals and Targets Item 4c: Ordinary Resolution on Climate-Related Lobbying Item 4d: Ordinary Resolution on Reputation Advertising Activities	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-woodside-may-2020.pdf			
LAIR LIQUIDE SOCIETE ANONYME POUR	Item 5: Re-elect Brian Gilvary as Director Item 6: Elect Anette Bronder as Director Item 7: Elect Kim Ann Mink as Director	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-air-liquide-jun-2020.pdf			

BlackRock iShares Emerging Markets Index

Voting Information

BlackRock iShares Emerging Markets Index

The manager voted on 96.8% of resolutions of which they were eligible out of 23180 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
KOREA ELECTRIC POWER CORP	Item 1.2: Elect Choi Young-ho as an Inside Director Item 2: Elect Choi Young-ho as a Member of the Audit Committee	For	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-kepco-nov-2020.pdf			
TOP GLOVE CORPORATION	Item 1. Elect Lim Han Boon as Director Item 2. Elect Rainer Althoff as Director Item 3. Elect Noripah Kamso as Director Item 4. Elect Norma Mansor as Director Item 5. Elect Sharmila Sekarajasekaran as Director Item 6. Elect Lim Andy as Director Item 11. Approve Lim Han Boon to Continue Office as Independent Non-Executive Director	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-top-glove-jan-2021.pdf			
CEZ	Item 10: Approve Remuneration Policy Item 12: Recall and Elect Supervisory Board Members Item 13: Recall and Elect Members of Audit Committee Item 14: Shareholder proposal - Amend Business Strategy	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-cez-jul-2020.pdf			
PGE POLSKA GRUPA ENERGETYCZNA SA	Item 11: Approve Remuneration Policy Item 12: Approve Discharge of Anna Kowalik (Supervisory Board Chairman)	Against	Not Provided
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-pge-jun-2020.pdf			
INDOFOOD CBP SUKSES MAKMUR	EGM Item 1: Approve Acquisition of the total issued share capital of Pinehill Company Limited	Against	For
Further information provided in the voting bulletin: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-icbp-aug-2020.pdf			

Baillie Gifford Multi Asset Growth Fund

Voting Information

Baillie Gifford Multi Asset Growth Fund

The manager voted on 97.7% of resolutions of which they were eligible out of 749 eligible votes.

Investment Manager Client Consultation Policy on Voting

All voting decisions are made by our Governance & Sustainability team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Investment Manager Process to determine how to Vote

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our Governance & Sustainability Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.

How does this manager determine what constitutes a 'Significant' Vote?

The list below is not exhaustive, but exemplifies potentially significant voting situations:

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
 - Egregious remuneration
 - Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
 - Where there has been a significant audit failing
 - Where we have opposed mergers and acquisitions
 - Where we have opposed the financial statements/annual report
 - Where we have opposed the election of directors and executives.

Does the manager utilise a Proxy Voting System? If so, please detail

Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisers in the Chinese and Indian markets to provide us with more nuanced market specific information.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
COVIVIO SA	Remuneration - Report	Against	Pass
Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.			
COVIVIO SA	Remuneration - Report	Against	Pass
Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.			
COVIVIO SA	Remuneration - Report	Against	Pass
Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.			
COVIVIO SA	Remuneration - Policy	Against	Pass
Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.			
COVIVIO SA	Remuneration - Policy	Against	Pass
Following the AGM in 2020, we informed the company of our voting decision and advised that we expect more stretching performance criteria to apply to long term incentives going forward. We have yet to see improvements in the targets so will continue dialogue with the company and to take appropriate voting action.			

Signed:  _____, Chair of Trustee Directors

Date: 12 October 2021






Arkema Bostik Implementation statement 5 April 2021 for signature

Final Audit Report

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