

The Maxell Europe Limited Pension and Life Assurance Scheme

Implementation Statement

This Implementation Statement has been prepared by the Trustees of the Maxell Europe Limited Pension and Life Assurance Scheme ("the Scheme") and sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 31 March 2021.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

Investment rights (including voting rights) have been exercised by the investment managers in line with the investment managers' general policies on corporate governance. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realisation of investments where appropriate.

The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximize shareholder value as a long-term investor.

The Trustees reviewed the stewardship and engagement activities of their investment managers on an ongoing basis during the year, and were satisfied that the policies followed by the managers were reasonable and in alignment with the Trustees' own policies. No remedial action was required during the period.

From this year, the Trustees will receive and review voting information and engagement policies provided by both the asset managers, and our investment advisors as necessary, on an annual basis. The voting and engagement information will be reviewed to ensure it aligns with the Scheme's policies.

Voting Data

Voting only applies to funds that hold equities in their portfolio. The Scheme's equity investments are all held through pooled funds. The investment managers for these funds vote on behalf of the Trustees. It follows that the BlackRock LDI funds, Barings Global High Yield Credit Strategies Fund, and the Hermes Multi Strategy Credit Fund do not participate in voting activities on behalf of the holdings in the funds.

The table below provides a summary of the voting activity undertaken by each manager over the year to 31 March 2021, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

Manager	Baillie Gifford	BlackRock	BlackRock	BlackRock	BlackRock	BlackRock	Newton
Fund name	Multi Asset Growth Fund	Aquila Life European Equity Index*	Aquila Life Japanese Equity Index*	Aquila Life Pacific Rim Equity Index*	Aquila Life UK Equity Index	Aquila Life US Equity Index*	Real Return Fund
Structure	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.						
Number of company meetings the manager was eligible to vote at over the year	69	546	517	448	1,211	611	98
Number of resolutions the manager was eligible to vote on over the year	749	9,326	6,221	3,150	15,742	7,542	1,307
Percentage of resolutions the manager voted on	97.73%	81.42%	100.00%	99.62%	97.17%	100.00%	99.20%
Percentage of resolutions the manager abstained from	1.50%	1.15%	0.00%	0.13%	1.85%	0.09%	0.00%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	91.53%	87.71%	97.97%	90.12%	94.26%	97.20%	85.40%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	6.97%	12.29%	2.03%	9.88%	5.84%	2.80%	14.60%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a	n/a	n/a	n/a	n/a	n/a	9.9%

*The Scheme is invested in both the GBP Currency Hedged and Unhedged versions of these funds, the data is identical for both versions.

Significant votes

For the first year of implementation statements we have delegated to the investment managers to define what a “significant vote” is. The Scheme’s investment adviser requested key voting data from the asset managers. A summary of the data they have provided is set out below. As before, an asterisk denotes that the Scheme is invested in the GBP Currency Hedged version of the fund as well, although votes would be the same.

Baillie Gifford Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Convivial SA	Merlin Properties Surimi SA	Ado Properties S.A.
Date of vote	22 April 2020	16 June 2020	29 September 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.45	0.21	0.39
Summary of the resolution	Remuneration – Reports and Policies.	Remuneration Report.	Amendment of Share Capital.
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	No
Rationale for the voting decision	Baillie Gifford opposed five resolutions regarding the in-flight and proposed long-term incentive scheme because it could lead to rewarding under-performance.	Baillie Gifford opposed the resolution to approve the Remuneration Report because of concerns with quantum.	Baillie Gifford opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
Outcome of the vote	The resolution was approved.	The resolution was approved.	The resolution was approved.
Implications of the outcome	Following the AGM in 2020, Baillie Gifford informed the company of their voting decision and advised that they expect more stretching performance criteria to apply to long-term incentives going forward. Baillie Gifford have yet to see improvements in the targets so will	Baillie Gifford have been opposing remuneration at the company since 2017 and engaging with the company on the issue. In 2020, they saw significant improvements in the company's remuneration policy which is a positive outcome.	Baillie Gifford opposed the request to increase Authorised capital which would permit share issuance without pre-emptive rights, given shares are currently trading at a high discount to NAV and there is no NAV commitment. Baillie Gifford have since sold out of the stock.

	Vote 1	Vote 2	Vote 3
	continue dialogue with the company and take appropriate voting action.		
Criteria on which the vote is considered "significant"	This resolution is significant because Baillie Gifford opposed remuneration.	This resolution is significant because Baillie Gifford opposed the company reports.	This resolution is significant because it received greater than 20% opposition.

BlackRock Aquila Life Japanese Equity Index*

	Vote 1
Company name	Mizuho Financial Group
Date of vote	25 June 2020
Summary of the resolution	Item 5: Shareholder proposal. Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement.
How the manager voted	Item 5: Against
Rationale for the voting decision	BlackRock voted through an independent fiduciary. The fiduciary took into consideration the company's policies and the announcements made since the proposal was filed and determined that the company now has policies in place to address these issues.
Criteria on which the vote is considered "significant"	BlackRock voted in line with the recommendation of the company.

BlackRock Aquila Life European Equity Index*

	Vote 1	Vote 2	Vote 3
Company name	Fortum Oyj	Santander Consumer USA Holdings, Inc.	Volkswagen AG
Date of vote	23 April 2020	10 June 2020	30 September 2020
Summary of the resolution	<p>Item 9: Approve discharge of Board and President.</p> <p>Item 14: Re-elect the Board of Directors.</p> <p>Item 20: Shareholder proposal "Include Paris Agreement 1.5-degree Celsius Target in Articles of Association.</p>	<p>Item 3: Report on risk of racial discrimination in vehicle lending.</p>	<p>Discharge of multiple members of the Management Board and Supervisory Board</p>
How the manager voted	<p>Item 9: Against</p> <p>Item 14: For</p> <p>Item 20: Abstained</p>	<p>Item 3: For</p>	<p>Against</p>
Rationale for the voting decision	<p>BlackRock voted against item 9 due to the board's decision to significantly increase the carbon intensity of the portfolio. They voted for item 14 in order to avoid the disruption that would be caused by voting against the re-election of the Board. BlackRock abstained from item 20 as they believe in the issues the resolution addresses, but felt the company were not approaching it in the correct manner.</p>	<p>Discriminatory lending practices are a material risk to the company's business and shareholders would benefit from increased and improved disclosure on compliance programs. BlackRock also believe that the shareholders would benefit from improved processes and procedures to prevent discriminatory lending.</p>	<p>BlackRock voted against the discharge of a number of members due to ongoing concerns with oversight in relation to the emissions scandal and the insufficient level of independence on the Supervisory Board and its sub-committees. There were additional concerns over the independence of the external auditor.</p>
Criteria on which the vote is considered "significant"	<p>BlackRock voted against management for items 9 and 20.</p>	<p>BlackRock voted against the recommendation of the company.</p>	<p>BlackRock voted against the recommendation of the company.</p>

BlackRock Aquila Life Pacific Rim Equity Index*

	Vote 1	Vote 2	Vote 3
Company name	Santos Limited	First Pacific Co Ltd	National Australia Bank
Date of vote	3 April 2020	17 July 2020	18 December 2020
Summary of the resolution	<p>Item 5a: Special resolution to amend the Company Constitution.</p> <p>Item 5b: Ordinary resolution on Paris goals and targets.</p> <p>Item 5c: Ordinary resolution on climate-related lobbying.</p>	<p>Item 1: Approve proposed acquisition by PT Indofood CBP Sukses Makmur Tbk of the total issued share capital of Pinehill Company Limited from Pinehill Corpora Limited and Steele Lake Limited, and related transactions.</p>	<p>Item 6a: Amendment to the constitution.</p> <p>Item 6b: Transition planning disclosure.</p>
How the manager voted	<p>Item 5a: Against</p> <p>Item 5b: Against</p> <p>Item 5c: Against</p>	<p>Item 1: Against</p>	<p>Item 6a: Against</p> <p>Item 6b: For</p>
Rationale for the voting decision	<p>BlackRock is generally not supportive of constitutional amendment resolutions and while they were supportive of most of the targets, there is no way to vote on individual targets. As such, BlackRock voted against the targets as they did not agree with the third criterion. BlackRock voted against the lobbying as they believe the company's public positions and lobbying efforts are aligned.</p>	<p>BlackRock feel it is within their client's economic interests to vote against the proposed acquisition due to the valuation and other terms of the transactions. The manager also felt the Board's oversight in relation to the inherent conflict of interest and lack of transparency regarding the additional inquiries from the Indonesian regulator on the proposed transaction was a significant factor in their decision.</p>	<p>BlackRock generally does not support constitutional amendment resolutions and so voted against item 6a. BlackRock believe voting for item 6b will help to accelerate the company's progress on the matter and believe this proposal is reasonable without being unduly constraining to management.</p>
Criteria on which the vote is considered "significant"	<p>BlackRock have been engaging with Santos for many years now and felt this was an important vote.</p>	<p>BlackRock voted against the recommendation of the company.</p>	<p>BlackRock voted against management on item 6b.</p>

BlackRock Aquila Life UK Equity Index

	Vote 1	Vote 2	Vote 3
Company name	Chevron Corp	Royal Dutch Shell plc	Daimler AG
Date of vote	27 May 2020	19 May 2020	8 July 2020
Summary of the resolution	Item 6: Report on climate lobbying aligned with Paris Agreement goals.	Item 21: Request Shell to set and publish targets for greenhouse gas (GHG) emissions.	Item 4: Ratification of Supervisory Board members' actions in the 2019 financial year. Item 7: Election of Timotheus Höttges as a member of the Supervisory Board. Item 12b: Amendment of Article 16 of the Articles of Incorporation.
How the manager voted	Item 6: For	Item 21: Against	Item 4: Against Item 7: Against Item 12b: Against
Rationale for the voting decision	BlackRock voted for this proposal as greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.	Given the company's progress towards aligning its reporting with TCFD recommendations, which has been one of BlackRock's key requests of large carbon emitters, and its responsiveness to shareholder engagement on portfolio resilience, BlackRock are supportive of management for the time being.	BlackRock voted against item 4 due to their concerns about progress on climate-related risk reporting. BlackRock voted against item 7 due to the external mandates held by the proposed Supervisory Board member, and voted against item 12b because it proposed amendment reduced shareholder rights.
Criteria on which the vote is considered "significant"	BlackRock voted against the recommendation of the company.	BlackRock are supportive for the time being and will continue to engage with the company.	BlackRock voted against the recommendation of the company.

BlackRock Aquila Life US Equity Index*

	Vote 1	Vote 2	Vote 3
Company name	Exxon Mobil Corporation	Facebook, Inc.	The Procter & Gamble Company
Date of vote	27 May 2020	27 May 2020	13 October 2020
Summary of the resolution	<p>Item 1.2: Elect Director Angela F. Braly. Item 1.4: Elect Director Kenneth C. Frazier. Item 4: Require independent Board Chair.</p>	<p>Item 1.2: Elect Director Marc L. Andreessen. Item 4: Approve recapitalisation plan for all stock to have one vote per share.</p>	<p>Item 5: Report on efforts to eliminate deforestation. Item 6: Annual report on diversity.</p>
How the manager voted	<p>Item 1.2: Against Item 1.4: Against Item 4: For</p>	<p>Item 1.2: Against Item 4: For</p>	<p>Item 5: For Item 6: Against</p>
Rationale for the voting decision	<p>BlackRock voted against the two elections due to insufficient progress on TCFD aligned reporting and related actions. In the case of Frazier, there was also a failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets. BlackRock voted for the independent board chair as they believe the board would benefit from a more robust independent leadership structure.</p>	<p>BlackRock voted against electing Mr Andreessen because he serves on the Audit Committee and is therefore not suitably independent. BlackRock voted for item 4 because they generally support one-share one vote capital structures.</p>	<p>BlackRock recognised the company's efforts towards enhancing their sustainability but believe there is room for improvement, particularly on the frequency and depth of disclosures. BlackRock believe a report on diversity would be redundant as they feel P&G are at the forefront of diversity and inclusion efforts.</p>
Criteria on which the vote is considered "significant"	<p>BlackRock voted against the recommendation of the company.</p>	<p>BlackRock voted against the recommendation of the company for both items.</p>	<p>BlackRock voted against management for item 5.</p>

Newton Real Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Mastercard Incorporated	Microsoft Corporation	Alibaba Group Holdings Limited
Date of vote	16 June 2020	2 December 2020	30 September 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.93	1.26	0.83
Summary of the resolution	<ol style="list-style-type: none"> 1. Advisory vote to ratify named Executive Officers' compensation 2. Elect Board Directors (members of the compensation committee) 3. Ratify PwC LLP as auditors. 	<ol style="list-style-type: none"> 1. Elect Director 2. Advisory vote to ratify named Executive Officers' Compensation 3. Ratify Deloitte and Touche LLP as Auditors. 	Elect directors
How the manager voted	Against all	Against all	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Yes	No
Rationale for the voting decision	<p>Votes were instructed against the executive compensation structure and the members of the compensation committee. Newton were concerned that a significant proportion of the long-term pay awards are subject only to time served and not performance.</p> <p>Newton also voted against the appointment of the auditor as it had been in place for 30 years, which raised concerns surrounding independence.</p>	<p>Despite improvements to executive remuneration practices over recent years, Newton remained concerned that approximately half of long-term pay awards vest irrespective of performance. They voted against the executive compensation arrangements and against the three members of the compensation committee.</p> <p>Newton also voted against the re-appointment of the company's external auditor given that its independence was jeopardised by having served in this role for 37 consecutive years.</p>	We voted against the two members of the governance committee who were seeking re-election given our concern surrounding the low level of independence on the board.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	<ol style="list-style-type: none"> 2.0%, 3.3%, 1.1%, 1.1%, 0.3% and 0.2% against compensation committee members, 4.5% against executive compensation 3.7% against ratification of PwC 	<ol style="list-style-type: none"> 1.1%, 0.9%, 0.3% against Compensation Committee members 5.3% against Executive Officers' compensation 3.9% against reappointment of the auditor 	19.7% and 18.6% against elect director
Implications of the outcome	Newton do not consider the vote outcome on the pay resolutions to be material. However, they do expect domestic investors' voting policies to change over time on this topic.	The vote outcome demonstrates shareholders are not overly concerned with the company's pay arrangements. However, Newton's engagement with the company over multiple years shows that pay arrangements have been improving and are expected to continue to improve. They look forward to supporting the company's executive pay proposals as these improvements are implemented.	Given the register of the company's shareholders, a voting outcome of close to 20% is a clear indication of non-domestic investors' concern with the company's board structure. Newton will continue to demonstrate our concern formally through the exercise of voting rights and when engaging, should they have the latter opportunity.
Criteria on which the vote is considered "significant"	The company's approach was a breach of the UK's corporate governance code, including the absence of an explanation justifying the move.	The company is recognised as a leader among its US peers in terms of its approach to corporate governance. Its executive pay structure is also better than most, but there exists fundamental improvements that should be made.	This vote clearly highlighted an area of contention for the company's non-domestic shareholders and a matter where improvements could increase the company's attractiveness to foreign investors.

Fund level engagement

The Cash and LDI funds held with BlackRock have been omitted here as they have limited scope for engagement. The asterisks again denote the data applies to both the hedged and unhedged version of the fund. All table entries marked as "Not provided" were due to the manager not being able to provide this data. The Trustees' investment consultants are working with the managers to improve the information provided in the requested format.

Manager	Baillie Gifford	Barings	BlackRock	BlackRock
Fund name	Multi Asset Growth Fund	Global High Yield Credit Strategies Fund	Aquila Life European Equity Index*	Aquila Life Japanese Equity Index*
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	34	Not provided	448	317
Number of engagements undertaken at a firm level in the year	Not provided	Not provided	Not provided	Not provided
Number of companies the manager engaged with at a firm level during the year	Not provided	Over 230	Not provided	Not provided
Examples of engagements undertaken with holdings in the fund	<p>Baillie Gifford focussed mainly on engaging with proposals for AGMs and EGMs while still working on ESG matters such as remuneration, low-carbon energy and Board appointments.</p> <p>The votes provided focussed on remuneration while there have been other examples such as sending out stewardship engagement letters to a number of multi asset infrastructure holdings that were either early or yet</p>	<p>Barings engaged with a global manufacturer of flooring products where the company recently issued a loan in the market. Through analysis, Barings became aware that the company was fined by the French antitrust authority for anti-competitive practices in 2017. This was a significant red flag at the initial investment committee and became a focus of further follow up analysis. Barings' scale in the market, meant they were granted an additional face-</p>	<p>This fund focussed mostly on governance and environmental issues. In particular, engaging on Climate Risk Management, Operational Sustainability and Board Composition & Effectiveness. This is shown in the significant votes previously which centred on the Board composition and effectiveness.</p> <p>The fund has engaged with 213 individual companies over the year to 31 March 2021 across Europe</p>	<p>The Japanese Equity fund heavily favoured governance themes with a secondary consideration to environmental matters. The social side was far lower, as with the BlackRock European Equity Fund. This focussed mainly on Corporate Strategy, Governance Structure and Climate Risks.</p> <p>This fund engaged with 188 different entities across Japan over the period.</p>

Manager	Baillie Gifford	Barings	BlackRock	BlackRock
	to engage with the low carbon energy transition. This was designed to help develop a better understanding about the risks and opportunities related to each company.	to-face management meeting to help them understand the controls that had been put in place to prevent this type of behaviour from reoccurring. They were provided with additional company information outlining control processes and also given access to an external ESG due diligence report prepared by KPMG. Barings feel this type of example supports their rationale for integrating ESG analysis into the credit investment and monitoring process given the level of management and financial sponsor access necessary.		

Manager	BlackRock	BlackRock	BlackRock	Hermes	Newton
Fund name	Aquila Life Pacific Rim Equity Index*	Aquila Life UK Equity Index	Aquila Life US Equity Index*	Multi Strategy Credit Fund	Real Return Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	170	2,845	611	45	63
Number of engagements undertaken at a firm level in the year	Not provided	Not provided	Not provided	3,688	161

Manager	BlackRock	BlackRock	BlackRock	Hermes	Newton
Number of companies the manager engaged with at a firm level during the year	Not provided	Not provided	Not provided	1,441	153
Examples of engagements undertaken with holdings in the fund	<p>This fund also heavily favoured governance topics, although the social and environmental were both considered roughly equally, involved in almost two thirds of all engagements.</p> <p>The Pacific Rim fund focussed mostly on Corporate Strategy, Governance Structure, Board Composition and Climate Risks across countries such as Australia, Hong Kong and Singapore.</p>	<p>The UK fund also favoured governance engagements while also engaging on environmental factors. The focus was on Board Composition & Effectiveness, Corporate Strategy and Climate Risk Management.</p> <p>The engagements were across a range of different countries including the UK, the USA and China. The main focus of the engagements was in the Americas.</p>	<p>This fund engaged predominantly on governance matters but also heavily on social and environmental topics. They mostly looked at issues relating to Climate Risk Management, Operational Sustainability and Human Capital Management.</p> <p>The vast majority of their engagements were centred in the USA, although there were some votes around other areas in the Americas as well as a very small number in Europe and Asia.</p>	<p>The Multi Strategy Credit Fund engaged with 35 separate entities, all on Corporate matters.</p> <p>This fund does not have any defined objective with regards to engagement, however overlaps with other Hermes strategies that do have an objective have caused this fund to engage with some companies. This engagement is driven by the overlapping funds and not the Multi Strategy Credit Fund.</p>	<p>Following a request from Bayer to discuss various sustainability and governance matters, Newton had a separate meeting with the new board chair and other senior members of the sustainability and investor relations teams. This was a continuation of their engagement with the company over the last two years. The main topics covered in this meeting was board oversight and corporate conduct.</p>

Trustees of the Maxell Europe Limited Pension and Life Assurance Scheme

September 2021