

## Implementation Statement

### Flexitallic UK Defined Benefits Scheme

#### 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.

At the Scheme's year end, the Scheme's assets were invested in eleven funds with two managers: BlackRock Investment Management and BMO Global Asset Management. The Trustees meet as necessary to discuss the performance of the funds and be updated on important issues. Over the Scheme year, one of the Trustees' focuses has been ESG and Stewardship issues, and this has been discussed with their investment advisor. The Trustees have considered and agreed their policies in relation to ESG and Stewardship and communicated this to their Principal Employer.

The Trustees, with support from their investment consultant, annually receive and review (through their Implementation Statement), the voting information and engagement policies from their asset managers, to ensure they align with their own policies. The findings of the Trustees' review are reported in this Implementation Statement, which will be included as part of the Scheme's Annual Report and Accounts for the year to 5 April 2021.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies as set out in the Scheme's Statement of Investment Principles.

#### Voting Data

Although the Scheme year end is on 5 April 2021, voting data for managers are only available on a quarterly basis and so the below data has covers the year to 31 March 2021.

Voting is not applicable to the Scheme's Liability Driven Investment ("LDI") and credit holdings with BMO Global Asset Management as these funds invest only in fixed income assets, which have no voting rights.

Manager	BlackRock Investment Management			
<b>Fund name</b>	Aquila Life UK Equity Index Fund	Aquila Emerging Markets Fund	Aquila Life European Equity Fund	Aquila Life Japanese Equity Fund
<b>Structure</b>	Pooled	Pooled	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
<b>Number of company meetings the manager was eligible to vote at over the year</b>	1,211	3,632	546	517
<b>Number of resolutions the manager was eligible to vote on over the year</b>	15,742	32,114	9,326	6,221

Manager	BlackRock Investment Management			
<b>Percentage of resolutions the manager voted on</b>	97.17%	98.23%	81.42%	100.0%
<b>Percentage of resolutions the manager abstained from</b>	1.85%	2.07%	1.15%	0.0%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	94.26%	90.16%	87.71%	97.97%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	5.84%	9.84%	12.29%	2.03%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	n/a	n/a	n/a	n/a

Manager	BlackRock Investment Management		
Fund name	Aquila Life Pacific Rim Equity Fund	Aquila Life US Equity Fund	Dynamic Diversified Growth Fund
<b>Structure</b>	Pooled	Pooled	Pooled
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
<b>Number of company meetings the manager was eligible to vote at over the year</b>	448	611	977
<b>Number of resolutions the manager was eligible to vote on over the year</b>	3,150	7,542	12,398
<b>Percentage of resolutions the manager voted on</b>	99.62%	100.0%	96.63%
<b>Percentage of resolutions the manager abstained from</b>	0.13%	0.09%	0.88%
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	90.12%	97.20%	93.28%
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	9.88%	2.80%	5.87%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	n/a	n/a	n/a

## Significant votes

For the first year of implementation statements we have delegated to the investment manager(s) to define what a "significant vote" is. The Trustees will review this decision next year and decide if this remains appropriate. A selection of the significant votes as provided by the investment managers is set out below.

### BlackRock Aquila Life UK Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Exxon Mobil Corporation	Royal Dutch Shell PLC	Barclays PLC
<b>Date of vote</b>	27 May 2020	19 May 2020	7 May 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided
<b>Summary of the resolution</b>	Item 1.2: Elect Director Angela F. Braly Item 1.4: Elect Director Kenneth C. Frazier Item 4: Require Independent Board Chair	Item 21: Request Shell to Set and Publish Targets for Greenhouse Gas Emissions (GHG)	Resolution 29: To approve Barclays' commitment to tackling climate change Resolution 30: To approve ShareAction Requisitioned Resolution
<b>How the manager voted</b>	Item 1.2: Voted against Item 1.4: Voted against Item 4: Voted for	Against	Resolution 29: For Resolution 30: Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Data not provided	Data not provided	Data not provided
<b>Rationale for the voting decision</b>	Item 1.2: For insufficient progress on TCFD aligned reporting and related action.  Item 1.4: For insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business.  Item 4: Due to the belief that the board would benefit from a more robust independent leadership structure.	Item 21: Given the company's perceived progress towards aligning its reporting with TCFD recommendations, which has been one of BIS' key requests of large carbon emitters, and its perceived responsiveness to shareholder engagement on portfolio resilience and reduction of scope 1, 2, and 3 GHG emissions, BlackRock are supportive of management for the time being.  Scope 1 and Scope 2 are commitments to be net zero on all emissions from the manufacture of all products by 2050.  Scope 3 is a commitment to reducing the Net Carbon Footprint of its energy products by around 65% by 2050, and by around 30% by 2035.	The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being
<b>Outcome of the vote</b>	Data not provided	Data not provided	Data not provided
<b>Implications of the outcome</b>	Data not provided	Data not provided	Data not provided

	Vote 1	Vote 2	Vote 3
<b>Criteria on which the vote is considered "significant"</b>	The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management		

## BlackRock Aquila Emerging Markets Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Korea Electric Power Corporation	PT IndoFood CBP Sukses Makmur Tbk	PGE Polska Grupa Energetyczna SA
<b>Date of vote</b>	9 November 2020	3 August 2020	26 June 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided
<b>Summary of the resolution</b>	Item 1.2: Elect Choi Young-ho as an Inside Director (the director responsible for the day-to-day activities of the company) Item 2: Elect Choi-Young-ho as a member of the Audit Committee	To approve acquisition of the total issued share capital of Pinehill Company Limited	Item 11: Approve remuneration policy Item 12: Approve discharge of Anna Kowalik (the supervisory board chairman)
<b>How the manager voted</b>	Item 1.2: Voted for Item 2: Voted for	Voted against	Item 11: Voted against Item: Voted against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	n/a	BIS has engaged with the management of both companies, as well as an independent director at First Pacific Company to inform their proxy voting decision.	Data not provided
<b>Rationale for the voting decision</b>	While BlackRock remain concerned about the company's coal projects in Indonesia and Vietnam, BlackRock voted in favour of the candidate for reasons including that he is a new nominee and therefore not responsible for KEPCO's past decisions.	Due to concerns around the valuation and terms of the transaction and the board's oversight in relation to an inherent conflict of interest	Item 11: Due to the lack of transparency concerning incentives and performance-related elements Item 12: Due to company's perceived lack of progress on climate-related reporting
<b>Outcome of the vote</b>	Data not provided	Data not provided	Data not provided
<b>Implications of the outcome</b>	Data not provided	Data not provided	Data not provided
<b>Criteria on which the vote is considered "significant"</b>	The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management.		

## BlackRock Aquila Life European Equity Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Daimler AG	Volkswagen AG	Santander Consumer USA Holdings, Inc.
<b>Date of vote</b>	8 July 2020	30 September 2020	10 June 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided
<b>Summary of the resolution</b>	<p>Item 4: Resolution on ratification of supervisory board members' actions in the 2019 financial year</p> <p>Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board</p> <p>Item 12b: Resolution on the amendment of Article 16 on the Articles of Incorporation</p>	<p>Items 3.1, 3.3, 3.5: Resolution on the formal approval for fiscal year 2019 of the actions of the members of the Board of Management H. Diess, J. Heizmann and A. Renschler who held office in fiscal year 2019.</p> <p>Items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.18, 4.19, 4.21: Resolution on the formal approval for fiscal year 2019 of the actions of the members of the Supervisory Board who held office in fiscal year 2019</p> <p>Item 5: Election of a member of the supervisory board</p>	<p>Item 3: Report on risk of racial discrimination in vehicle lending</p>
<b>How the manager voted</b>	Voted against all resolutions	Voted against all resolutions	Voted for
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Data not provided	Data not provided	Data not provided
<b>Rationale for the voting decision</b>	<p>As a result of concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment</p>	<p>As a result of concerns with i) oversight in relation to the emissions scandal, ii) insufficient level of independence on the Supervisory Board and its sub-committees, and iii) the independence of the external auditor.</p>	<p>As discriminatory lending practices (of all forms) are a material risk to the company's business and shareholders would benefit from increased and improved disclosure on compliance programs, processes and procedures, as well as risk mitigation processes and procedures, to prevent discriminatory lending (including racial discrimination)</p>
<b>Outcome of the vote</b>	Data not provided	Data not provided	Data not provided
<b>Implications of the outcome</b>	Data not provided	Data not provided	Data not provided
<b>Criteria on which the vote is considered "significant"</b>	<p>The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management.</p>		

BlackRock has provided information about one significant vote for this Fund.

<b>Vote 1</b>	
<b>Company name</b>	Mizuho Financial Group Inc.
<b>Date of vote</b>	25 June 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided
<b>Summary of the resolution</b>	Item 5: Proposal to amend articles to disclose plan outlining the company's business strategy to align investments with goals of Paris Agreement
<b>How the manager voted</b>	Voted against through an independent fiduciary
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	n/a
<b>Rationale for the voting decision</b>	The independent fiduciary reported that it took into consideration the company's policies and the announcements made since the shareholder proposal was filed. The independent fiduciary determined that the company now has policies in place that address the issues raised in the proposal.
<b>Outcome of the vote</b>	Data not provided
<b>Implications of the outcome</b>	Data not provided
<b>Criteria on which the vote is considered "significant"</b>	The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management.

## BlackRock Aquila Life Pacific Rim Equity Fund

	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
<b>Company name</b>	Woodside Petroleum Ltd	AGL Energy Ltd	Santos Ltd
<b>Date of vote</b>	30 April 2020	7 October 2020	3 April 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided
<b>Summary of the resolution</b>	Item 4a: Special resolution to amend the company constitution Item 4b: Ordinary resolution on Paris Goals and Targets Item 4c: Ordinary resolution on climate-related lobbying Item 4d: Ordinary resolution on reputation advertising activities	Item 7b: Approve coal-fired power station closure dates	Item 5a: Special resolution to amend the company constitution Item 5b: Ordinary resolution on Climate-Related Lobbying Item 5c: Ordinary resolution on Climate-Related lobbying
<b>How the manager voted</b>	BlackRock voted with management and withheld support for the relevant proposals	Voted for	BlackRock voted with management and withheld support for the relevant proposals

	Vote 1	Vote 2	Vote 3
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	n/a	Data not provided	n/a
<b>Rationale for the voting decision</b>	<p>Item 4a: BlackRock is generally not supportive of constitutional amendment resolutions as the relative ease of filing risks distracting and time-consuming proposals being submitted by shareholders whose interests are not necessarily aligned with those of the broader shareholder base.</p> <p>Item 4b: On BlackRock's assessment, Woodside already substantively addresses the resolution and publicly recognises the science of climate change, has committed to the Paris Goals, and stated its ambition of being carbon neutral by 2050.</p>	<p>As BlackRock believe the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades.</p>	<p>Item 5a: BlackRock is generally not supportive of constitutional amendment resolutions as the relative ease of filing risks distracting and time-consuming proposals being submitted by shareholders whose interests are not necessarily aligned with those of the broader shareholder base.</p> <p>Item 5b: Whilst BlackRock is supporting of more ambitious targets on Scope 1 and Scope 2 emissions, BlackRock believes Scope 3 targets encompassing all indirect emissions in a company's value chain take time to implement.</p> <p>Item 5c: Our conditional support for management on proposal 5c is based on the company's commitment to undertake a more comprehensive review of its industry association advocacy.</p>
<b>Outcome of the vote</b>	Data not provided	Data not provided	Data not provided
<b>Implications of the outcome</b>	Data not provided	Data not provided	Data not provided
<b>Criteria on which the vote is considered "significant"</b>	The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management.		

## BlackRock Aquila Life US Equity Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Exxon Mobil Corporation	Chevron Corporation	Amazon.com, Inc.
<b>Date of vote</b>	27 May 2020	27 May 2020	27 May 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided

	Vote 1	Vote 2	Vote 3
<b>Summary of the resolution</b>	<p>Item 1.2: Elect Director Angela F. Braly</p> <p>Item 1.4: Elect Director Kenneth C. Frazier</p> <p>Item 4: Require Independent Board Chair</p>	<p>Item 6: Report on climate lobbying aligned with Paris Agreement goals</p>	<p>Item 1: To elect directors</p> <p>Item 2: To ratify auditors</p> <p>Item 3: Approve executive compensation</p> <p>Item 4: Lower the stock ownership threshold for shareholders to request a special meeting from 30% to 25%</p> <p>Item 5: Create a report on effects of food waste</p> <p>Item 6: Create a report on customer use of certain technologies</p> <p>Item 7: Report on potential customer misuse of certain technologies</p> <p>Item 8: Report on efforts to restrict certain products</p> <p>Item 9: Request for a mandatory independent board chair policy</p> <p>Item 10: Create an alternative report on gender/racial pay</p> <p>Item 11: Report on certain community impacts</p> <p>Item 12: Report on viewpoint discrimination</p> <p>Item 13: Create a report on promotion data</p> <p>Item 14: Request for a reduction in threshold for calling special shareholder meetings</p> <p>Item 15: Request for a specific supply chain report format</p> <p>Item 16: Request for additional reporting on lobbying</p>
<b>How the manager voted</b>	<p>Item 1.2: Voted against</p> <p>Item 1.4: Voted against</p> <p>Item 4: Voted for</p>	Voted for	Voted for all manager proposals (items 1 to 4) and against all shareholder proposals (items 5 to 16)
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Data not provided	Data not provided	n/a

	Vote 1	Vote 2	Vote 3
<b>Rationale for the voting decision</b>	<p>Item 1.2: For insufficient progress on TCFD aligned reporting and related action.</p> <p>Item 1.4: For insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business.</p> <p>Item 4: Due to the belief that the board would benefit from a more robust independent leadership structure.</p>	<p>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.</p>	<p>BlackRock voted for items 1 to 4 as they have no concerns relating to this items. BlackRock voted against items 5 to 16 as they determined that Amazon is actively addressing the material issues raised by the shareholder proposals</p>
<b>Outcome of the vote</b>	Data not provided	Data not provided	Data not provided
<b>Implications of the outcome</b>	Data not provided	Data not provided	Data not provided
<b>Criteria on which the vote is considered "significant"</b>	The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management		

## BlackRock Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Barclays PLC	Chevron Corporation	Daimler AG
<b>Date of vote</b>	7 May 2020	27 May 2020	8 July 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided
<b>Summary of the resolution</b>	<p>Resolution 29: To approve Barclays' commitment to tackling climate change</p> <p>Resolution 30: To approve ShareAction Requisitioned Resolution</p>	<p>Item 6: Report on climate lobbying aligned with Paris Agreement goals</p>	<p>Item 4: Resolution on ratification of supervisory board members' actions in the 2019 financial year</p> <p>Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board</p> <p>Item 12b: Resolution on the amendment of Article 16 on the Articles of Incorporation</p>
<b>How the manager voted</b>	Resolution 29: For Resolution 30: Against	Voted for	Voted against all resolutions

	Vote 1	Vote 2	Vote 3
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Data not provided	Data not provided	Data not provided
<b>Rationale for the voting decision</b>	<p>The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being</p>	<p>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.</p>	<p>As a result of concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment</p>
<b>Outcome of the vote</b>	Data not provided	Data not provided	Data not provided
<b>Implications of the outcome</b>	Data not provided	Data not provided	Data not provided
<b>Criteria on which the vote is considered "significant"</b>	<p>The BlackRock Investment Strategy team's key engagement priorities include board quality, environmental risks and opportunities, corporate strategy and capital allocation, compensation that promoted long-termism and human capital management</p>		



## Fund level engagement

The Trustees consider it a part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues across the relevant part of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. At the time of writing:

Manager	BlackRock Investment						
Management							
Fund name	Aquila Life UK Equity Index Fund	Aquila Emerging Markets Fund	Aquila Life European Equity Fund	Aquila Life Japanese Equity Fund	Aquila Life Pacific Rim Equity Fund	Aquila Life US Equity Fund	Dynamic Diversified Growth Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	2,845	472	448	317	170	611	938
<b>Number of engagements undertaken at a firm level in the year</b>	5351	5351	5351	5351	5351	5351	5351
<b>Examples of engagements undertaken with holdings in the fund</b>	Engaged on a variety of engagement topics including climate risk management; environmental impact management; operational sustainability; human capital management; social risks and opportunities; board composition and effectiveness; business oversight; risk management; corporate strategy; executive management; remuneration and governance structure						

<b>BMO Global Asset Management</b>		
<b>Manager</b>		
<b>Fund name</b>	BMO Global Low Duration Credit Fund	BMO Dynamic LDI Funds
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes
<b>Number of different entities engaged with on behalf of the holdings in this fund in the year</b>	53	9
<b>Number of different entities engaged with at a firm level in the year</b>	809	809
<b>Examples of engagements undertaken with holdings in the fund</b>	Engaged with Abbvie Inc to address inequality for the public to have access to healthcare, with Credit Suisse to develop their climate change risk management strategy and report according to TCFD recommendations and with Tencent Holdings to develop and implement a board refreshment strategy	Engaged with Citigroup Inc. several times on climate risk management processes. The bank has subsequently agreed to measure and disclose emissions tied to its lending portfolio. BMO have also engaged with JPMorgan Chase & Co over Lee Raymond's role as lead independent director as a result of tenure concerns. Lee has now left the board of directors.