

Milliken Industrials Limited Voluntary Pension Scheme

Implementation Statement

Scheme year ended 31 December 2020

This Statement sets out the Trustees approach and implementation of the policies set out in the Statement of Investment Principles (SIP) over the year. This Implementation Statement has been prepared by the Trustees of the Milliken Industrials Limited Voluntary Pension Scheme (“the Scheme”) and sets out how the Trustees’ policies set out in the Statement of Investment Principles (SIP) have been followed over the year to 31 December 2020. This includes exercising rights (including voting rights) and engagement policies.

These policies are set out in the Trustees’ Statement of Investment Principles (SIP), which was last reviewed in September 2020 to comply with regulations which came into force on 1 October 2020. The SIP has been made available online at:

https://www.aviva.co.uk/dwp-library/documents/view/f59426_statement_of_investment_principles.pdf

As this is the first year Implementation Statements have been required, some investment managers have not been able to provide the full breadth of information that we expect to be able to provide in future years. The Trustees have therefore produced this Implementation Statement using as much information as was available.

Investment manager and funds in use

The Scheme’s funds are all invested via the Aviva Life & Pensions Platform. Many of these funds are managed by Aviva Life & Pensions, but in some cases Royal London gives access to a fund managed by an external manager.

The investment funds used for the Scheme together with the underlying managers as at 31 December 2020 are set out in the table below:

Manager	Fund	Asset class
Baillie Gifford	Aviva Pension Baillie Gifford UK Equity Core FP	UK Equities
	Aviva Pension Baillie Gifford International FP	Global Equities
BlackRock Investment Management	Aviva Pension BlackRock UK Equity Index FP	UK Equities
	Aviva Pension BlackRock (40:60) Global Equity Index Tracker FP	Global Equities
	Aviva Pension BlackRock Emerging Markets Index Tracker FP	Emerging Markets Equities
	Aviva Pension BlackRock Over 15 Year Corporate Bond Index Tracker FP	Corporate Bonds
	Aviva Pension BlackRock Over 5 year Index-Linked Gilt Index Tracker FP	Index-Linked Government Bonds
HSBC Global Asset Management (UK) Limited	Aviva Pension HSBC Islamic Global Equity Index FP	Global Equities
Schroders	Aviva Pension Schroder Life Intermediated Diversified Growth FP	Multi Asset
Aviva Life & Pensions	Aviva Pension Cash FP	Cash
	Aviva Pension Stewardship Managed FP	Multi Asset
	Aviva Pension Property FP	UK Property
	Aviva Pension Stewardship FP	UK Equities

The following three funds are used in the Scheme's default lifestyle strategy and are the focus of this report:

- Aviva Pension BlackRock (40:60) Global Equity Index Tracker FP
- Aviva Pension Schroder Life Intermediated Diversified Growth Fund FP
- Aviva Pension Cash FP

However, we have also chosen to report on the voting and engagement activities of the Aviva Pension Baillie Gifford International FP Fund and the Aviva Pension Baillie Gifford UK Equity Core FP. This is because these are the two self-select options with the highest investment by the Scheme's membership, and combined with the default strategy cover over 70% of total assets invested.

Trustees' policies on voting and engagement

According to the SIP, the Trustees' policy on the exercise of rights attaching to investments (including voting rights) and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. In doing so, the Trustees expect that Fund managers will:

*"Exercise the voting rights attached to individual investments; and
Engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks in accordance with their own house policy.*

The Trustees review the voting behaviour and engagement policies from the investment managers on an annual basis within this document, to ensure alignment with their own policies.

The Trustees also regularly receive ESG and Responsible Investment reporting from their investment managers and use these reports to monitor relevant matters, including ESG and climate-related risks. Following the year-end, the Scheme's Investment Consultants, Barnett Waddingham, also provided an ESG Monitoring report to aid the Trustees with monitoring the ESG related activities of their Investment Managers, including voting and engagement activity. No further actions were taken following these discussions.

Voting and engagement policies

The Scheme invests entirely in pooled funds, and as such delegates' responsibility for carrying out voting and engagement activities to the Scheme's investment managers. The Trustees monitor the engagement and voting activities of the managers by requesting ESG and Stewardship reports from Aviva Life & Pensions, and discussing these at regular Trustee meetings.

Over the period of reporting, the Trustees have received voting and engagement data from Aviva Life & Pensions on the default funds and the Baillie Gifford Funds referenced above. The default strategies are responsible for the majority of the Scheme's assets, 52.5%, which rises to 73.1% when the Baillie Gifford Funds are included. Therefore the Trustees have reviewed the voting and engagement of these funds only which is in line with PLSA guidance.

The Trustees reviewed the available reports from Aviva Life & Pensions at the Trustee meeting in October 2020, and the Trustees were comfortable that the managers are undertaking their voting and engagement in line with the Trustees policy as far as the reporting is available.

The voting data collated for the Scheme is given in the table on the following page.

Summary of Voting Data

Manager	Baillie Gifford		BlackRock	Schroders
Fund name	Baillie Gifford International Fund	Baillie Gifford UK Equity Core Fund	BlackRock (40:60) Global Equity Index Tracker	Schroder Life Intermediated Diversified Growth Fund
Structure	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
Number of company meetings the manager was eligible to vote at over the year	104	66	2,913	1,637
Number of resolutions the manager was eligible to vote on over the year	1,108	1,124	37,464	19,533
Percentage of resolutions the manager voted on*	94.13%	100.00%	95.67%	99.60%
Percentage of resolutions the manager abstained from*	0.77%	0.80%	1.69%	0.30%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	96.45%	97.15%	74.12%	91.80%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	2.78%	2.05%	25.88%	7.80%
Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor	Baillie Gifford use Glass Lewis and ISS as proxy voting advisors. Baillie Gifford do not keep a record of this, however they have confirmed that 100% of the votes cast were manually reviewed.	Baillie Gifford use Glass Lewis and ISS as proxy voting advisors. Baillie Gifford do not keep a record of this, however they have confirmed that 100% of the votes cast were manually reviewed.	BlackRock use Institutional Shareholder Services ("ISS") as their proxy voting advisor. They confirmed they voted against the recommendation of ISS on 20 occasions.	Schroder use ISS as their proxy voting advisors. Schroder do not keep a record of this, however they have confirmed that 100% of the votes cast were manually reviewed.

*as a percentage of possible votes

Source: Aviva Life and Pensions, Baillie Gifford,, BlackRock Investment Management, Schroders

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 Scheme's investment consultant, Barnett Waddingham, requested significant voting data from the asset managers. At the time of writing, Schroders were not able to provide sufficient information, however we have shown what they could provide. Barnett Waddingham are liaising with the managers to improve delivery of the data in future, and we understand that the managers are working to improve their disclosures.

In future years, the Trustees expect to be able to report in more detail on significant votes and how they align with the Scheme's stewardship policies.

A summary of the data they have provided is set out below.

Baillie Gifford International Fund

	Vote 1	Vote 2	Vote 3
Company name	Tesla Inc	SMC	Sumitomo Mitsui Trust
Date of vote	22/09/2020	26/06/2020	26/06/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.63%	0.98%	0.58%
Summary of the resolution	Shareholder Resolution - Governance	Allocation of Income	Allocation of Income
How the manager voted	For	Abstain	Abstain
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes
Rationale for the voting decision	They supported a shareholder proposal to eliminate supermajority voting requirements from the company's bylaws and to adopt a simple majority voting standard. They think this change is in shareholders' best interests.	They abstained on the low dividend payment as they believe the company's capital strategy is not in the interests of shareholders.	They abstained on the low dividend payment as they believe the company's capital strategy is not in the interests of shareholders.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	They look forward to the company adopting a simple majority voting standard.	They acknowledge the current market environment and took this into account when making our voting decision. They will continue to assess all proposals on their merits, taking into account all current market factors.	They acknowledge the current market environment and took this into account when making our voting decision. They will continue to assess all proposals on their merits, taking into account all current market factors.

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	These votes are significant because they have deviated from their usual approach. They have previously opposed resolutions to approve the final dividend where we determine that the dividend is inappropriately low. However, they have abstained on these proposals in light of the current market environment.	
	Vote 4	Vote 5	Vote 6
Company name	Zillow Group Inc	Chipotle Mexican Grill	Deutsche Boerse
Date of vote	09/06/2020	19/05/2020	19/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.10%	0.70%	0.65%
Summary of the resolution	Incentive Plan	Shareholder Resolution - Governance	Remuneration - Policy
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes
Rationale for the voting decision	They opposed the resolution to approve the new long-term incentive scheme because it allows the company to reprice outstanding awards without shareholder approval.	They supported a proposal requesting a report on the company's use of employment arbitration as they believe transparency on this issue is important.	They opposed the remuneration policy. Within the policy pay can be awarded if net income results are negative and we do not feel this provides sufficient incentive for management or strong alignment with our clients. They will continue to engage with the Board on this issue.
Outcome of the vote	Pass	Fail	Pass
Implications of the outcome	This relates primarily to the inclusion of the repricing provision, which has prevented us from voting in favour in the past. They continue to encourage the compensation committee to remove this item the plan.	They will continue to encourage the company to be transparent on issues such as employment arbitration.	They will continue to engage with the Board on this issue to encourage a remuneration policy that they can support.
Criteria on which the vote is considered "significant"	This resolution is significant because they opposed remuneration.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	This resolution is significant because they opposed remuneration.

Baillie Gifford UK Equity Core

	Vote 1	Vote 2	Vote 3
Company name	Just Eat Takeaway.com	Bodycote	British American Tobacco
Date of vote	14/05/2020	28/05/2020	30/04/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.77%	0.92%	2.77%
Summary of the resolution	Shareholder Resolution - Governance	Allocation of Income	Allocation of Income
How the manager voted	For	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes
Rationale for the voting decision	They usually oppose authority to issue shares without pre-emption rights at the requested amount but given the current environment, they feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital.	They have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment.	They usually oppose authority to issue shares without pre-emption rights at the requested amount but given the current environment, they feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	They have made an exception in the current environment as they understand board/mgmt may need flexibility to deploy capital quickly and have encouraged the company to be lower this value in the future.	They have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. They will monitor this at next years AGM.	They continued to oppose remuneration due to concern that pay is not aligned with performance. The company has steadily increased pay over recent years whilst the company has delivered poor value to shareholders. This year, the CEO's, Jack Bowles, salary has increased by 9.5%, taking his salary to a rate comparable to his predecessor. In addition, they have previously taken issue with the high maximum award on the LTIP and has increased from 350% to 400% of salary for the CFO (for 2020 onwards). They will continue to engage with the company on this matter.
Criteria on which the vote is considered "significant"	This vote is significant because they have deviated from their usual approach. They usually oppose authority to issue shares	This vote is significant because they have deviated from our usual approach. They have previously opposed the	This vote is significant because they have deviated from our usual approach. They usually oppose authority to issue shares without pre-emption rights at the requested

	Vote 1	Vote 2	Vote 3
	without pre-emption rights at the requested amount but given the current environment, they feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital.	authority to issue two-thirds of issued share capital with pre-emption rights. However, they have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment.	amount but given the current environment, they feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital.
	Vote 4	Vote 5	Vote 6
Company name	Bunzl	FDM Group	HSBC
Date of vote	15/04/2020	16/06/2020	24/04/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.33%	0.96%	1.72%
Summary of the resolution	Amendment of Share Capital		Remuneration - Report
How the manager voted	For		Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes		Yes
Rationale for the voting decision	They have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment.		They opposed the Remuneration Report due to the inclusion of allowances which they do not believe are aligned with shareholders.
Outcome of the vote	Pass		Pass
Implications of the outcome	They have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment. They will monitor this at next year's AGM.		As in previous years, They opposed the remuneration report due to the use of Fixed Pay Allowances. The investors consider that FPAs do not comply with the spirit of what was intended when bonus caps were introduced. For Baillie Gifford to consider supporting the remuneration report in future, they would encourage the company to reconsider the use of FPAs.
Criteria on which the vote is considered "significant"	This vote is significant because we have deviated from our usual approach. We have previously opposed the authority to issue two-thirds of issued share capital with pre-emption rights. However, we have supported the higher level of issuance authority this year to provide companies with additional flexibility in the current market environment.		This resolution is significant because they opposed remuneration.

BlackRock (40:60) Global Equity Index Tracker

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Equifax Inc.	Barclays plc
Date of vote	26/02/2020	07/05/2020	07/05/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.6%	0.04%	0.16%
Summary of the resolution	Resolution 6. Report on Freedom of Expression and Access to Information Policies	Resolution 1b. Elect Director Mark L. Feidler	Resolution 29. Approve Barclays' Commitment in Tackling Climate Change
How the manager voted	For	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	N/A	N/A
Rationale for the voting decision	<p>In its statement supporting the proposal, the proponent suggests that Apple faces human rights risks because it does business in countries where the government does not allow free speech or free access to information. The proponent asserts that Apple has cooperated in the past with requests from the Chinese government to restrict free speech and free access to information. The report criticized Apple for a lack of transparency on policies and practices related to freedom of expression. As such this resolution was considered important, and in the best interest of shareholders. Additional information regarding the company's policies and processes regarding freedom of expression and access to information would help shareholders gauge the company's management of related reputational risk.</p>	<p>Under normal circumstances we would have voted against the re-election of the non-independent Chairman (having served on the board for a significant amount of time) and independent directors represent less than two-thirds of the Board (our guideline for US companies). However, we have exceptionally supported his re-election as at the roles of CEO and Chair are not combined, and we are mindful that there has been significant board change (and improvement) over the last couple of years and so it is helpful to have some longer serving directors. Although as there are three long-serving directors we would like to see further board refreshment and changes to key committees ahead of the 2021 AGM.</p>	<p>Proposed by the Board, this resolution set out Barclays' commitment to climate change. Barclays is one of the largest lenders to fossil fuels globally, and it previously showed little intent to reduce its exposure. As such, support for this resolution is warranted at it sets out an ambition for Barclays to become a net zero bank by 2050 and directs the Company to set a strategy, with targets, to transition its provision of financial services across all sectors to align with the goals and timelines of the Paris Agreement. Barclays will report on progress annually starting from 2021. This resolution also signifies a dramatic cultural shift at the bank and culminates extensive work led by the Chair, Nigel Higgins and supported by the board and management team.</p>
Outcome of the vote	Over 40% of the votes cast were in support of the resolution	The resolution was approved	The resolution was approved (the with 99.93% of shares voted)

	Vote 1	Vote 2	Vote 3
Implications of the outcome	In Sept 2020, the Company announced a new Human Rights policy after growing pressure from shareholders and protest from activists. Its early days as to whether this will result in an improvement in practices.	Whilst our support for the resolution reflected special circumstances of the company, this will not be our default stance and we have recently engaged with the company encouraging it to continue to improve board independence and diversity.	The vote goes down as a milestone event because it's the first climate change resolution at a European bank, and demonstrates how banks' contribution to global warming remains a top priority for shareholders. There is still a long way to go as Barclays didn't commit to phase out financing to fossil-fuel companies that have no plans to contribute to the Paris targets so progress will be subject to regular review and challenge.
Criteria on which the vote is considered "significant"	This vote was deemed significant given the materiality of human rights issues for the Brand if not handled properly and in turn, on the valuation of the stock.	This vote was selected given it's a relatively large shareholding and the company's corporate governance has been problematic in recent years.	This vote was selected given it's a relatively large shareholding and the positive impact it will have on the company's reputation
	Vote 4	Vote 5	Vote 6
Company name	Facebook, Inc.	Alphabet Inc	Casino, Guichard-Perrachon SA
Date of vote	27/05/2020	03/06/2020	17/06/2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.1%	1.7%	0.003%
Summary of the resolution	Shareholder Resolution (5) requesting an Independent Board Chair	Resolution 7. Establish Human Rights Risk Oversight Committee	Resolution 5. Approve Compensation of Chairman and CEO
How the manager voted	We supported the shareholder resolution	We supported the shareholder resolution	We voted against the resolution.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Yes	Yes
Rationale for the voting decision	Support for the shareholder resolution requesting an independent Chair was warranted as there should be a clear division between the head of the company (running of the company's business), and the chair / running of the board. Both roles are performed by Mark Zuckerberg. When there is no clear	As one of the co-filers of this resolution our view is that human rights are embedded in Alphabet's business model. The lack of a clear human rights programme that is comprehensive, company-wide, with policies, processes and due diligence systems is considered a	Discretionary payments were made (EUR 655,000) to the Chair and CEO reflecting his contribution to the realization of the strategic transformation operations linked with the reduction of the debt level of the Company through a

	Vote 4	Vote 5	Vote 6
	<p>division between the two, then poor executive and/or board actions often go unchecked to the ultimate detriment of shareholders. The need for an independent Chair is even more critical at Facebook given the numerous governance issues that need addressing including the need to strengthen controls around responsible content management. Shareholder resolutions calling for the company to address content controls and human rights assessments were also proposed at this meeting which are equally important but in our view they are likely to get more focus from the Board if there is an improvement in Board composition.</p>	<p>business risk. Board-level oversight is considered necessary to sufficiently address the human rights risks associated with the Company's technologies. Further, continued controversies call into question the extent to which the existing structures provide adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining management and employees and retaining a good reputation in the eyes of users and advertisers.</p>	<p>plan of assets sales. However, despite engaging with the company, we do not believe this exceptional remuneration is justified and did not support the resolution.</p>
Outcome of the vote	19.5% of shareholders supported the resolution	Approximately 45% of the independent votes supported the resolution.	The resolution passed
Implications of the outcome	<p>Whilst shareholders have limited powers to change practices at the company (given Mark Zuckerberg effectively has control of the company with 58% of the total voting shares), there is increasing pressure on the company to improve Content control. Since the AGM we have engaged with the company over these issues and if the company fails to speed up progress it is likely that there will be increasing calls for Mark Zuckerberg to separate the roles.</p>	<p>"Human rights-related issues were the overarching theme of the meeting. The company insists they are progressing but that does not mean they are doing it well or at a scale large enough for the scope of the problem. It was clear from the AGM that the board lacks accountability to its investors and potentially lacks independence from management.</p>	<p>The engagement with the company regarding our concerns over executive pay is part of our broader governance-focused and ongoing engagements with the company and will be factored into our investment considerations</p>
Criteria on which the vote is considered "significant"	<p>This vote was selected given the materiality of the shareholder resolution (i.e the increasing pressure on the Company to improve corporate governance and content management controls) and the impact on the brand reputation if the issues are not adequately addressed)</p>	<p>This vote was selected given the materiality of the shareholder resolution (i.e lack of a clear human rights programme) and the high level of support the proposal received. Investors will also be scrutinised about what they have done to challenge and change practices at the company, particularly if human rights are found to be below expectations. Alphabet is an active position for Aviva Investors</p>	<p>This vote was selected given it was deemed controversial and is a potential red flag around the company's corporate governance</p>

Schroder Life Intermediated Diversified Growth Fund*

	Vote 1	Vote 2
Company name	Amazon.com, Inc.	Tesco Plc
Date of vote	05/27/2020	06/26/2020
Summary of the resolution	Elect Director Jonathan J. Rubinstein	Approve Remuneration Report
How the manager voted	Against	Against
Rationale for the voting decision	Lead Independent Director and ongoing concerns about labour standards and company responsiveness to shareholder concerns. See case study in Q3 sustainability report.	Retesting of historical PSP targets. See case study in Q4 Sustainable Investment Report.
Criteria on which the vote is considered "significant"	Schroders considers any vote against management to be significant.	

*Barnett Waddingham are working with Schroders to improve the quality and depth of the significant data they provide. This improvements will be reflected in next year's implementation statement.

Fund level engagement

The investment managers engage with their investee companies on behalf of the Trustees. The Scheme's investment consultant requested information on fund level engagement from the asset managers.

The table below provides a summary of the engagement activity undertaken by each manager at the firm level.

Manager	Baillie Gifford		BlackRock	Schroders
Fund name	Baillie Gifford International Fund	Baillie Gifford UK Equity Core Fund	BlackRock (40:60) Global Equity Index Tracker	Schroder Life Intermediated Diversified Growth Fund
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	77	84	1,915*	1,555
Number of engagements undertaken at a firm level in the year	560	560	2564*	3,599
Examples of engagements undertaken with holdings in the fund	See below	See below	See below	See below

*Aviva Investors manage the voting and engagement rights of the BlackRock (40:60) Global Equity Index Tracker Fund

Engagement examples

Baillie Gifford International Fund

Amazon.com, Inc. (US) - Environment

Meeting founder/CEO Jeff Bezos and members of senior management allowed us to delve into the opportunities and challenges created by Amazon's scale. On sustainability, Baillie Gifford asked Dave Clark, VP Worldwide Operations, how one-day shipping affects Amazon's environmental impact. He explained that faster delivery does not equate to a larger carbon footprint, particularly as one-day delivery items are stored locally, cutting out air transport. The conversation spanned packaging, fulfilment, transportation and automation. Baillie Gifford's impression was that sustainability is woven into Clark's thinking about optimising Amazon's operations.

Baillie Gifford UK Equity Core Fund

Hargreaves Lansdown plc – Governance

In a continuation of our engagement, Baillie Gifford had a call with Deanna Oppenheimer, the chair, to discuss measures to strengthen the company's governance structure and address perceived conflicts of interest. The outcome followed an independent board effectiveness review after her appointment and that of a new company secretary with a corporate governance focus, as well as KPMG's independent review of the firm's governance structure. Over the past 12 months, Baillie Gifford's investment managers have consistently encouraged the board to separate the decision-making process for the Wealth 50 shortlist from that being used for the firm's multi manager funds; we are pleased that this is a feature of the outcome. Also welcome is the establishment of a conflicts committee to review and manage conflicts of interest, and the appointment of two new independent non-executive directors to the board.

BlackRock (40:60) Global Equity Index Tracker

Alphabet Inc (US) – Social

Political, social and investor scrutiny of the human rights policies of the world's largest internet platforms have continued to intensify in the face of growing concerns over the management of user data and controls of freedom of expression. To date, Alphabet (Google) along with its sector peers have been reticent to take proactive steps to placate investor concerns in this area. Consequently, Aviva Investors co-filled a shareholder resolution at the 2020 AGM to elevate human rights on the board agenda.

The resolution specifically called on the company to establish a Human Rights Risk Oversight Committee composed of independent directors, and provide an on-going review of the company's human rights policies and report on its implementation.

Noting that over half of the voting rights are controlled by executives and board members, the resolution received an unprecedented level of support amongst independent shareholders (45%). BlackRock will continue to collaborate with like-minded investors to press the company to adopt more progressive human rights controls and practices, as the company seeks to navigate a principles-based pathway through the myriad of social challenges and ethical dilemmas that lies ahead.

Barclays Plc (UK) – Environment

BlackRock met with the company to follow up on Barclays' commitment made it at its 2020 AGM to transition the business to 'net zero' for all financing activities. The company outlined its new BlueTrack methodology which provides a framework of setting out a transition pathway for each sector, helping to identify Barclays financing

exposure to existing emissions, and track progress against interim targets. To date the company has developed the methodology for higher impact sectors, power and energy, and will be rolling out the process for other sectors in due course.

BlackRock outlined a series of recommendations on how they would expect their process and disclosures to evolve including the tracking of underlying indicators which would enable external parties to track progress and evaluate the effectiveness of their transition engagement program with clients. BlackRock also asked the company to better articulate the commercial impact of its new climate approach on retaining and winning new business, particularly in sensitive sectors and markets such as the US.

Overall, BlackRock were impressed with the progress that Barclays has made to date, but will continue to push the company to maintain its leadership position and translate climate commitments into tangible changes in its lending activities.

Schroder Life Intermediated Diversified Growth Fund

Recruit. – Governance

Members of Schroders' Global Equity and Sustainable Investment teams engaged with Recruit Holdings, a Japan-based technology company specialising in the provision of human resources-related services. Schroders' interactions took place on several occasions between 2018- 2020 to encourage the company to add female members and external independent directors from other regions to its board. While Recruit is a Japanese company, they believe that having diversity in perspectives, backgrounds, business experiences and professional expertise is imperative to ensure that the company is properly equipped to manoeuvre around its international and increasingly volatile business environment. Schroders' various interactions with Recruit have helped them to better understand the extensive efforts that the company is undertaking to encourage inclusiveness, providing reassurance that it has a robust process to build a diverse pipeline of board candidates, including the appointment of more women. Indeed subsequent to their conversations Recruit has set formal targets to add a woman to their six person board by June 2021 and build upon this progress by appointing another one the following year. They also added their first foreigner to the board at this year's AGM. These improvements in Recruit's corporate governance structure added conviction to Schroders' view around governance and management quality. They believe the company could be leaders in the Japan market, and remain cautiously optimistic of its progress on ESG. Schroders will continue to monitor progress.

Strategy Review

There were no changes to the Scheme's platform provider, the default investment strategies for members in the Scheme, or self-select options available to members in the Scheme over the year to 31 December 2020.

Scheme Governance

Governance arrangements, in terms of the constitution of the Board of Trustees, service level agreements with providers, processing of core financial transactions, costs and charges, and investment arrangements, are detailed in the Chair's Statement.

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Barnett Waddingham LLP, as the Trustees' investment consultant.

There were no changes to the objectives put in place for Barnett Waddingham LLP in April 2020. The Trustees are due to formally review these objectives in April 2021.

Statement of Investment Principles

The Statement of Investment Principles was last updated in October 2020 to allow for an update for the Scheme's ESG policies as required under legislation.

Over the year the SIP was updated in October 2020 to again reflect additional policies on ESG as required under legislation. These new policies are reported on in this Statement.

Monitoring of Investment Managers

The Trustees receive quarterly monitoring reports from Aviva which covers the Scheme's assets, manager performance and performance of the lifestyle strategies and default strategy. This report is discussed at quarterly Trustee meetings. The Trustees have made no new manager appointments within the default strategy over the year.

The Trustees annually review the ESG capabilities of the managers as part of the monitoring process

Non-financially material considerations

The Trustees policy is to not take account of non-financially material considerations in setting their strategy. Therefore this has not been considered over the year. The Trustees intend to review this policy over time.

Conclusions

Having reviewed the information set out in this Implementation Statement, the Trustees are comfortable that the actions of the investment managers carried out on their behalf over the year to 31 December 2020 were broadly aligned with the Plan's voting and engagement policies.

The Trustees and their investment consultant are also working with the Scheme's investment managers to provide additional information regarding their engagement activity in the future, to improve the Trustees' ability to assess the investment manager's actions compared with the engagement policy set out in the SIP.

Prepared by the Trustees of the Milliken Industrials Limited Voluntary Pension Scheme

April 2021