

Mizuho Bank London Final Salary Scheme - Implementation Statement for DB Section

Statement of Compliance with the Mizuho Bank London Final Salary Scheme's Stewardship Policy for the year ending 31 March 2021.

Introduction

This is the Trustee statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme's Stewardship Policy during the period from 1 April 2020 to 31 March 2021.

Stewardship policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee's approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engage with their investment managers and any other stakeholders.

The Scheme's Stewardship Policy is reviewed on an annual basis in line with the Scheme's Statement of Investment Principles (SIP) review which was last completed in September 2020.

The following changes were made to the Stewardship Policy during the last year:

- Increased focus on approach to stewardship;
- Ensuring that the managers have suitable policies in place which address conflicts of interest.

You can review the Scheme's Stewardship Policy which can be found within the Scheme's Statement of Investment Principles, at <https://goddardperryeb.com/final-salary-scheme-documents.php>

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. The Trustee meets periodically with their managers and the Trustee considers managers exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors their compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

Voting activity

The Trustee seeks to ensure that their managers are exercising voting rights and where appropriate, to monitor managers voting patterns. The Trustee has investment in equity assets through several different mandates. The Trustee's investment managers have reported on how votes were cast in each of these mandates as set out in the table below:

Strategy/Fund name	BlackRock 60/40 Global Equity	BlackRock Currency Hedged Overseas	BlackRock Overseas Fixed	Newton Real Return
Proportion of Scheme assets	41.1%	14.1%	9.0%	17.1%
No. of meetings eligible to vote at during the year	3,201	2,122	2,122	98
No. of resolutions eligible to vote on during the year	40,054	26,239	26,239	1,307
% of resolutions voted	94.9%	93.4%	93.4%	99.2%
% of resolutions voted with management	93.8%	93.6%	93.6%	85.4%
% of resolutions voted against management	6.3%	6.5%	6.5%	14.6%
% of resolutions abstained	1.0%	0.5%	0.5%	0%
% of meetings with at least one vote against management	N/A	N/A	N/A	38%

The resolutions which BlackRock commonly voted against management over the Scheme year was mainly in relation to: election of directors and related proposals; compensation; and, mergers, acquisitions and reorganisations.

The resolutions which Newton commonly voted against management over the Scheme year was mainly in relation to: board structure; remuneration; and audit related.

Significant votes

BlackRock and Newton provide information on what they view as their most significant votes during the year. From the managers reports, the Trustee has identified the following votes as being of greater relevance to the Scheme:

BlackRock - Chevron Corporation, 27 May 2020, vote to Report on Climate Lobbying Aligned with Paris Agreement Goals

BlackRock voted FOR this proposal, as this would provide greater transparency into the company's approach to political spending and lobbying which is aligned with their stated support for the Paris Agreement. This will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.

BlackRock - Barclays Plc, 7 May 2020, Approve Barclays' Commitment to Tackling Climate Change

Following engagement with its shareholders and other stakeholders, including BlackRock, Barclays announced on 30th March 2020 updated ambitions with respect to tackling climate change. Barclays proposed its own resolution at its annual general meeting (AGM) to commit the company to a strategy, with targets, for alignment of its entire financing portfolio to the goals of the Paris Agreement. Barclays committed to provide further details of the strategy by the end of 2020. BlackRock voted FOR the resolution as 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.

BlackRock - Facebook Inc., 27 May 2020, Elect Director Marc L. Andreessen

BlackRock voted AGAINST Mr. Andreessen as a director on the board, as he serves on the Audit Committee and considered him to be affiliated, not independent. Mr. Andreessen is a founding partner at Andreessen Horowitz which has held significant stakes in companies acquired by Facebook. BlackRock believe all members of key committees, including audit, should be independent.

Newton - Alibaba Group Holdings Limited, 30 September 2020, Elect Directors

Newton voted against the two members of the governance committee who were seeking re-election given their concern surrounding the low level of independence on the board.

Newton – LEG Immobilien AG, 19 August 2020, Remuneration Policy

Newton voted against the proposed remuneration on account of their lack of alignment with performance. The executive long-term compensation scheme was entirely cash-based, and although this was indicated to be performance-linked, no disclosures were provided on performance targets. With targets not being disclosed, Newton were concerned that long-term awards could vest for below-median poor performance. Furthermore, the introduction of special remuneration awards through transaction-based bonuses were not considered to be ideal for promoting talent retention due to these generally being one-off in nature.

Engagement activity

The Trustee holds meetings with their investment managers on a periodic basis where stewardship and ESG issues can be discussed. During the Scheme year to 31 March 2021, there was a significant focus on reviewing the investment strategy, the outcome of which has led to new allocations to private lending and multi-asset credit, with allocations to ICG and Barings respectively. As part of the manager selection and due diligence exercises the Trustee considered the relevant ESG policies and credentials of these managers and received advice regarding this from their investment advisor.

The Scheme's investment advisor monitors all of the managers the Scheme invests in and they highlight any areas of concern, or where they believe engagement by the Trustee would be advantageous, to the Trustee. Going forward, once the new strategy is implemented, it is expected that the Trustee will meet with their managers on a periodic basis, where Stewardship will be discussed along with other investment matters.

Summary of manager engagement activity

The Trustee receives annual reporting on BlackRock and Newton's engagement activity. The following tables summarise key engagement activity for 2020 by most common topics.

BlackRock

Number of engagements	Topic engaged on
1,695	Board quality
1,939	Environmental risks and opportunities
1,644	Corporate strategy and allocation
1,077	Human capital and management
1,269	Compensation that promotes long-termism

The manager carried out 3,051 engagements with 2,110 companies over 2020 – some of these engagements may have covered numerous topics.

Newton

Number of engagements	Topic engaged on
40	Climate Change
40	Human capital management
37	Board leadership
32	Strategy and risk
30	Remuneration

The manager carried out 137 engagement meetings with 99 companies over 2020. Some of these engagements may have covered numerous topics.

Use of a proxy adviser**BlackRock**

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 their vote analysis process and does not determine how they cast their votes.

Newton

Newton utilise ISS for the purpose of administering proxy voting (notification and lodgement of votes), as well as its research reports on individual company meetings. However, they make their own voting decisions and only in the event where Newton recognise a potential material conflict of interest do they follow the voting recommendations of ISS.

Review of policies

The Trustee have committed to reviewing the managers' RI policies on a periodic basis. During the last Scheme year the Trustee reviewed the RI policies of the two new managers that are to be appointed, Barings and ICG.

The Trustee and its advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Scheme.