

Implementation Statement for the Mizuho International plc Retirement Benefits Scheme

Covering 1 April 2021 to 31 March 2022

1. Background

The Trustees of the Mizuho International plc Retirement Benefits Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme’s Statement of Investment Principles (“SIP”) during the previous Scheme year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes.

A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found at:

<https://www.mizuhogroup.com/binaries/content/assets/pdf/emea/who-we-are/corporate-governance/mizuho-international-plc/legal-disclosures/mhi-statement-of-investment-principles.pdf>

2. Investment Objectives and Activity

The Trustees are required to invest the Scheme’s assets in the best interest of members, and their main objectives with regard to investment policy are: to achieve, over the long term, a return on the Scheme’s assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Scheme; to ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and to consider the interests of the Employer in relation to the size and volatility of the Employer’s contribution requirements. No formal manager selection or strategy decisions were made during the last Scheme year.

The Trustees purchased a bulk annuity contract from JUST in August 2021 to cover all pensioner liabilities based on data as at 31 March 2021. The Trustees subsequently altered their asset allocation in order to hedge 100% of interest and inflation rates for the residual liabilities not covered by the bulk annuity purchase, on a gilts flat Solvency basis set by Cartwright.

3. ESG, Stewardship and Climate Change

The Scheme’s SIP includes the Trustees’ policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change, and the processes followed by the Trustees in relation to voting rights and stewardship.

4. Voting and Engagement

The Trustees are keen that their managers are signatories to the UK Stewardship Code, which they are.

All of the Trustees' holdings are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the year.

The Scheme held the following funds at some point during the year:

- Schroder Life Intermediated Diversified Growth Fund
- Insight Broad Opportunities Fund
- Insight LDI Enhanced Selection Longer Real Fund
- LGIM Over 5 Year Index-Linked Gilts Index Fund
- LGIM All Stocks Gilts Index Fund
- LGIM Over 15 Year Gilts Index Fund
- LGIM Active Corporate Bond – Over 10 Year – Fund
- LGIM Cash Fund
- LGIM Sterling Liquidity Fund
- LGIM Matching Core Fixed Long Fund

The Trustees were unable to include voting data for one of the pooled funds (Schroder Life Intermediated Diversified Growth Fund) however they will continue to work with their advisers and investment managers with the aim of providing more information in future statements. The Trustees were also unable to include voting data for the underlined funds as they are predominantly fixed income and do not hold physical equities.

5. Description of investment managers' voting processes

a. Insight

The Insight broad opportunities strategy seeks to generate long-term capital growth through a dynamic asset allocation strategy involving several asset classes. The strategy adopts a global macro approach and uses derivatives, market index-based securities, direct holdings and pooled funds for implementation.

As part of Insight's real assets exposure, the strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. They exercise their stewardship role through engagement and voting on their shareholdings.

To help with their voting activities, Insight retains the services of Minerva Analytics for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so.

Minerva Analytics provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of markets, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Where contentious issues are identified, these are escalated to Insight for further review and direction.

b. Schroders

Schroders evaluates voting issues arising at their investee companies and, where they have the authority to do so, votes on them in line with our fiduciary responsibilities in what they deem to be the interests of their clients. Schroders utilises company engagement, internal research, investor views and governance expertise to confirm their intention.

They receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into their voting decisions. In addition to relying on their policies they will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.

It is important to stress that their own research is also integral to their final voting decision; this will be conducted by both their financial and ESG analysts. For contentious issues, their Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

They continue to review their voting practices and policies during their ongoing dialogue with their portfolio managers. This has led them to raise the bar on what they consider 'good governance practice.'

6. Summary of voting behaviour over the year

a. Insight

A summary of Insight's voting behaviour over the period is provided in the table below:

	Summary Info
Manager name	Insight Investment Management
Fund name	Broad Opportunities Fund
Approximate value of trustees' assets	c.£7.6m as at 31 March 2022
Number of equity holdings at year end	11
Number of meetings eligible to vote	12
Number of resolutions eligible to vote	141
% of resolutions voted	100.00%
% of resolutions voted with management	99.30%
% of resolutions voted against management	0.70%
% of resolutions abstained	0.00%
% of meetings voted at least once against management?	8.30%

b. Schroder Life

A summary of Schroder Life's voting behaviour over the period is provided in the table below:

	Summary Info
Manager name	Schroder Life
Fund name	Schroder Life Diversified Growth Fund
Approximate value of trustees' assets	c.£6.1m as at 5 April 2022
Number of meetings eligible to vote	1,680
Number of resolutions eligible to vote	1,609
% of resolutions voted	95.77%
% of resolutions voted with management	89.52%
% of resolutions voted against management	5.42%
% of resolutions abstained	0.06%
% of resolutions withhold	0.77%
% of meetings voted at least once against management?	6.07%
% of resolutions voted contrary to the recommendation of your proxy adviser?	2.80%

7. Most significant votes over the year

a. Insight

Insight define significant votes as where a vote departs from their voting policy and guidelines. Insight indicated that there were no votes that departed from their voting policy and guidelines during the period.

The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.

b. Schroders

Schroders consider "most significant" votes as those against company management.

They are not afraid to oppose management if they believe that doing so is in the best interests of shareholders and their clients. For example, if they believe a proposal diminishes shareholder rights or if remuneration incentives are not aligned with the company's long-term performance and creation of shareholder value. Such votes against will typically follow an engagement and they will inform the company of their intention to vote against before the meeting, along with their rationale. Where there have been ongoing and significant areas of concern with a company's performance they may choose to vote against individuals on the board.

However, as active fund managers they usually look to support the management of the companies that they invest in. Where they do not do this, they classify the vote as significant and will disclose the reason behind this to the company and the public.

The Trustees were unable to include specifics regarding the most significant votes cast within the Schroder Life Intermediated Diversified Growth Fund, however they will continue to work with their advisers and Schroders with the aim of providing more information in future statements.