Implementation Statement for the Ticona UK Pension Scheme
31 March 2020 – 31 March 2021

1. Background

The Trustee of the Ticona UK Pension Scheme ("the Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has 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. This is the first implementation statement produced by the Trustee.

A description of the voting behaviour during the year, either by or on behalf of the Trustee, 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 online at:

https://www.celanesespondon.co.uk/en/Ticona-UK-Pension-Scheme

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 Principal Employer in relation to the size and volatility of its contribution requirements.

No formal manager selection or strategy decisions were made during the last Scheme year.

The SIP was fully reviewed and updated during the period (September 2020) to incorporate the Trustee's policy on Environmental, Social and Governance ("ESG") factors, stewardship and climate change, as required under new regulations.

3. ESG, Stewardship and Climate Change

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

The Trustee will review these further in the next Scheme year and provide information in the next implementation statement. The Trustee also intends to review the investment managers' ESG policies including the application of voting rights in the next Scheme year.

4. Voting and Engagement

The Trustee is keen that its managers are signatories to the UK Stewardship Code, which they are.

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

The Scheme is invested in the following funds:

- BlackRock Dynamic Diversified Fund
- BNY Mellon Real Return Fund
- BMO Real Dynamic LDI Fund
- BMO Nominal Dynamic LDI Fund
- LGIM Sterling Liquidity Fund

The Trustee was unable to include voting data for some of the pooled funds (BMO Real Dynamic LDI Fund, BMO Nominal Dynamic LDI Fund, LGIM Sterling Liquidity Fund) due to the funds not holding physical equities, however they will continue to work with their advisers and investment managers with the aim of providing more information in future statements.

a. Description of investment manager's voting processes

BlackRock

BlackRock describe their processes as follows:

"BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and

prioritise those companies where our own additional research and engagement would be beneficial
- We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis
- We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision
- The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting"

Newton (BNY Mellon)

Newton (also known as BNY Mellon) describe their voting process as follows:

"Our head of responsible investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. We do not maintain a strict proxy voting policy. Instead, we prefer to take into account a company's individual circumstances, our investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices.

Contentious issues may be referred to the appropriate industry analyst for comment and, where relevant, we may confer with the company or other interested parties for further clarification or to reach a compromise or to achieve a commitment from the company.

Voting decisions are approved by either the deputy chief investment officer or a senior investment team member (such as the head of global research). For the avoidance of doubt, all voting decisions are made by Newton.

It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (Institutional Shareholder Services, or the ISS) will take precedence.

It is also only in these circumstances when we may register an abstention given our stance of either voting in favour or against any proposed resolutions. The discipline of having to reach a position of voting in favour or against management ensures we do not provide confusing messages to companies.

Research ahead of voting decisions; regional distinction
We employ a variety of research providers that aid us in the vote decision-making process, including proxy advisors such as ISS. We utilise ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings.

Voting decisions take into account local market best practice, rules and regulations while also supporting our investment rationale. For example, when voting on the election of directors in Japan, we are unlikely to vote against a board chair should the board not be majority independent given that only recently the corporate governance code has recommended boards appoint independent directors. However, in the UK, where majority independent boards are well established and expected by investors, we are likely to vote against the chair and non-independent directors. This being said, we frequently vote against executive pay at US companies despite it being accepted US market practice of granting significant awards of free shares as we believe executive pay should be aligned with performance."

b. Summary of voting behaviour over the year

BlackRock

	Summary Info
Manager name	BlackRock
Fund name	DC Diversified Growth Fund
Approximate value of trustee's assets	£5.1m as at 31 March 2021
Number of equity holdings in the fund	unavailable
Number of meetings eligible to vote	928
Number of resolutions eligible to vote	11,707
% of resolutions voted	95.84%
% of resolutions voted with management	94.14%
% of resolutions voted against management	5.86%
% of resolutions abstained	0.91%
% of meetings with at least one vote against managements	n/a
% of resolutions voted contrary to the proxy adviser recommendation	n/a

Newton (BNY Mellon)

	Summary Info
Manager name	Newton Investment Management Limited
Fund name	BNY Mellon Real Return Fund
Approximate value of trustee's assets	£5.1m as at 31 March 2021
Number of equity holdings in the fund	91
Number of meetings eligible to vote	98
Number of resolutions eligible to vote	1,307
% of resolutions voted	99.2%
% of resolutions voted with management	85.4%
% of resolutions voted against management	14.6%
% of resolutions abstained	0%
% of resolutions withheld	0%
% of meetings with at least one vote against managements	38%
% of resolutions voted contrary to the proxy adviser recommendation	9.9%

c. Most significant votes over the year

BlackRock

BlackRock describe their process for defining "most significant" votes as follows:

"BlackRock Investment Stewardship (BIS) prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance at the companies in which we invest on behalf of our clients. BIS' year-round engagements with clients to understand their focus areas and expectations, as well as our active participation in market-wide policy debates, help inform these priorities. The themes we have identified are reflected in our global principles, market-specific voting guidelines and engagement priorities, which underpin our stewardship activities and form the benchmark against which we look at the sustainable long-term financial performance of investee companies.

BIS periodically published "vote bulletins" on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. These bulletins are intended to explain our vote decisions relating to a range of business issues including ESG matters that we consider, based on our global principles and engagement priorities, potentially material to a company's sustainable long-term financial performance. Other factors we may consider in deciding to publish a vote bulletin include the profile of the issue in question, the level of interest we expect in the vote decision and the extent of engagement we have had with the company. The bulletins include relevant company-specific background, sector or local market context, and engagement history when applicable.

BIS publishes vote bulletins after the shareholder meeting to provide transparency for clients and other stakeholders on our approach to the votes that we consider to be most significant and thus require more detailed explanation. We publish details of other significant votes (including vote rationales, where applicable) quarterly on the BIS website.

Our vote bulletins can be found here https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history"

Newton (BNY Mellon)

Newton (also known as BNY Mellon) define their process for determining the "most significant" votes as follows:

"We regard material issues as all votes against management, including where we support shareholder resolutions that the company's management are recommending voting against. As active managers, we invest in companies that we believe will support the long-term performance objectives of our clients. By doing so, we are making a positive statement about the business, the management of risks and the quality of management. Voting against management, therefore, is a strong statement that we think there are areas for improvement. As such, by not supporting management, we think that this is material, which is different to a passive investor where there is no automatic assumption of a positive intent in ownership. As such, we report publicly our rationale for each instance where we have voted against the recommendation of the underlying company's management. At the fund level, we consider each instance of voting against management to be significant but if required to prioritise these instances, we take an objective approach that includes the fund's weighting in each security. This reflects our investment process and ensures the prioritised list includes those instances that could be most impactful to the long-term value to the fund as well as those that may have an immediate impact to the fund."

BlackRock

Company name	Barclays Plc	Woodside Petroleum Ltd.
Date of vote	7-May-20	30th April 2020
Summary of the resolution	Resolution 29: Approve Barclays' Commitment toTackling Climate Change Resolution 30: Approve ShareAction Requisitioned Resolution	Item 4a: Special Resolution to Amend the company Constitution Item 4b (1-3):Ordinary Resolution on Paris Goals and Targets Item 4c: Ordinary Resolution on Climate-Related Lobbying Item 4d: Ordinary Resolution on Reputation Advertising Activities
How you voted	BlackRock, through an independent fiduciary, voted FOR all management resolutions and AGAINST shareholder Resolution 30.	BIS voted with management and withheld support for the relevant proposals.
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Information not provided	Information not provided
Rationale for the voting decision	Based on BlackRock's proxy voting guidelines, the independent fiduciary voted as follows: Resolution 29: Approve Barclays' Commitment to tackling Climate Change (FOR) Resolution 30:Approve ShareAction Requisitioned Resolution (AGAINST) 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	Based on our evaluation, Woodside provides adequate transparency on their advertising activities and the community groups that they support. We recognize that there are a range of strongly held and differing views in the energy transition debate and maintain that all parties, including the company, are within their rights to state their views/engage in the discussion within OECD guidelines. Furthermore, based on our research, there is no indication that Woodside's sponsorships and community partnerships do not comply with relevant laws and the underlying principles of the OECD Guidelines for Multinational Enterprises.
Outcome of the vote	Resolution 29 - supported by 99.9% of shareholders Resolution30 - supported by 23.9% of shareholders (source: Company website)	
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Information not provided	We will continue to engage with the board and management of Woodside on a range of governance and material sustainability issues, including its long-term ambition for carbon neutrality. We will also monitor and provide feedback on the relevant disclosures and targets once published.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	Information not provided	Information not provided

BNY Mellon Real Return Fund

Company name	Mastercard Incorporated	NIKE, Inc.
Date of vote	16/06/2020	17/09/2020
Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation, Elect Board Directors (members of the compensation committee), Ratify PricewaterhouseCoopers LLP as Auditors	Advisory Vote to Ratify Named Executive Officers'Compensation, Ratify PricewaterhouseCoopers LLP as Auditors and Report on Political Contributions Disclosure.
How you voted	AGAINST	AGAINST management proposals and FOR shareholder proposal
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	No
Rationale for the voting decision	Votes were instructed against the executive compensation structure and the members of the the compensation committee. We were concerned that a significant proportion of the long-term pay awards are subject only to time served and not performance. We also voted against the appointment of the auditor as it had been in place for 30 years which raised concerns surrounding independence.	We voted against management on a number of resolutions. We voted against the appointment of the external audit firm owing to it serving the company for 46 consecutive years. We believe this compromises independence and objectivity. Votes were also instructed against the ratification of the executive compensation arrangements. Our chief concern was that fewer than 50% of long-term pay awards were subject to the achievement of performance conditions. Finally, we supported a shareholder resolution requesting enhanced disclosures on political contributions. While the company's disclosures offer some insight into the contributions made and the governance framework surrounding this risk, we felt that the proposal would offer increased transparency of the company's relationships with trade associations and would bring its disclosures in line with better-performing peers.
Outcome of the vote	2.0%, 3.3%, 1.1%, 1.1%, 0.3% and 0.2% AGAINST compensation committee members; 3.7% AGAINST ratification of PwC; 4.5% AGAINST executive compensation	46% AGAINST Advisory Vote to Ratify Named Executive Officers' Compensation 3.6% AGAINST Ratify PricewaterhouseCoopers LLP as Auditors 34.4% FOR Report on Political Contributions Disclosure
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We did not consider the vote outcome on the pay resolutions to be material and of a level where the company is expected to address concerns. However, we expect domestic investors voting policies to change over time on this topic.	With close to a majority of shareholders voting against the executive pay practices, the company will need to conduct a fundamental review of its pay practices. In addition, the significant level of support for the company to improve its reporting of political contributions suggests that the company will also need to review its approach to this matter. We expect to encourage improvements through our voting decisions.
On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?	The company's approach was a breach of the UK's corporate governance code, including the absence of an explanation justifying the move.	Only a few companies, globally, receive such a high level of shareholder dissent in relation to pay practices.