Millennium Inorganic Chemicals (UK) Pension Scheme

Implementation Statement

This statement sets out how the Trustees' policies on voting rights and engagement activities, as set out in the Statement of Investment Principles, have been followed over the year to 31 March 2021.

How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such the Trustees delegate responsibility for carrying out voting and engagement activities to the Scheme's investment managers.

The Trustees, with input from their investment consultant, annually receive and review (through their Implementation Statement), the voting information and engagement policies of their investment managers to ensure alignment with our own policies.

Given the nature of the Scheme's current holdings, voting rights are not applicable and fund level engagement is only relevant to the TwentyFour Absolute Return Credit Fund (see further details below). Based on the data available, the Trustees are comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies.

Voting data

The Scheme currently invests in the TwentyFour Absolute Return Credit Fund, the CVC Global Yield Fund and a Liability Driven Investment ("LDI") Portfolio with BlackRock. Voting is not applicable to any of the Scheme's assets as the funds invest only in fixed income assets, which have no voting rights. Therefore no voting data is presented for the purpose of this Implementation Statement.

Fund level engagement

The Trustees considers 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, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

BlackRock are not expected to perform any engagement on behalf of the Scheme's holdings in the LDI Portfolio (consisting of the BlackRock Liability Matching Funds and Gilt Funds), due to the nature of these funds.

The two main components of LDI are gilts and derivatives (including swaps). Given that the UK government has no human rights violations, and has shown a willingness to engage on climate change issues, engagement is not a major concern when investing in gilts.

Derivatives are contracts which the scheme or LDI pooled fund will trade with banks and ESG factors can be applied to banks. However, choosing which bank to trade derivatives with is a distinctly different decision to deciding which bank to buy shares in, whereby ESG factors would be an important consideration. This is because the derivatives that the pension scheme or LDI fund holds are collateralised and/or centrally cleared which reduces the risk that if a bank defaults, there is an adverse effect on the scheme or LDI fund. Engagement therefore has a largely limited impact on the holdings.

CVC also do not undertake engagement on the underlying companies of the Global Yield Fund. The composition of the Fund is a pool of liquid loans and as a lender, CVC do not engage on the actions any of their companies choose to take. However, ESG and responsible investing considerations are integrated into the initial investment selection process and ESG screens are also used (both proprietary and third party ESG screening tools). Throughout the life of the investment, material ESG and responsible investing risks are monitored as part of the regular portfolio monitoring and reporting process. CVC's Compliance Team also provide an overview of any potentially adverse ESG-related news specific to a particular company and the possible impact on the value of the investment. CVC have provided examples of investments that have been declined due to ESG concerns, both in Europe and the US.

Fund level engagement data of TwentyFour Absolute Return Credit Fund is summarised below.

Manager	TwentyFour Asset Management
Fund name	Absolute Return Credit Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	55
Number of engagements undertaken at a firm level in the year	453
Examples of engagements undertaken with holdings in the fund	**National Grid:** During Q4 2020, TwentyFour engaged with the Deputy Treasurer and the Head of Management Reporting at National Grid to discuss the steps being taken to facilitate the transition away from gas and to electric vehicles, and how this will affect the capital expenditure of the company. **Annington Finance:** In July 2020, TwentyFour engaged with the company regarding the absence of CO_2 data and encouraged them to disclose this as soon as possible. This data was subsequently included in the 2020 Annual Report and Accounts. Overall, this was a successful escalation as Annington Finance recognised the issue and were willing to address it. In this instance, TwentyFour positively influenced management behaviour and increased the disclosure of ESG related data, which enables investors to better evaluate the ESG credentials of the company. Overall TwentyFour judge this to be a positive outcome for their investors. While the financial effects of such engagement remain unknown, as ESG concerns continue to grow, TwentyFour believe companies that do not deliver the data investors may need to make investments are at risk of declining demand for their bonds and in the medium term are at risk of being stranded by financial markets. **Vantage Towers:** In Q1 2021, TwentyFour engaged with the CFO on a number of ESG aspects ahead of the company's new issuance.

Source: TwentyFour Asset Management