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 ("SIP"), have been followed over the year to 31 March 2022.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- 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.

Stewardship policy

The Trustees' SIP describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2020 and has been made available online here: https://www.tronox.com/about-us/global-locations/#12159.

There have been no changes to the Trustees' stewardship policy over the year to 31 March 2022. The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment mangers.

Prepared by the Trustees of the Millennium Inorganic Chemicals (UK) Pension Scheme
July 2022

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.

Engagement activities are limited for the Scheme's LDI funds (consisting of the BlackRock Liability Matching Funds and Gilt Funds) due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

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 for the TwentyFour Absolute Return Credit Fund is summarised on the following page.

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	35
Number of engagements undertaken at a firm level in the year	283
Examples of engagements undertaken with holdings in the fund	**Heimstaden AB - European REIT:** In Q4 2021, TwentyFour engaged with Heimstaden to discuss how they plan to improve their poor environmental score, which has been mainly driven by the deterioration of their environmental credentials following the acquisition of a more 'dirty' real estate company. While there is a lot of work for Heimstaden to do, TwentyFour were pleased by the roadmap and detail Heimstaden outlined in their response, and believe that their poor ESG scoring will improve due to the work they have already carried out. TwentyFour noted that it is more efficient from a life cycle perspective, climate-wise to keep an older residential building than to demolish it and re-build a new energy efficient building. With that in mind, despite the deterioration in emissions metrics, thinking about overall societal outcomes, Heimstaden's acquisition of 'dirty' companies and applying their proven climate roadmap, which is supported by a very strong balance sheet (which many smaller operators do not have), may well be the best ultimate outcome for society. TwentyFour will continue to monitor progress but remain invested. **National Express Group:** In Q3 2021, TwentyFour engaged with National Express on a range of environmental issues in order to assess their carbon emissions reduction plan and other environmental objectives and if substandard, push for improvements. This was a very detailed and largely successful engagement with the senior management at National Express. TwentyFour identified specific data points which they will track and measure to ensure National Express continue to improve on their environmental credentials, particularly by making efforts to move towards a better carbon footprint. Although there is still a long way to go, TwentyFour are happy to support National Express in their transition and remain invested in their bonds. **Barclays:** During the year, TwentyFour engaged with Barclays to discuss their poor gender diversity credentials, and how they intend to address this issue. This engagement was performed via email, and there was no need to escalate the engagement since TwentyFour received very satisfactory responses from Barclays. In particular, Barclays recognised that attracting, developing and retaining top female talent is crucial to their long-term goals. Barclays provided a number of targets in place to increase the number of female employees, directors and board members, including setting targets for individual business areas and working with recruitment partners to actively identify potential employees. TwentyFour will monitor these going forward and will engage where necessary, but they currently have no issues with maintaining investment with Barclays.

Source: TwentyFour Asset Management