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 2025.

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 Sustainable Short Term Bond Income 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.
- The Trustees' decision to transition to the TwentyFour Sustainable Short Term Bond Income Fund in June 2023 has supported the implementation of a strategy that is more closely aligned with their ESG and climate change objectives. The fund incorporates both positive and negative ESG screening, alongside temperature alignment and net zero commitments (without materially impacting the overall strategy or expected risk/ return characteristics).
- The Trustees meet annually with the Scheme's investment managers to discuss current topics relevant to the Scheme and to refresh their understanding of the approach and processes of the Scheme's investment managers. The Trustees also use these meetings as an opportunity to discuss the manager's approach to ESG considerations, their stewardship policies and how these align with the Scheme's own ESG policies.

  The Trustees met with TwentyFour and CVC in June 2025 for an annual update of the funds. In particular:

  1. TwentyFour confirmed that engagement occurs on both individual issues and broader themes. A recent example that TwentyFour provided involved U.S. banks withdrawing from net zero initiatives, namely the Net Zero Banking Alliance. Engagement revealed that while the banks no longer wished to be formal signatories, they remained committed to their long-term climate goals.
  2. CVC noted that, in terms of engagement, every issuer in the portfolio is assessed using a dedicated scorecard that is updated annually. ESG and other matters are frequently discussed through interactions with management teams. There were no further updates over the year to CVC's approach to ESG.

  The Trustees were comfortable with the investment managers' ESG approaches and that they were aligned with the Scheme's own 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 November 2024 following changes to the investment strategy and has been made available online here:

https://www.tronox.com/download.php?path=19759

There have been no changes to the Trustees' stewardship policy over the year to 31 March 2025. The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers. The Trustees decided not to set stewardship priorities for the Scheme because the Scheme solely invests through pooled investment vehicles where the Scheme's assets are invested in assets that do not have voting rights.

Prepared by the Trustees of the Millennium Inorganic Chemicals (UK) Pension Scheme
August 2025

Voting data

As at 31 March 2025, the Scheme invested in the TwentyFour Sustainable Short Term Bond Income Fund, the CVC Global Yield Fund and a Liability Driven Investment ("LDI") Portfolio and Sterling Liquidity Fund with Columbia Threadneedle. 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 Columbia Threadneedle Leveraged 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. 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 maintains a scorecard for each issuer in the portfolio, which is updated annually. In addition, there are frequent interactions with management teams regarding ESG and other relevant matters.

Fund level engagement data to 31 March 2025 for the TwentyFour Sustainable Short Term Bond Income Fund is summarised on the following page.

Manager	TwentyFour Asset Management
Fund name	Sustainable Short Term Bond Income 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	185
Number of engagements undertaken at a firm level in the year	c.400

Source: TwentyFour Asset Management

Examples of engagements undertaken with holdings in the fund

JP Morgan:

Following JP Morgan's departure from the Net Zero Banking Alliance ("NZBA"), TwentyFour engaged with the bank (and other US banks) to determine whether this marks any change to their net zero targets and fossil fuel policies set under the alliance. The engagement began via email and was followed by a call for further clarification. The engagement is linked to the Climate Action UN SDG.

JP Morgan confirmed that its net-zero targets and broader climate strategy remain unchanged following its departure from the NZBA. The bank emphasised that its decision to exit was unrelated to the current US administration, noting that internal discussions had been underway prior to the recent administration. They stated that it makes long-term strategic decisions that are not influenced by a four year presidential term. While the NZBA initially played a valuable role in developing sectoral guidance in collaboration with other global banks at a time (back in 2021) when decarbonisation strategies across the sector were still unclear, JP Morgan has since built its own dedicated climate team and now believes it has the internal expertise to independently drive its transition strategy and no longer sees the benefits of the alliance's partnership and guidance.

On fossil fuels, JP Morgan clarified that they will not finance any new coal-fired power plants, oil & gas clients must meet internal thresholds and demonstrate progress over time though there is no formal phase-out plan, and future financing decisions will be shaped by market demand and government policy. They reiterated the importance of energy security and the ongoing role of fossil fuels in the overall energy mix. However, the absence of a phase-out plans raises questions about the credibility of the bank's net-zero targets.

TwentyFour was encouraged that their targets set under the alliance remain in place, however TwentyFour acknowledges that it is early days, therefore published lending data must be monitored to observe any change in lending patterns to fossil fuel companies and also whether there is any changes to their net zero targets or fossil fuel lending policies.

BNP:

TwentyFour reached out to BNP regarding their gender pay gap which they publish for the UK. The figure is on the high side compared to peers at 37.8% and has also increased rather than decreased in the past year. The engagement is linked to the Reduced Inequalities UN Sustainable Development Goals.

The BNP Investor Relations team ("IR") provided insights into why the pay gap remains high. They explained that there are more men in senior positions and front office/technical roles, which also contributes to the high gender bonus pay gap. IR highlighted that BNP's London branch is on par with the industry average, comparing to companies like Barclays UK and HSBC UK, and is better positioned than Goldman Sachs UK.

To address the gender pay gap, IR outlined several initiatives focused on recruitment and early career development aimed at achieving a 1-to-1 gender balance. Additionally, they have numerous Diversity, Equality & Inclusion committee efforts in place to tackle these issues.

The response from BNP is satisfactory, indicating awareness and initial steps to address the gender pay gap. However, there is significant scope for improvement, and achieving meaningful change will take time. TwentyFour will continue to monitor their progress.

Computershare:

As performance has deteriorated in UK Mortgages, particularly those originated before the global financial crisis, TwentyFour has engaged directly with servicers, who manage arrears and help borrowers. TwentyFour met with Computershare, one of the largest third-party servicers in UK, managing legacy mortgage portfolio and recently originated owner occupied and Buy-To-Let mortgages. TwentyFour did an onsite due diligence in Skipton to review resources, processes and strategies implemented to deal with arrears. TwentyFour was concerned for legacy borrowers in the cost of living crisis and wanted to check that the servicer of the mortgages was treating these customers fairly.

Performance deterioration has accelerated for legacy mortgages (those originated before the Global Financial Crisis) following a sustained cost of living pressure and increase in interest rates, as those borrowers are paying floating interest rates. While arrears reported have increased, at the site visit TwentyFour obtained very useful insight on underlying data and how borrowers in arrears are performing, including the behavioural patterns of said borrowers. TwentyFour got comfortable that Computershare has a large team to deal with increasing arrears cases. In fact, they reach out to all customers in arrears and establish contact with the majority for which they find a solution such as setting up a payment plan. For those owner-occupied borrowers where their mortgage is coming to final maturity and who are more than 3 months in arrears, Computershare will work with the borrowers to proceed with a voluntary sale of the property. Litigation is really used as a last resort measure, as outcomes are more favourable when the borrower can cooperate with Computershare.

While late-stage arrears are expected to decrease, repossessions are expected to rise for those legacy mortgages coming to final maturity. This will take a few months to be reflected in the reported data. Therefore, TwentyFour took actions and have significantly decreased their exposure to legacy mortgages ahead of any potential market impact.

As a result of TwentyFour's engagement, Computershare will also share additional data on arrears reporting proportion of monthly payments actual paid by borrowers compared to amounts due, which will allow TwentyFour to improve their cashflows forecasting for Residential Mortgage-Backed Securities.