

# Omya UK Pension Scheme

## ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 30 June 2023

### Introduction

This statement sets out how, and the extent to which, the stewardship policy and related policies on environmental, social and governance (“ESG”) factors and climate change set out in the Scheme’s Statement of Investment Principles (“SIP”) produced by the Trustees, have been followed during the year to 30 June 2023. This statement 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 subsequent amendments, as well as the guidance published by the Pensions Regulator.

### Investment Objective of the Scheme

The Trustees’ primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees aim to maximise returns at an acceptable level of risk, taking into consideration the circumstances of the Scheme.

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

### Policy on ESG, Stewardship and Climate Change

The Trustees understand that they must consider all factors that have the potential to impact upon the financial performance of the Scheme’s investments over the appropriate time horizon. This includes, but is not limited to, ESG factors.

The Scheme’s SIP includes the Trustees’ policies on ESG factors, stewardship and Climate Change. The policies were last reviewed in September 2020. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

The SIP was not changed over the Scheme year. However, the current SIP dated September 2020 is in the process of being updated, primarily to reflect changes made following the purchase of a buy-in insurance policy to secure the Scheme’s liabilities with Just. The current SIP is available online at the following link: [https://www.omya.com/Documents/UK/Omya\\_Statement%20of%20Investment%20Principles\\_Sept2020.pdf](https://www.omya.com/Documents/UK/Omya_Statement%20of%20Investment%20Principles_Sept2020.pdf)

## Scheme's Investment Structure

At the 30 June 2023, the majority of the Scheme's investments were held in a Trustee Investment Policy ("TIP") with Mobius Life Limited ("Mobius"). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. The exception to this is the Scheme's holding in the Mercer Private Investment Partners Private Markets Fund.

As such, the Trustees have no direct relationship with the Scheme's underlying investment managers held via the Mobius Platform. Mercer Private Investment Partners manage the Scheme's Private Debt mandate on behalf of the Trustees. As all investments consist of pooled investment vehicles, the Trustees accept that they have no ability to specify the risk profile and return targets of the managers, but believe that appropriate mandates have been selected to align with the overall investment strategy. The investment managers are incentivised to meet these objectives, as not doing so could potentially result in the Trustees disinvesting assets.

## Trustee Engagement

Mercer's quarterly performance reporting includes Mercer's ESG scores for the funds in which the Scheme is invested through the Mobius Platform. These scores reflect Mercer's view on how the managers incorporate ESG factors into the management of their funds and help the Trustees to determine whether further action should be taken in respect of specific funds.

The Trustees monitor the development of these scores over time, and also consider Mercer's ESG scores when undertaking any investment strategy review and considering new investment funds.

The Trustees are satisfied that Mercer's ESG scores for the funds invested in are satisfactory in the context of the mandates of the funds.

As the Trustees have no direct relationship with the underlying investee companies the engagement initiatives are driven by investment managers, mainly through regular engagement meetings with the companies in which they invest or by voting on key resolutions at companies' Annual General Meetings.

Further information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available at the following websites:

### **Columbia Threadneedle:**

<https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

**Pictet:**

<https://am.pictet/en/us/global-articles/company/responsible-investment/tab/OurActionScheme/LeversOfAction>

**Legal & General Investment Management (“LGIM”):**

<https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

**Stone Harbour:**

<https://www.virtus.com/our-story/corporate-responsibility/responsible-investing>

**Barings:**

<https://www.barings.com/en-gb/institutional/sustainability/sustainability-approach/sustainability-at-barings>

**Payden:**

<https://www.payden.com> (see ‘ESG & Stewardship’)

All of the Scheme's current investment managers are signatories of the UK Stewardship Code as follows:

<b>Manager</b>	<b>Signatory Since</b>
Columbia Threadneedle	2022
Pictet	2022
Payden	2021
LGIM	2021
Barings	2021
Mercer	2021

*Source: Financial Reporting Council*

Taking all the above into consideration, the Trustees are satisfied that responsible investment is central to the investment managers' approaches to investing.

The Trustees engage with Mercer regularly and reviews its performance on at least an annual basis.

### **Voting Activity**

If the Trustees are specifically invited to vote on a matter relating to the corporate policy, they would exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's members.

The Trustees have not been asked to vote on any specific matters over the Scheme year and have therefore not directly cast any votes.

As noted earlier, the Trustees have no direct relationship with the pooled funds the Scheme is ultimately invested in, and therefore have no voting rights in relation to the Scheme's investments and no direct ability to influence the managers of the pooled funds. As a result, the Trustees do not directly use the services of a proxy voter.

The Appendix to this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., all funds which include equity holdings) in which the Scheme's assets are ultimately invested. These votes were cast by the underlying fund managers. A fund manager may not always cast a vote when eligible to do so. An example of a reason for not casting a vote when eligible is a lack of sufficient detail on the issue being voted on.

The DWP released a set of Engagement Policy Implementation Statement requirements on 17 June 2022, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Engagement Policy Implementation Statements for schemes with years on or after 1 October 2022. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

- A significant vote is defined as one that is linked to the Scheme's stewardship priorities/themes;
- A vote could also be significant for other reasons, e.g. due to the size of holding;
- Trustees are to include details on why a vote is considered significant and rationale for voting decision.

The Trustees have defined a 'significant vote' as any vote that relates to Climate Change, Diversity and Human Rights. The Trustees also considered size of holding when determining significant votes, given the considerable number of votes undertaken on behalf of the Trustees during the period under review. Specifically, the Trustees focused on the largest ten holdings within each relevant fund.

The Appendix also shows those votes that have met the Trustees' definition of a significant vote. Given that the Trustees have no direct relationship with the underlying pooled fund manager, they have not informed the managers of their definition of a 'significant vote'.

The Appendix also notes whether or not a proxy has been used by the investment manager. The role of a proxy voter or adviser typically involves providing recommendations for and opinions on how to vote, providing a platform for undertaking proxy research, and undertaking voting and reporting.

Due to the private nature of the underlying assets, there were no votes undertaken in relation to the Mercer PIP III Private Debt portfolio during the year under review. In addition, given the portfolio is in its maturing phase which presents limited scope for ESG engagement, there were no engagement activities undertaken during the year.

The de-risking that was undertaken involved disinvesting from all funds which contained equities, and it is therefore expected that next year's Statement will not include any voting information.

### Assessment of how the Engagement Policies in the SIP have been followed for the year to 30 June 2023

The Trustees are satisfied that the Engagement Policies set out in the SIP, which was in place over the year have been followed.

### Appendix: Voting Activity and Significant Votes

<b>Manager/fund</b>	<b>Votes in total</b>	<b>Votes cast Votes against management endorsement</b>	<b>Abstentions</b>
<b>Columbia Threadneedle Multi Asset Fund</b>	6,850 (99.1% of eligible votes)	11.5% of votes cast	2.1% of eligible votes
<b>Pictet Multi Asset Fund</b>	270 (100% of eligible votes)	4.4% of votes cast	0.0% of eligible votes
<b>LGIM Global Equity Fixed Weights (50:50) Index Fund</b>	38,664 (99.9% of eligible votes)	18.1% of votes cast	0.1% of eligible votes

Source: Investment managers

Manager / Fund	Proxy voter used?	Company / Date of vote	% holding within portfolio	Summary of Resolution / For or against management	Criteria for assessing as significant vote	How the manager voted	Rationale	Outcome / next steps
<b>Columbia Threadneedle Multi Asset Fund</b>	<b>ISS Proxy Exchange</b> used for voting execution.  Final vote decisions made by Threadneedle take account of, but are not determinatively informed by, research issued by proxy advisory organisations such as ISS and Glass Lewis as well as MSCI ESG Research.	<b>Amazon.com Inc</b> May 2023	0.6%	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	Environmental (Climate change)	<b>For</b>	Columbia Threadneedle are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy. To meet the ambition of the Paris Agreement and avoid massive risk to shareholder value, corporations should demonstrate the nexus between their climate aspirations and business strategy via disclosure of credible Paris- or 1.5 degree-aligned emissions reduction targets. Columbia Threadneedle believe current disclosure does not sufficiently provide investors such information.	<b>Outcome – Not passed.</b> Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.
<b>Columbia Threadneedle Multi Asset Fund</b>		<b>Amazon.com Inc</b> May 2023	0.6%	Report on Median and Adjusted Gender/Racial Pay Gaps	Social (Diversity)	<b>For</b>	Columbia Threadneedle believe the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	<b>Outcome – Not passed.</b> Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.
<b>Columbia Threadneedle Multi Asset Fund</b>		<b>Amazon.com Inc</b> May 2023	0.6%	Commission Third Party Study and Report on Risks Associated with Use of Rekognition	Social (Human Rights)	<b>For</b>	The company faces risks related to human rights in its global operations. Columbia Threadneedle believe good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.	<b>Outcome – Not passed.</b> Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.

<b>Pictet Multi Asset Fund</b>	<b>ISS</b> – for voting execution and recommendations but do not apply the ISS default recommendation.	<b>Tufton Oceanic Assets Limited</b> October 2022	2.2%	Re-elect Robert King as Director	Social (Diversity)	<b>Against</b>	Pictet opposed the re-election of incumbent board chair Robert King due to a lack of diversity on the board.	<b>Outcome - Pass.</b> Given Pictet believe the subject of the vote could present a material concern from an ESG perspective, they continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.
<b>Pictet Multi Asset Fund</b>		<b>Rio Tinto Plc</b> April 2023	0.2%	Re-elect Megan Clark as Director	Environmental (Climate change)	<b>Against</b>	Pictet voted against the re-election of the incumbent chair of the committee responsible for climate risk oversight because the company is not aligned with investor expectations on Net Zero by 2050 targets and commitments.	<b>Outcome - Pass.</b> Given Pictet believe the subject of the vote could present a material concern from an ESG perspective, they continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.
<b>Pictet Multi Asset Fund</b>		<b>Enbridge Inc.</b> March 2023	0.4%	Elect Director Pamela L. Carter	Environmental (Climate Change/Diversity/Human Rights)	<b>Against</b>	Significant risks to shareholders stemming from severe ESG controversies have been identified at the company, which Pictet believe reflects a failure by the board to proficiently guard against and manage material environmental, social and governance risks. The chair of the board ultimately shoulders the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders, and should therefore be held the most accountable for poor board oversight of ESG risk exposures at the firm.	<b>Outcome - Pass.</b> Given Pictet believe the subject of the vote could present a material concern from an ESG perspective, they continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.



<b>Pictet Multi Asset Fund</b>		<b>Enbridge Inc.</b> March 2023	0.4%	Elect Director Susan M. Cunningham	Environmental (Climate change)	<b>Against</b>	Pictet voted against the re-election of the incumbent chair of the committee responsible for climate risk oversight because the company is not aligned with investor expectations on Net Zero by 2050 targets and commitments.	<b>Outcome - Pass.</b> Given Pictet believe the subject of the vote could present a material concern from an ESG perspective, they continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.
<b>Pictet Multi Asset Fund</b>		<b>Enbridge Inc.</b> March 2023	0.4%	Disclose the Company's Scope 3 Emissions	Environmental (Climate change)	<b>For</b>	Pictet believe that disclosing the company's Scope 3 emissions would provide assurance to shareholders that the company is managing climate related risks and reputational risks appropriately.	<b>Outcome - Not passed.</b> Given Pictet believe the subject of the vote could present a material concern from an ESG perspective, they continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.
<b>Legal and General ("L&amp;G") 50:50 Global Fixed Weight Equity Index Fund</b>	<b>ISS – for voting execution.</b> All voting decisions are made by LGIM.	<b>Shell Plc</b> May 2023	<b>3.5%</b>	Approve the Shell Energy Transition Progress	Environmental (Climate Change)	<b>Against</b>	LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	<b>Outcome - Pass.</b> LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

<b>L&amp;G 50:50 Global Fixed Weight Equity Index Fund</b>	<b>BP Plc</b> April 2023	<b>1.9%</b>	Re-elect Helge Lund as Director	Governance (Climate Change)	<b>Against</b>	LGIM voted against due to governance and board accountability concerns. Given the revision of the company’s oil production targets, shareholders expect to be given the opportunity to vote on the company’s amended climate transition strategy at the 2023 AGM. LGIM also note concerns around the governance processes leading to the decision to implement such amendments.	<b>Outcome - Pass.</b> LGIM will continue to engage with the company and monitor progress.
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**Notes:** Source: Investment managers. ISS = Institutional Shareholder Services Inc.