

Omya UK Pension Scheme

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 30 June 2024

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 2024. 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 ensure that members’ benefit entitlements are met as and when they fall due.

The Trustees aim to achieve this objective by transferring responsibility for meeting all the Scheme’s pension obligations to regulated insurance companies. To this end, the Trustees have purchased insurance policies with Canada Life and Just with the anticipation of converting these to a “buy-out” and subsequently winding up the Scheme. Prior to wind-up, additional payments or expenses will be met from the Scheme’s residual assets, cash balances and/or payments from the Sponsor.

Given the Trustees’ objectives, while members will continue to receive payments in the long term (from Canada Life and Just, once a buy-out has been achieved), the Trustees’ investment horizon is expected to be short.

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 February 2024. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.

The SIP was updated in February 2024, primarily to reflect changes made following the purchase of an insurance policy with Just to secure the Scheme's remaining liabilities. The current SIP is available online at the following link:

<https://media.omya.com/is/content/omyaschweizag/Omya%20SIP%2020%20February%202024pdf>

Scheme's Investment Structure

At the 30 June 2024, the majority of the Scheme's investments were held in insurance policies. The exception to this is the Scheme's holding in the Mercer Private Investment Partners Private Debt Fund. During the year under review, the Scheme also held investments via a Trustee Investment Policy ("TIP") with Mobius Life Limited ("Mobius"), however these were redeemed in October 2023 in preparation for the purchase of the Just insurance policy.

The Trustees had 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 the investment is made via a pooled investment vehicle, the Trustees accept that they have no ability to specify the risk profile and return targets of the manager, but believe that an appropriate mandate has been selected to align with the overall investment strategy. The investment manager is incentivised to meet these objectives given the performance-related asset management fees in place.

Trustee Engagement

Mercer's quarterly performance reporting included Mercer's ESG scores for the funds in which the Scheme was previously 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 helped the Trustees to determine whether further action should be taken in respect of specific funds. The Trustees monitored the development of these scores over time, and also considered Mercer's ESG scores when undertaking any investment strategy review and considering new investment funds. Following the redemption of the vast majority of the Scheme's assets and the implementation of the Just insurance policy, these performance reports are no longer produced.

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/>

Barings:

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

Payden:

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

The Scheme’s current investment manager, Mercer, have been a signatory of the UK Stewardship Code since 2021.

Taking all the above into consideration, the Trustees are satisfied with the approaches taken 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 fund 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 fund. 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 held during the year 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 had no direct relationship with the underlying pooled fund managers, they did not inform 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 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 redemption of assets undertaken in advance of the insurance policy transaction with Just involved disinvesting from all funds held via the Mobius platform, as such it is 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 2024

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

Manager/fund	Votes in total	Votes cast Votes against management endorsement	Abstentions
Columbia Threadneedle Multi Asset Fund	6,335 (98.5% of eligible votes)	7.8% of votes cast	1.2% of eligible votes
Pictet Multi Asset Fund	198 (100.0% of eligible votes)	20.7% of votes cast	0.0% of eligible votes
LGIM Global Equity Fixed Weights (50:50) Index Fund	38,217 (99.7% of eligible votes)	17.6% of votes cast	0.3% of eligible votes

Source: Investment managers. Note the mandates above were terminated in October 2023, however the data shown reflects the year to 30 June 2024.

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
Columbia Threadneedle Multi Asset Fund	ISS Proxy Exchange 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.	Amazon May 2024	1.2%	Report on Median and Adjusted Gender/Racial Pay Gaps	Social (Diversity)	For	Columbia Threadneedle believe the enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Outcome – Not passed. Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle’s research and investment process.
Columbia Threadneedle Multi Asset Fund		Apple Inc February 2024	1.0%	Report on Median Gender/Racial Pay Gaps	Social (Diversity)	For	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.	Outcome – Not passed. Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle’s research and investment process.
Columbia Threadneedle Multi Asset Fund		Eli Lilly and Company May 2024	0.8%	Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	Social (Diversity)	For	Columbia Threadneedle believe the company should disclose its demographic workforce data as per the EEO-1 requirement. This will help to increase transparency and aid shareholders in assessing the effectiveness of the company's stated efforts to address related human capital material risks and opportunities.	Outcome – Not passed. Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle’s research and investment process.

Pictet Multi Asset Fund	ISS – for voting execution and recommendations but do not apply the ISS default recommendation.	Microsoft December 2023	2.0%	Report on Climate Risk in Retirement Plan Options	Environmental (Climate change)	For	While the company offers an option to employees that want to invest more responsibly, it is unclear how well employees understand the retirement plans available to them. Pictet believe the information requested in the report would not only complement and enhance the company's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.	Outcome – Not passed. 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.
Pictet Multi Asset Fund		Microsoft December 2023	2.0%	Report on Risks of Operating in Countries with Significant Human Rights Concerns	Social (Human Rights)	For	Pictet believe shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	Outcome – Not passed. 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.
Pictet Multi Asset Fund		Amazon May 2024	1.2%	Commission a Third Party Audit on Working Conditions	Social (Human Rights)	For	Concerns have been raised regarding recent work-place related violations and resulting negative media attention. Given the potential reputational risk, Pictet believe an independent third-party audit appears reasonable at this time. Additionally, results from an independent audit may address the inconsistencies between the statistics cited by the proponent and the injury rates reported by the company, which would allow shareholders to more fully evaluate the company's efforts to address workplace safety.	Outcome – Not passed. 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.

Legal and General (“L&G”) 50:50 Global Fixed Weight Equity Index Fund	ISS – for voting execution. All voting decisions are made by LGIM.	Shell Plc May 2024	3.9%	Approve the Shell Energy Transition Strategy	Environmental (Climate Change)	Against	LGIM acknowledge substantive progress made by the company in respect of climate related disclosure over recent years, and view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity targets, coupled with the ambition to grow its gas business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.	Outcome - Pass. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
L&G 50:50 Global Fixed Weight Equity Index Fund		Unilever Plc May 2024	2.1%	Approve Climate Transition Action Plan	Environmental (Climate Change)	For	LGIM voted for as they understand it to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 greenhouse gas (“GHG”) emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company’s long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5°C aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM remain supportive of the net zero trajectory of the company at this stage.	Outcome - Pass. LGIM will continue to engage with the company and monitor progress.

Notes: Source: Investment managers. ISS = Institutional Shareholder Services Inc.