

SOLVAY UK DEFINED BENEFITS PENSION SCHEME ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31st March 2025

Introduction

This statement sets out how, and the extent to which, the engagement policy in the Statement of Investment Principles ('SIP') produced by the Trustee, has been followed during the year to 31st March 2025. 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 2019 and the guidance published by the Pensions Regulator.

Trustee Investment Objectives

The objectives set out here, and the risks and other factors referenced are those that the Trustee determines to be financially material considerations in relation to the Scheme.

The Trustee's primary objectives are to invest the Scheme's assets in the best interests of the members and beneficiaries and pay due regard to the interest of the Company on the size and incidence of contribution payments, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of secondary objectives to help guide it in its strategic management of the assets and control of the various risks to which the Scheme is exposed.

The secondary objectives are as follows:

- to maintain the Scheme's funding position on an ongoing (i.e. Technical Provisions) basis and to achieve over the long-term, a return on the Scheme's assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Scheme; and
- to meet its obligation to the beneficiaries of the Scheme, including ensuring that sufficient liquid assets are available to meet benefit payments as they fall due.

Given the nature of the liabilities, the investment time horizon of the Scheme is potentially long-term (i.e. several decades). However, any future opportunities to transfer liabilities (fully or partially) to an insurance company (e.g. through the purchase of bulk annuities with an insurance company) may shorten the Scheme's investment horizon significantly.

The Trustee understands, following discussions with the Company, that the Company is willing to accept some degree of volatility in its contribution requirements in order to reduce the long-term cost of the Scheme's benefits.

Statement of Investment Principles

During the year to 31 March 2025, the Statement of Investment Arrangements ("SIA") and SIP were updated to reflect revised target liability hedge ratios and the Scheme's newly implemented LDI capital management policy.

Policy on ESG, Stewardship and Climate Change

The Trustee believes that financially material factors, including environmental, social, and corporate governance (ESG) factors, may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that may apply over the Scheme's investment time horizon and increasingly may require explicit consideration.

The strategic benchmark has been determined using appropriate economic and financial assumptions from which expected risk/return profiles for different asset classes have been derived. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors.

The Scheme's assets are invested in pooled vehicles and the day-to-day management of the Scheme's assets has been delegated to investment manager(s), including the selection, retention and realisation of investments within their mandates. In doing so these investment manager(s) are expected and encouraged to undertake engagement activities on relevant matters including ESG factors (including climate change considerations) and to exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee engages with existing investment manager(s) on these issues through (amongst other things) meetings and periodic correspondence. Managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis. This applies to both equity and debt instruments, as appropriate, and covers a range of matters, including the issuers' performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

Notwithstanding the above, the Trustee recognises that in passive mandates the choice of benchmark dictates the assets held by the investment manager and that the manager has limited freedom to take account of factors that may be deemed to be financially material as part of stock selection decision-making. The Trustee accepts that the primary role of its passive manager(s) is to deliver returns in line with the market and believes this approach is in line with the basis on which the current strategy has been set.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers, monitoring existing investment managers and retaining or withdrawing from investment managers. The relative importance of these factors compared to other factors will depend on the asset class being considered. Monitoring of the existing investment managers is undertaken on a regular basis and this makes use of the investment consultant's research ratings, which include consideration of ESG matters. This is documented at least annually and The Trustee is informed of any changes to the ratings usually on a quarterly basis. The Trustee will challenge managers who it believes are taking insufficient account of ESG considerations in implementing their mandates. The Trustee will also monitor investment manager engagement activity (such as voting) at least annually.

The Trustee has not set any investment restrictions on the appointed investment manager(s) in relation to particular products or activities, but may consider this in future.

The Trustee will not consider the ESG policies of Additional Voluntary Contributions provider(s) and associated investment funds as these are a small proportion of total assets.

Assessment of voting, stewardship and engagement activity for the year to 31 March 2025

The following sections outline the information reported by the Scheme's investment managers to the Trustee in respect of their voting, stewardship and engagement activities during the year. Engagement activity is provided at a firm-wide level whilst voting activity is for the specific mandates in which the Scheme was invested over the 12 month period to 31 March 2025.

During 2023 the Trustee undertook a review of the ESG and engagement activities of the Scheme's DGF managers, to gain a deeper understanding of how ESG is embedded in the decision-making and implementation process, as well as to better understand firm-wide commitments made by the managers on their ESG and engagement policies. The Trustee followed this up with further analysis in 2024 of the underlying managers stewardship process during 2024, and how this has evolved since the review in 2023. This included reviewing examples of voting activity during 2024, and continued engagement with underlying companies that Mercer and the Trustee had highlighted during the review in 2023.

The Trustee and the investment advisor have analysed the voting policies of the Scheme's DGF managers, including how they have voted on key themes that align with the Trustee's ESG Investment Beliefs Statement. Further information on significant votes and the process to determine how and why votes are cast for each manager can be found under the "Voting Activity" section below.

Portfolio turnover costs

Turnover costs arise from a) “ongoing” transactions within an investment manager’s portfolio and b) “cashflow” costs incurred when investing in or realising assets from a mandate. The Trustee does not monitor regular cashflow costs (but seeks to minimise them through ongoing cashflow policy). The Trustee monitors the costs of implementing strategic change via the investment consultant.

The Trustee has reviewed the portfolio turnover costs of the Scheme’s managers for the year to 31 March 2025 and has concluded that they are in line with expectations, given market conditions experienced over this period. At the total Scheme level these costs were estimated to be c.0.26% of total assets over the year.

Engagement

Ruffer

- Ruffer’s engagement activities are usually conducted jointly by the ESG representative and the research analyst, with support from the responsible investment team. They consider this collaborative approach to engagement to be particularly powerful. It ensures detailed, well-informed discussions with companies on issues they deem to be material, helping to build relationships that enable to push for significant change.
- Ruffer recognises that ESG considerations may affect investment performance, representing both sources of value and investment risks, and believes that investing responsibly will lead to better long-term outcomes for investors. Ruffer integrates ESG considerations throughout its investment process. The Trustee believes that Ruffer has a strong approach to stewardship and engagement, including its participation in collaborative initiatives on ESG issues.
- Ruffer engages with companies on corporate governance issues, such as executive remuneration and mergers and acquisitions. Ruffer aims to vote all proxies and subscribes to the Institutional Shareholder Service (ISS), but will not necessarily follow its recommendations. If an analyst intends to vote differently to an ISS recommendation, then they can escalate the decision to a more senior individual(s) and the Responsible Investment team for approval. Ruffer produces an annual stewardship report which details its voting statistics and highlights specific engagements, as well as covering some of the broader ESG issues that have arisen during the year.
- There are occasions when collaboration with other investors may be the most productive way to engage and Ruffer is open to working alongside other investors on both policy and company-specific matters, when appropriate. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers, as well as the legal and compliance teams. Examples of this include the several climate-change initiatives Ruffer is involved with, including the Institutional Investors Group on Climate Change (IIGCC), the Transition Pathway Initiative, and the Climate Action 100+.
- Ruffer is a signatory to the 2020 UK Stewardship Code.

LGIM

- LGIM has established a fully integrated framework for responsible investing to strengthen long-term returns. LGIM’s framework is based on stewardship with impact and active research across asset classes. These activities enable LGIM to deliver responsible investment solutions to clients and conduct engagement with the aim of driving positive change.

- LGIM has a targeted policy engagement toolkit that it uses on systemic ESG issues, which incorporates formal engagement with investee companies, public pressure, and varied engagement tactics such as direct engagement (such as with early-stage policy development), collaborative engagement (eg NGOs and industry peers), thought leadership, and formal engagement such as consultations, representation, and roundtables, such as COP16.
- In the face of looming challenges like climate change, ageing populations or technological disruption, LGIM believes an approach to managing capital is required where ESG impact is considered alongside the traditional metrics of risk and return. Evolving its capabilities to assess and engage with companies on ESG criteria is a vital objective for LGIM. LGIM believes this activity will be crucial to determine those that survive and thrive as change accelerates.
- LGIM is a signatory to the 2020 UK Stewardship Code.

Voting Activity

The Trustee has delegated its voting rights to the investment managers, principally through being invested in pooled funds (noting that in this case, votes are cast on behalf of the pooled fund not the Trustee, who do not own the underlying assets directly). The Trustee does not use the direct services of a proxy voter.

In Q3 2022, new legislation was published by the Department of Work & Pensions (“DWP”) which provided new requirements for pension scheme SIP and Implementation Statements. The Trustee is now required to provide a definition of what it considers a “significant vote”.

The Trustee has agreed that its definition of a significant vote is “*a vote that relates to and aligns with the Trustee’s key priority themes as provided within the Trustee’s ESG Investment Beliefs Statement*”. The votes outlined below have been provided to the investment advisor by the Scheme’s investment managers and have been tailored to prioritise those in which the underlying theme / topic is one that the Trustee has identified as being significant based on the above definition.

A summary of the key voting activity over the financial year can be found below:

Ruffer (Absolute Return)

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS). Ruffer has developed its own internal voting guidelines, however it takes into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, it does not delegate or outsource its stewardship activities when deciding how to vote on clients' shares.

Ruffer defines 'significant votes' as those that it thinks will be of particular interest to its clients. In most cases, these are when they form part of continuing engagement with the company and/or Ruffer has held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and Ruffer's internal voting guidelines.

Key votes undertaken over the year are summarised below:

- There have been 1,134 votable proposals over the year, all of which Ruffer has voted on, on behalf of the Trustee.
- Ruffer voted with management on 96.9% of the proposals, against management on 3.0% and abstained on 0.1%.

Ruffer does not communicate its vote instructions ahead of the company meeting for the votes against management.

Significant vote examples:

Date of vote	Company	Size of holding (%)*	Summary of the Resolution	How Ruffer voted	Outcome	Next Steps**	Rationale for the voting decision	Why Vote is Significant
22 May 2024	Amazon.com, Inc.	0.57	Report on GHG emissions	For	Fail	Ruffer will continue to monitor the company and may seek to engage if no progress is seen.	Amazon currently only discloses Scope 3 emissions for its own brand products while peers, such as Walmart and Target, disclose Scope 3 emissions for all product sales. Ruffer supports the request for better disclosure around Scope 3 emissions and believes this is the first step towards setting meaningful targets to reduce carbon emissions.	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "climate change".
22 May 2024	Amazon.com, Inc.	0.57	Independent audit of working conditions in Amazon warehouses	For	Fail	Ruffer will continue to monitor the company and may seek to engage if no progress is seen.	Amazon's board asserts that it is transparent with its workplace safety policies and procedures, and that its efforts to make its working conditions safer have been effective. Nonetheless, Amazon has recently been charged with multiple workplace safety violations which, combined with negative media attention, expose the company to severe reputational risk. Shareholders would benefit from a third-party review of the company's working conditions within its facilities. As such, Ruffer voted in favour of the proposal.	The social nature of this resolution is aligned with the Trustee's key priority theme of "Human Rights - safety in workforce and supply chains".
26 February 2025	Deere & Co	0.28	Report on workforce diversity and inclusion	Against	Fail	Ruffer will continue to monitor and engage with the company.	Ruffer chose to vote against a shareholder resolution requesting a report on the statistical differences in hiring across race and gender at Deere & Co. Ruffer found Deere's disclosure related to its workforce (which includes three calendar years of comprehensive metrics), coupled with its array of policies related to its respect for human rights (including Code of Business	The governance nature of this resolution is aligned with the Trustee's key priority theme of "Corporate governance –

Date of vote	Company	Size of holding (%) [*]	Summary of the Resolution	How Ruffer voted	Outcome	Next Steps ^{**}	Rationale for the voting decision	Why Vote is Significant
							Conduct, Supplier Code of Conduct, Dealer Code of Conduct, and John Deere's Support of Human Rights in Our Business Practices), signal there is little to be gained from additional reporting.	inclusive, diverse decision-making".
24 April 2024	Bank of America	0.15	Report on clean energy supply financing ratio	Against	Fail	Ruffer will continue to monitor the company and may seek to engage if no progress is seen.	Ruffer voted against ISS recommendation and in line with management for the request of a report on clean energy supply financing ratio. This was because Ruffer believes that Bank of America is committed to its Net Zero targets and provides much of the necessary data to support this. While Ruffer supports enhanced disclosures more broadly, the proponent's required ratio is already available via a third-party (Bloomberg). Hence, in support of greater uniformity within the responsible investing space, Ruffer feels a vote against this proposal was the best option rather than company itself calculating this ratio with a possibly varying methodology.	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "climate change".
29 May 2024	ExxonMobil	0.15	Report on median gender / racial pay gaps	For	Fail	Ruffer will continue to monitor the company and may seek to engage if no progress is seen.	Ruffer believes publishing the unadjusted pay gap statistic could increase accountability for diversity, inclusion and equity and may provide shareholders with useful information about how effectively management is assessing and mitigating risks related to its employees. Median and adjusted gender / ethnicity / disability pay gap reporting is best practice and is a regulatory requirement in the UK.	The governance nature of this resolution is aligned with the Trustee's key priority theme of "Corporate governance – inclusive, diverse decision-making".

Date of vote	Company	Size of holding (%) [*]	Summary of the Resolution	How Ruffer voted	Outcome	Next Steps ^{**}	Rationale for the voting decision	Why Vote is Significant
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Therefore, Ruffer voted in favour of this proposal.

Source: Investment Manager.

^{*}The size of holding has been provided as a % of the investment manager fund at the date of the resolution, and votes provided have been organized by size.

^{**}Where there is information that has not been provided by the manager, the Trustee's investment advisor has requested this information from the manager, or confirmation as to why this information has not been provided.

During 2023 the Trustee undertook a review of Ruffer from an ESG perspective, including a combination of desktop analysis and a presentation / discussion session with Ruffer to answer the Trustee's questions on its voting and engagement activity. The Trustee concluded that Ruffer undertakes a high level of in-house due diligence when deciding how to vote on resolutions.

LGIM (DGF)

LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS)'s 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Key votes undertaken over the prior year are summarised below:

- There have been 107,020 votable proposals over the year and LGIM has voted on 99.8% of these on behalf of the Trustee.
- LGIM voted with management on 76.5% of the proposals, against management on 22.4% and abstained on 1.1%.

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM, as its engagement is not limited to shareholder meeting topics. On certain occasions, prior to an AGM LGIM will pre-declare its vote intention on the LGIM Blog. As part of this process, a communication would be sent to the company ahead of the meeting.

Significant vote examples:

Date of vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Next Steps	Rationale for the voting decision	Why Vote is Significant
10 December 2024	Microsoft Corporation	0.34%	Report on AI Data Sourcing Accountability	For	Fail	LGIM will continue to engage with the company and monitor progress.	A vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	The governance nature of this resolution is aligned with the Trustee's key priority theme of "Corporate governance – inclusive, diverse decision-making".
21 May 2024	Shell Plc	0.34%	Approve the Shell Energy Transition Strategy	Against	Pass	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	LGIM acknowledges the substantive progress the company has made in respect of climate related disclosure over recent years, and it views 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 (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, LGIM seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "climate change".

Date of vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Next Steps	Rationale for the voting decision	Why Vote is Significant
							flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonisation strategy.	
30 October 2024	BHP Group Limited	0.23%	Approve Climate Transition Action Plan	Against	N/A	N/A	The critical minerals that mining companies provide are essential to the energy transition. It is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner, and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with LGIM's framework for assessing mining company transition plans. Therefore, LGIM will be supporting BHP's CTAP. Going forwards, LGIM will assess the disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. LGIM will also continue to engage with BHP to	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "climate change".

Date of vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Next Steps	Rationale for the voting decision	Why Vote is Significant
							ensure resilience whilst navigating the dynamic market for metallurgical coal.	
10 July 2024	National Grid Plc	0.23%	Approve Climate Transition Plan	For	Fail	LGIM will continue to engage with the company and monitor progress.	Climate Change: LGIM is voting in favour of the National Grid Climate Transition plan. LGIM commends the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. LGIM also appreciates the clarity provided in the 'Delivering for 2035 report' and looks forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.	The environmental nature of this resolution is aligned with the Trustee's key priority theme of "climate change".
24 June 2024	Apollo Global Management, Inc.	0.21%	Elect Director A.B. Krongard	Against	Pass	LGIM will continue to engage with the company and monitor progress.	A vote against is applied as LGIM expects a company to have at least one-third women on the board.	The governance nature of this resolution is aligned with the Trustee's key priority theme of "Corporate governance – inclusive, diverse decision-making".
18 April 2024	Nestlé SA	0.20%	Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods	For	Fail	LGIM will continue to engage with the company and monitor progress.	As one of the co-filers of this resolution, LGIM calls for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs	The social nature of this resolution is aligned with the Trustee's key priority theme of "Controversial

Date of vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Next Steps	Rationale for the voting decision	Why Vote is Significant
							and decreased productivity, both of which LGIM believes will have negative impacts on the economy. As the largest food company in the world, LGIM believes Nestlé sets an example for the rest of the industry in terms of driving positive change and raising market standards.	products / services”.

Source: Investment Manager. For the significant votes where outcomes are shown as “N/A” we have reached out to the respective Investment Manager and are awaiting updates at the time of writing.

*The size of holding has been provided as a % of the investment manager fund at the date of the resolution, and votes provided have been organized by size.

During 2023 the Trustee undertook a review of LGIM from an ESG perspective, including a combination of desktop analysis and a presentation / discussion session with LGIM to answer the Trustee’s questions on its voting and engagement activity. The Trustee concluded that LGIM has a well-resourced team and an active programme of policy engagement activity which evidences challenge of corporate management teams, supported by its voting activity.