

Implementation Statement

Milliken Industrials Limited Pension Plan

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Milliken Industrials Limited Pension Plan ("the Plan")** to set out the following information over the year to **5 April 2024**:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The voting behaviour is not given over the Scheme year end to 5 April 2024 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2024.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 5 April 2023 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2023 and has been made available online at the following address. The Trustees are in the process of reviewing the SIP, which will replace the August 2023 SIP at the following address once finalised.

<https://schemedocs.com/milliken-industrials-limited-statement-investment-principles.html>

The Trustees' stewardship policy is set out in the Scheme's policies on voting and engagement, which forms part of the Statement of Investment Principles. Shortly following the year end, the Trustees have decided to adopt Climate Change, Biodiversity and Modern Slavery as the Plan's stewardship priorities. The Trustees believe that the impact of the priorities may be financially material for the Plan. In addition, the Trustees expect their relevant asset managers will be able to evidence their stewardship activity in this area which the Trustees will monitor annually. For example, by considering the voting and engagement activity of the asset managers. Therefore, this is an area which the Trustees believe they can meaningfully monitor progress and engage with their asset managers. Therefore, this is also an area which the Trustees believe they can meaningfully monitor progress and engage with their asset managers over time.

How voting and engagement/stewardship policies have been followed

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

- The Plan invests entirely in a bespoke pooled fund which then holds further pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- The Trustees received their annual report from Barnett Waddingham covering the Stewardship and ESG practices of the funds in which the Plan invests in the April 2024 meeting. The Trustees were

comfortable following the presentation of the report that the managers are performing their stewardship duties in line with their expectations and agreed that no further action was required. The Trustees are due to receive their 2024 Sustainability Monitoring Report in Q1 2025.

- The Trustees received quarterly performance monitoring reports from their advisors over the year. The Trustees discuss these reports at Trustee meetings and consider that the performance of the managers and the level of risk taken has been in line with the objectives of the strategy.
- As part of the ongoing monitoring of the Plan's investment managers, the Trustees use ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues. The Scheme's investment managers are rated acceptable by Barnett Waddingham for sustainability.
- All managers are signatories to the UK Stewardship code at the Scheme year-end date.
- Having reviewed the voting and engagement data provided by Schroders, the Trustees are comfortable with the actions of the fund manager and their alignment with the Plan's stewardship policies.

**Prepared by the Trustees of the Milliken Industrials Limited Pension Plan
July 2024**

Voting Data

This section provides a summary of the voting activity undertaken by Schroders Investment Management on behalf of the Trustees over the year to **31 March 2024**. The **LDI portfolio** has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Schroders Investment Management
Fund name	Diversified Growth Fund
Structure	Pooled*
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to directly influence the manager's voting behaviour.
No. of eligible meetings	1,109
No. of eligible votes	14,566
% of resolutions voted	94%
% of resolutions abstained¹	0%
% of resolutions voted with management¹	89%
% of resolutions voted against management¹	11%
Proxy voting advisor employed	Glass Lewis
% of resolutions voted against proxy voter recommendation	7%

*Held within bespoke pooled fund

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes.

Schroders have provided a selection of 10 votes which they believe to be significant. The Trustees selected the 3 most significant votes based on the size of the holding and votes which relate to the stewardship priorities of the Scheme.

A summary of the significant votes provided is set out below.

Schroders Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	JPMorgan Chase & Co.	Netflix, Inc.	Microsoft Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.2%	1.0%
Summary of the resolution	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Report on Climate Risk in Retirement Plan Options	Report on Risks of Operating in Countries with Significant Human Rights Concerns
How the manager voted	For	For	For
Rationale for the voting decision	The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. Schroders welcome additional disclosures that help better understand how the company is implementing its climate strategy.	Schroders welcome the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options.	Schroders believe that shareholders would benefit from further disclosure on how the company mitigates risks in markets in which it operates where there are significant human rights concerns.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	Schroders have not provided implications of the outcome of significant votes		
Criteria on which the vote is considered “significant”	The topic of the vote is linked to climate change, which the Trustees have identified as a stewardship priority.	The topic of the vote is linked to climate change, which the Trustees have identified as a stewardship priority.	The topic of the vote is linked to modern slavery, which the Trustees have identified as a stewardship priority.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Schroders Investment Manager
Fund name	Diversified Growth Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	1,402
Number of entities engaged on behalf of the holdings in this fund in the year	395
Number of engagements undertaken at a firm level in the year	6,530

Examples of engagement activity undertaken over the year to 31 March 2024

Schroders Diversified Growth Fund

Ecora Resources – Climate change

Schroders engaged with Ecora Resources, a UK-listed small cap royalty and streaming company, which provides capital to the mining sector across diversified commodities. Schroders encouraged them to set emissions reduction targets for scopes 1, 2 and 3 and they introduced the company to the Science-Based Target initiative's (SBTi) small and medium-sized enterprise (SME) framework.

The UK small and mid-cap team, together with sustainability colleagues, first met with Ecora Resources' management in November 2022. Schroders engaged with the company across a range of climate issues including offsets their ESG screening process, sustainability targets in remuneration and in particular setting science-based targets. As a company with only 14 employees, the SBTi SME framework allowed Ecora to overcome capacity constraints, whilst allowing it to set an industry-standard science-based target. Initially there were concerns over the suitability of this pathway as a royalty company since Financial Institutions are exempt from the SME route. However, Schroders were able to provide an example of a precious metals streaming company peer which had a validated goal via this route. After this meeting, the company agreed to discuss and consider if this could be a viable next step for them.

In March 2023 Ecora Resources had their near-term goal validated: they have set emission reduction targets that are aligned with the Paris Agreement's goal of limiting global warming to 1.5°C which asks for GHG emissions to peak before 2025 and decline by a minimum of 43% by 2030. Specifically, the company has committed to reducing scope 1 and scope 2 emissions by 46%, by 2030, from a 2019 base year, and to measure and reduce its

scope 3 emissions through engagement with its operating partners. As an additional objective, the company has committed to maintaining carbon neutrality regarding their scope 1, 2 and upstream scope 3 emissions. Schroders consider this to be an initially successful engagement and, as shareholders, plan to continue to engage with the company to promote best practice going forward and to monitor progress. One of their long-term desired outcomes of climate engagement is robust governance and oversight of climate-related risks, thus Ecora Resources setting Science Based Targets and having them validate is a great step towards this.