

Implementation Statement

MTL Instruments Group Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the **MTL Instruments Group Pension Scheme (“the Scheme”)** to set out the following information over the year to **5 April 2025**.



how the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year;



the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustee over the year, including information regarding the most significant votes;

The voting behaviour is not given over the Scheme year end to 5 April 2025 because investment managers only report on this data quarterly, the Trustee have therefore given the information over the year to 31 March 2025.



Conclusions

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme’s policies on exercising rights (including voting rights) and engagement activities. A significant proportion of the Scheme’s investment managers have demonstrated transparency in their voting and engagement activities, and the Trustee believes that these actions reasonably align with the chosen stewardship priorities of climate and the environment and diversity, equality and inclusion.

Stewardship policy

The Trustee's SIP in force 5 April 2025 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. The latest version of the SIP has been made available online here:

<https://cplpensions.co.uk/wp-content/uploads/2024/05/2024-03-MTL-Statement-of-Investment-Principles.pdf>

No changes were made to the stewardship policy over the year. To enable the Trustee to make high quality decisions, the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities, is delegated to the Plan's investment managers. The Trustee has selected the following themes as the stewardship priorities of the Scheme:

- Climate and the environment
- Diversity, equality and inclusion

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- Annually the Trustee receives voting information and engagement policies from the asset managers, which is reviewed to ensure alignment with the Trustee's policies. This usually takes the form of detailed monitoring carried out by its investment consultant. At the time of writing, the Trustee was in the process of carrying out this monitoring in respect of the year to 5 April 2025.
- The Trustee uses the voting policy of their asset managers where appropriate. Based on the voting data set out in this Implementation Statement, the Trustee believes that the asset manager's voting behaviour was reasonably aligned with the Scheme's Stewardship priorities.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee uses sustainability ratings information available within the pensions industry or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustee of the MTL Instruments Group Pension Scheme
July 2025**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustee over the year to 31 March 2025. For the avoidance of doubt the equity linked bond funds, fixed income, Liability Driven Investment (LDI) and cash investments held by the Scheme do not have voting rights attached and so are not shown in this table.

| Manager | Troy Asset Management |
|--|---|
| Fund name | Trojan Fund |
| Structure | Pooled |
| No. of eligible meetings | 14 |
| No. of eligible votes | 248 |
| % of resolutions voted | 100% |
| % of resolutions abstained | 0% |
| % of resolutions voted with management¹ | 92% |
| % of resolutions voted against management | 8% |
| Proxy voting advisor employed | ISS provide research as part of their role as a proxy advisor in relation to resolutions, as well as a platform, Proxy Exchange, through which votes are cast. Whilst ISS research is reviewed and their recommendations are taken into consideration, ISS do not drive the voting decisions. |
| % of resolutions voted against proxy voter recommendation | 8% |

¹ As a percentage of the total number of resolutions voted on. Totals may not add up to 100%. Numbers are subject to rounding. Note: Pooled fund structures result in limited scope for the Trustee to influence managers' voting behaviour.



Significant votes

A summary of the significant votes provided is set out below. For the avoidance of doubt, the fixed income, liability driven investment (LDI) and cash investments held by the Scheme do not have voting rights attached and so are not shown in this table.

Troy Asset Management have provided a selection of 10 votes which they believe to be significant. The Trustee selected 3 of the most significant votes for each fund which relate to the stewardship priorities of the Scheme.

| | Significant vote 1 | Significant vote 2 | Significant vote 3 |
|---|---|---|---|
| Company name | Agilent Technologies | Alphabet | The Procter & Gamble Company |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 1.1% | 2.6% | 0.9% |
| Summary of the resolution | Elect Director | Elect Director | Elect Director |
| How the manager voted | Against | Against | Against |
| Rationale for the voting decision | Troy voted, as per their voting policy, against the re-election owing to the fact that the Board has less than 30% women. | Troy voted, as per their voting policy, against the re-election owing to the fact that the Board has less than 30% women. | Troy voted against Joseph Jimenez due to his role as Chair of the Governance committee as P&G has a joint CEO/Chair role. |
| Criteria on which the vote is considered "significant" | The resolution satisfied the criteria of materiality. In this case it was a governance factor and Troy Asset Management voted against management. The vote also relates to the stewardship priority of diversity, equality and inclusion. | | |
| Outcome of the vote | Pass | Pass | Pass |
| Implications of the outcome | Troy Asset Management will continue to vote in the best interests of investors and monitor future AGM resolutions. | | |
| If the vote was against management, did the manager communicate their intent to the company ahead of the vote? | Yes | Yes | Yes |
| Relevant stewardship priority | Diversity, equality and inclusion | Diversity, equality and inclusion | Diversity, equality and inclusion |



Engagement

The investment managers may engage with investee companies on behalf of the Trustee. 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.

| Fund name | Troy Asset Management | | Insight |
|--|-----------------------|-------------|----------------------------------|
| | Trojan Fund | Liquid ABS* | Maturing Buy and Maintain Credit |
| Number of engagements undertaken on behalf of the holdings in this fund in the year | 8 | 60 | 234 |
| Number of entities engaged on behalf of the holdings in this fund in the year | 8 | 55 | 148 |
| Number of engagements undertaken at a firm level in the year | 26 | | 939 |

*Engagements across Insights secured finance universe.



Examples of engagement activity undertaken over the year to 31 March 2025

Troy Asset Management, Trojan Fund

Unilever – climate and the environment

Troy Asset Management joined a collaborative engagement with Unilever via Climate Action 100+ in 2021. The first phase of this engagement set out to encourage Unilever to increase their climate related initiatives and partnerships in addition to providing more impactful messaging to their customers on their climate strategy. The group engaged with Unilever's Global Sustainability Director in April 2021. Following the publication of Climate Action 100+'s 2022 benchmark, the CA100+ group participated in a planning meeting to agree on next steps. The objectives of this second phase include Unilever enhancing their disclosure of any climate lobbying activity, ensuring alignment of Unilever's capex planning and their climate strategy, and finally encouraging Unilever to set clearer scope 3 emissions reduction targets.

Troy Asset Management participated in Unilever's consultation to inform its renewed Climate Transition Action Plan (CTAP) in the final quarter of 2023. They provided input on the plan and were pleased by the more granular emissions reduction targets for scope three emissions, aligned with the Science Based Target initiative's Forest Land and Agriculture (FLAG) methodology and associated pathways for land-based emission reductions. There are still unanswered questions on decarbonisation methods associated with the chemicals used in products, which will require advances in green chemistry, which is a focus area for Unilever's R&D team.

Troy Asset Management voted in favour of the company's 'Say on Climate' at their 2024 AGM and remain a participant in the Climate Action 100+ collaborative effort. In 2025, Troy became an official co-lead of this engagement. The next stage of the engagement is to focus on climate accounting and capital expenditures related to decarbonisation. This engagement is ongoing.

Insight, Liquid ABS

Mercedes Benz (Silver Arrows – SILVA, SIATH) – ESG disclosures

Mercedes Benz (Mercedes) is a significant issuer of auto ABS through their Silver Arrows entity. Insight believe that longer-term, greater transparency will enable greater analysis and potentially differentiation within auto deals. Insight discussed with Mercedes Benz the requirement for their proprietary ESG questionnaire to be completed and should this not be done, Insight may divest. Insight offered to work with Mercedes to ensure future participation and they took Insight up on this offer, to see if they can complete the questionnaire.

Mercedes now understands their requirement for completion of their questionnaire and will collaborate with Insight to complete it to enable them to obtain a quantitative ESG score that offers more rigor than the industry AFME standard template. They publish an impact report that shows the life cycle analysis as they are dependent on supply chains and want to be 100% transparent about each part of their business.

Insight, Maturing Buy and Maintain Credit Funds

Climate Change

Insight could not provide case studies at the fund level for the Maturing Buy and Maintain funds, as such the following case study on climate change is at a firm wide level.

Insight became a signatory of the Net Zero Asset Managers initiative in April 2021, where they have committed to reach net zero emissions by 2050 at the latest. To support their journey towards net zero, they will either actively engage with their highest emitters, or ensure they are on a net zero pathway. Therefore, Insight are developing bespoke strategies to engage with the highest emitters within their portfolio on climate-related issues, such as coal exposure and carbon intensity performance. They use their net zero model to identify companies to engage with, as they look to ensure that at least 50% of financed emissions are either net zero, aligned to a net-zero pathway, aligning to a net-zero pathway or subject of engagement with a view to moving into alignment by net zero, by 2023. This target increased to cover 70% of financed emissions by 2025. Insight identifies objectives for engagement using tools such as the Net Zero Benchmark from Climate Action 100. Success will be measured on improvement across the criteria of their Net Zero model and will be assessed on a case-by-case basis.

Insight have been engaging on Climate Change for some time now both directly with issuers and collaboratively as a part of various initiatives. They engaged with over 35% of their financed emissions on climate-related issues in 2022. They are also actively involved in a number of collaborative initiatives on climate change. For example, in 2022 Insight joined the IIGCC's Net Zero Bondholder Stewardship Working Group which is working to create guidance and standards for bondholders engaging on climate-related issues. They also continue to be involved in a number of Climate Action 100+ investor groups. Climate Action 100+ is aligned with their stewardship approach as they prefer to engage rather than divest to support the transition to a low carbon economy.