

Compass Minerals UK Limited Defined Benefit Pension Plan

Implementation Statement

For the year ended 5 April 2024

Introduction

This Implementation Statement (the “Statement”) has been prepared by the Trustee (the “Trustee”) of the Compass Minerals UK Limited Defined Benefit Pension Plan (the “Plan”) to demonstrate how the Trustee have acted on certain policies within the Statement of Investment Principles (“SIP”).

This Statement covers the Plan year from 6 April 2023 to 5 April 2024 and has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit investments held by the Plan.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

SIP Policies

This Statement should be read in conjunction with the Plan’s SIPs covering the year under review, which provides details of the Plan’s investment policies along with details of its governance structure and objectives.

The Plan’s SIP includes policies on:

- How “financially material considerations” including environmental, social and governance (“ESG”) considerations are taken into account when making investment decisions for the Plan.
- The extent to which non-financial matters are taken into account in the investment decision-making process.
- Stewardship and voting policy, including details on monitoring, and engaging with the investee companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, and governance (including corporate governance), social and environmental issues concerning the Trustee’s investments)
- A policy on monitoring the Plan’s asset managers, particularly concerning financial arrangements and ESG factors.
- A policy covering the duration of arrangements with the Plan’s investment manager.

Over the year to 5 April 2024, the Trustee did not update the SIP as there were no changes to the investment strategy.

This Statement reviews the voting and engagement activities covering the 12-month period to 5 April 2024 and the extent to which the Trustee believes the policies within the SIP have been followed.

The Plan was invested in pooled funds managed by Schroders (the “Investment Manager”) over the year under review to 5 April 2024. It is therefore the Investment Manager that is responsible for the policies on taking ESG considerations into account in the selection, retention and realisation of investments within the pooled investment vehicles and for the exercise of rights (including voting rights) attaching to these investments.

The Trustee’s policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Plan’s interests in the investments.

The Trustee expects the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, and issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustee's investments. The Trustee believes that such engagement will protect and enhance the long-term value of its investments.

Description of Equity Voting Behaviour

The Plan invests in pooled funds, which means that the responsibility for exercising the voting rights of the shares held by the Plan sits with the Investment Manager, Schroders. The Plan's voting behaviour over the year to 5 April 2024 is summarised below.

The pooled fund investment held by the Plan which carried voting rights during the year was:

- The Schroders Life Diversified Growth Fund from 6 April 2023 to 5 April 2024;

Schroders manage over £750 billion in assets, and use their resulting influence as investors, focussing their votes and engagement with organisations on climate change, inequality, diversity, and ESG integration.

The table below shows Schroders' voting summary covering the Plan's investment in the Diversified Growth Fund over the year to 31 March 2024. Schroders' were unable to provide voting data for exact dates, with the Investment Manager only providing annual data to quarter ends. As such, the most applicable one-year period has been included.

Voting summary		1 April 23 – 31 March 24	
Voting Meetings Attended		1,109	
Proposals Eligible to Vote on		14,566	
Proposals Voted On		93.9%	
	Votes WITH Management		89.3%
	Votes AGAINST Management		10.3%
	Abstentions		0.4%
Meetings Voted AGAINST Management at least once		54.6%	
Votes AGAINST Proxy Advisor Recommendation		7.3%	

Schroders note that figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Proxy Voting

The Trustee did not employ a proxy-voting service during the year to 5 April 2024.

Schroders reported that they used ISS as one of their service providers to process proxy voting in all markets over the period to Q4 2023, then switched to Glass Lewis thereafter. Schroders Corporate Governance specialists assess each proposal and apply Schroders voting policy and guidelines (as outlined in their ESG policy). The Corporate Governance team are supported by external research, such as the Investment Association's Institutional Voting Information Services, and Schroders Sustainable Investment analysts.

Glass Lewis automatically votes all holdings where Schroders owns less than 0.5% of the voting rights excluding merger, acquisition and shareholder resolutions.

How Voting and Engagement Policies Have Been Followed

As set out in the SIP, the Trustee expects the Investment Manager to engage with investee companies on aspects such as performance, strategy, risks, corporate governance, management of actual or potential conflicts of interest, capital structure, and social and environmental issues concerning the Trustee's investments.

The Trustee met during the year to discuss performance of the funds and to receive updates on important issues. The Trustee also received ongoing advice and guidance from their advisers on ESG and Stewardship and continue to agree the Plan's policies in relation to these. One of the Trustee's main focuses has been on these two issues, and they have been discussed with their investment advisors.

Significant Votes

Schroders has provided details of its voting actions including a summary of the activity covering the reporting year up to 31 March 2024. The Trustee have adopted the manager’s definition of significant votes and have not set stewardship priorities.

Schroders has explained that they consider a significant vote to be one where they vote against the board’s recommendation.

Schroders has provided examples of votes it deems to be significant, and the Trustee has shown example votes that align with order of significance found below. To confirm, in the examples listed below the Trustee would have expected Schroders to have voted against management as per Schroders definition of significant vote.

The Trustee do not currently have a stewardship policy, however, have selected these examples based on the belief that all votes against management should be classified as a significant vote. However, the Trustee believes resolutions related to certain topics carry particular significance. The Trustee therefore rank the significance of the votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding.

Example 1: Schroders Life Diversified Growth Fund	
Vote Details	Apple Inc, 28 February 2024
Approximate size of fund’s holding as at date of vote	c. 0.3% of the total fund’s holding as at the date of vote
Rationale for significance	The Trustee believes that all votes against management should be classified as a significant vote. However, the Trustee believe resolutions related to certain topics carry particular significance. The Trustee therefore rank the significance of the votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding.
Voting decision	Schroders voted for shareholders proposal regarding report on use of artificial intelligence with management voting against.
Where the Investment Manager voted against management, did the Investment Manager communicate the intent to the company ahead of the vote?	Schroders may tell the company of the intention to vote against the recommendations of the board before voting, in particular, if Schroders are a large shareholder or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board’s recommendations.
Rationale for the voting decision	Shareholders would benefit from further disclosure and information on how Apple Inc is using AI and managing any related risks, including ethical risks that may result. Schroders believe that there voting view is in the best financial interest of their client’s investments.
Vote outcome	Fail
Next Steps	Schroders did not provide any further information on the lessons learned or next steps. Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If they think that the company is not sufficiently responsive to a vote or our other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity, the Investment Manager may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

Example 2: Schroders Life Diversified Growth Fund

Vote Details	Tyson Foods Inc, 8 February 2024
Approximate size of fund's holding as at date of vote	c. <0.1% of the total fund's holding as at the date of vote.
Rationale for significance	The Trustee believes that all votes against management should be classified as a significant vote. However, the Trustee believes resolutions related to certain topics carry particular significance. The Trustee therefore rank the significance of the votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding.
Voting decision	Schroders voted for Shareholders proposal regarding lobbying activity alignment with science-based targets and net zero emissions ambitions whilst management voted against the proposal.
Where the Investment Manager voted against management, did the Investment Manager communicate the intent to the company ahead of the vote?	Schroders may tell the company of the intention to vote against the recommendations of the board before voting, in particular, if Schroders are a large shareholder or if they have an active engagement on the issue. Schroders always inform companies after voting against any of the board's recommendations.
Rationale for the voting decision	Shareholders would benefit from increased transparency on how the company's lobbying activities are aligned to its science-based targets and net zero commitments to better help shareholders better understand any potential risks with lobbying activities that do not align with these commitments.
Vote outcome	Fail
Next Steps	<p>Schroders did not provide any further information on the lessons learned or next steps.</p> <p>Schroders monitor voting outcomes particularly if they are large shareholders or if they have an active engagement on the issue. If they think that the company is not sufficiently responsive to a vote or our other engagement work, they may escalate their concerns by starting, continuing or intensifying an engagement. As part of this activity, the Investment Manager may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.</p>

Engagement with Investee Companies

Exercising equity voting rights (including those related to the Plan's investment in the Schroder Life Diversified Growth Fund) is not the only method of influencing behaviours of investee companies. Non-equity investments can also be subject to engagement activities, but these investments do not carry voting rights.

The Trustee expects the Investment Manager to engage on their behalf to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

At a firm level, Schroders states that it places a large focus on sustainability and has developed a number of ESG principles and practices that are core to its investment processes and operations across the business and include compliance with the UK Stewardship Code and the United Nations Principles for Responsible Investment. Schroders also states that it places a core focus on engagement, with investment selection being only the first step and active engagement with companies being key to promoting sustainable business practices and helping them to manage long-term risks.

In order to track ESG progress, Schroders has developed the Schroders Sustainability Accreditation Framework to formally recognise investments that have successfully integrated ESG into investment decision and identify any that have not, in order to further engage with. Schroders has also developed a set of proprietary ESG tools and includes the CONTEXT and SustainEx tools which scientifically combine measures and data of both the harm and the good companies can do to stakeholders and wider society.

Schroder's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients.

Over the 12 months to 31 December 2023, Schroders undertook over 6,724 engagements with 4,443 entities. Some engagements cover multiple topics and Schroders have provided the following summary of substantial engagements:

- 844 on environmental topics;
- 238 on social topics;
- 245 on governance issues on other topics including finance and strategy.

For the Schroder Life Diversified Growth Fund over the year to 31 March 2024, the Investment Manager carried out 554 engagement events, with 1,260 topics discussed. Some engagements cover multiple topics and Schroders have provided the following summary of substantial engagements:

- 782 on environmental topics;
- 254 on social topics,
- 224 on governance topics.

Extent to which Trustee's Policies Have Been Followed

Having reviewed the actions taken by the Investment Manager over the year, the Trustee believes that their policies on stewardship and engagement have been implemented appropriately over the year and in line with their views as stated in the Plan's SIP. The Trustee will continue to monitor the actions taken on its behalf each year.

If the Investment Managers deviate substantially from the Trustee's stated policies, the Trustee will initially engage and discuss this with Investment Manager, and if the Trustee still believes the difference between its policies and Investment Manager's actions are material, the Trustee will consider terminating and replacing the mandate if necessary.

August 2024

For and behalf of the Trustee of the Compass Minerals UK Limited Defined Benefit Pension Plan