

ATI Specialty Materials Limited Pension Plan Implementation Statement for the year ended 31 December 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the ATI Specialty Materials Limited Pension Plan (“the Plan”) has followed its policy in relation to the exercising of rights (including voting rights) attached to the Plan’s investments, and engagement activities during the year ended 31 December 2023 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

The Trustee’s policy

The Trustee believes that there can be financially material risks relating to ESG issue, and that good stewardship can create and preserve value for companies as a whole. The Trustee also recognises that long-term sustainability issues, including climate change, present risks and opportunities that may apply over their investment time horizon and increasingly require explicit consideration.

The Plan’s assets are invested predominantly in pooled vehicles and the day-to-day management of the Plan’s assets has been delegated to investment managers, including the selection, retention and realisation of investments within their mandates. In doing so, these investment managers 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 where appropriate.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour including those related to ESG of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee’s requirements as set out in this statement. Further, the Trustee expresses its policy by seeking advice from XPS on the extent to which views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

Beyond the governance work currently undertaken, the Trustee believes that its approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustee has not, to date, introduced specific stewardship priorities, it will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the manager.

Manager selection exercises

One of the main ways in which the Trustee’s policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there has been one manager selection exercise. The Trustee, with advice from the investment consultant, has decided to move the Plan’s LDI investments from Mercer to Legal & General Investment Management (“LGIM”). The manager is green rated on ESG by XPS. The implementation will take place in the next reporting period.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee was satisfied that it followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the Investment Managers will have voting rights is equities. The Plan had exposure to equities at the start of the reporting year through the Partners Group Partners Fund. Therefore, a summary of the voting behaviour and most significant votes cast by the investment is shown below. The Trustee has selected significant votes on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding. Where the manager has provided a selection of significant votes, the Trustee has reviewed the rationale for significant votes provided by the managers and is comfortable with the rationale provided, and that this is consistent with its policy. The Trustee, with the help of its Investment Consultant, has considered the information the Investment Managers have been able to provide on significant voting, and has deemed the below information as most relevant. Based on this summary, the Trustee concluded that the investment managers have exercised their delegated voting rights on behalf of the Trustee in a way that aligns with the Trustees' relevant policies in this regard.

Partners Group Partners Fund
The manager voted on 100% of resolutions of which they were eligible out of 847 eligible votes.
Investment Manager Client Consultation Policy on Voting
Partners do not consult with clients before voting.
Investment Manager Process to determine how to Vote
Partners voting is based on the internal Proxy Voting Directive.
How does this manager determine what constitutes a 'Significant' Vote?
Size of the holding in the fund
Does the manager utilise a Proxy Voting System? If so, please detail
Partners hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with Partners Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partners proxy voting directive, and the company's management differ, Partners vote manually on those proposals.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Breitling	As Partners control the Board, please see below the ESG efforts of the portfolio company.	Control of board	N/A**
<p>Breitling aims to improve its product supply chain beyond carbon removal. The company launched the "Origins" product line and released the Super Chronomat Automatic 38 Origins, its first traceable watch.</p> <p>This year, Breitling assessed equal pay for 1658 employees in 19 countries, considering location, roles & tenure. The company achieved <1% adjusted pay gap in favour of women and earned the "Universal Fair Pay Analyst" award from FPI Fair Pay Innovation Lab.</p> <p>Breitling conducts a double materiality assessment every three years to consider how the company's actions impact people and planet but also how its business is affected by sustainability issues.</p>			
Gren	As Partners control the Board, please see below the ESG efforts of the portfolio company.	Control of board	N/A**
<p>Gren's focus is on reducing their carbon footprint, with a plan to decarbonize operations by developing a GHG reduction strategy.</p> <p>Health & Safety is a priority, and Gren strive to maintain safe working conditions with zero cases of work-related illnesses, accidents, or fatalities. They also seek to maintain high employee engagement by developing an engaging work experience and fostering a positive organizational culture.</p>			
Wedgewood Pharmacy	As Partners control the Board, please see below the ESG efforts of the portfolio company.	Control of board	N/A**
<p>Wedgewood Pharmacy has completed its Scope 3 footprint assessment for 2022, ensuring that its environmental impact is measured and aligns with its Greenhouse Gas Reduction objectives. The company also identified sustainable materials and packaging alternatives, including foam pack inserts, ice bricks, coolers, vials, and autobags or plastic bags, demonstrating their commitment to eco-friendly practices.</p> <p>Regarding Health & Safety, Wedgewood Pharmacy has met its goals for recordable incidents through July and completed over 95% of its Active Shooter training and EHS Leads have been identified at all Blue Rabbit Operations locations. Furthermore, they have participated in community initiatives California's 2nd Harvest food bank volunteering.</p> <p>The company is currently developing its employee handbook to implement a more inclusive employment strategy. Consequentially, they are revising all job descriptions and partnering with VelocityEHS to review their process.</p>			
atNorth	As Partners control the Board, please see below the ESG efforts of the portfolio company.	Control of board	N/A**

atNorth is a Nordic data centre services company tackling two of the biggest challenges faced today: sustainability and digitalisation through environmentally responsible, power-efficient, cost-optimised data centres.

atNorth strategically locates its facilities in regions with abundant renewable energy sources, to optimise energy efficiency and support a circular economy where possible. Furthermore, atNorth captures the excess heat generated at its Stockholm-based SWE01 data centre and feeds it into Stockholm Exergi's district heating plant, providing heat and hot water for local residents instead of emitting it directly into the atmosphere. The SWE01 is a first-of-its-kind facility, able to capture up to 85% of the electricity used in the data centre and passing it on as heat to the district heating system. This has the potential to heat up to 20,000 homes.

In 2022, the company collaborated with two prevention and reaction programs in Icelandic municipalities where they operate. They have achieved an Equal Pay Confirmation with a score of 0.2%. To support employee development, they use an online learning management system and offer a formal training plan for all roles. They prioritise employee wellness by offering office amenities and monthly gym membership contributions, resulting in low sickness rates and a 7% employee turnover. atNorth conducted an Employee Pulse Survey to gauge employee engagement and identify strengths and weaknesses, averaging a satisfaction score of 7.8 out of 10.

atNorth updated its Code of Conduct and implemented a Sustainable Procurement Policy to reduce general consumption and promote environmentally responsible purchasing decisions. The policy was introduced to all employees, with specific training for those in procurement roles.

Emeria	As Partners control the Board, please see below the ESG efforts of the portfolio company.	Control of board	N/A**
Emeria's board and management have aligned with and committed to PG's Sustainability strategy, with the company launching the "Bien + durable (more sustainable housing)" plan, for which the implementation was kicked off in 2020. As a starting point, a materiality assessment was commissioned to identify and define the key challenges from a sustainability point of view, which then provided a roadmap for Emeria's ESG journey.			

*Please note that the Plan only had exposure to this fund at the start of January 2023. The Plans assets were redeemed from the Fund on 3 January 2023, but we have included this as it falls within the reporting period.

** Private markets investments are the largest exposure within the Fund and these are typically held directly, where Partners Group controls the board and therefore direction/strategy of the business.

Disclaimer: Neither XPS Investment Limited nor the Trustee have vetted these votes. These summaries have been provided by the investment manager and any reference to "our", "we" etc. is from the investment manager's perspective has come directly from the Investment Manager).

I confirm that this Implementation Statement is accurate, and representative of the Trustee's investment policies followed during the year.

Signed: _____,

Trustee of the ATI Specialty Materials Limited Pension Plan

Date: _____