

Implementation Statement

Mersen UK Portslade Limited Pension and Assurance Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Mersen UK Portslade Limited Pension and Assurance Scheme ("the Scheme")** to set out the following information over the year to **5 April 2025**.



How the Trustees' 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 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 2025 because investment managers only report on this data quarterly, the Trustees have therefore given the information over the year to 31 March 2025.



Conclusions

In reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented, and that the Scheme's investment managers have demonstrated transparency in their engagement activities.

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's policies on engagement activities.

Overall, the Trustees do not have any material concerns with the ESG and Stewardship activities of the Scheme's holdings.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 5 April 2025 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in March 2023 and has been made available online here:

[Statement of Investment Principles \(mersen.co.uk\)](https://www.mersen.co.uk)

Given the Scheme's time horizon to buy-out and that the Scheme's invested assets do not have any voting rights, the Trustees have taken a pragmatic approach to setting stewardship priorities, seeking to adopt engagement policies that align with their investment managers. The Trustees also review the stewardship and engagement activities of the investment managers annually.

How voting and engagement/stewardship policies have been followed

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

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees review the stewardship and engagement activities of the current managers from time to time. No formal review was undertaken during the year and no remedial action was taken during the period.
- Periodically, the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies, alongside preparation of the Implementation Statement.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.
- Annually the Trustees receive and review voting information and engagement policies from both the asset managers and their investment advisors, which they review to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests.

**Prepared by the Trustees of the Mersen UK Portslade Limited Pension and Assurance Scheme
July 2025**

Voting Data

All the funds the Scheme currently holds are either cash, gilts, or credit funds with Legal & General (“L&G”) and therefore have no voting rights.



Engagement

The investment manager 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 gilt and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Legal & General Asset Management	
Fund name	AAA-AA-A Bond Over 15 years	Buy and Maintain Credit
Number of entities engaged on behalf of the holdings in this fund in the year	21	182
Number of engagements undertaken on behalf of the holdings in this fund in the year	57	331
Number of engagements undertaken at a firm level in the year	4,459	



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

L&G

Nippon Steel

One example of L&G’s engagement is regarding climate disclosures in Japan. L&G engaged with Nippon Steel, the largest steel maker in Japan, regarding their disclosures of climate-related and decarbonisation-related policy positions.

Given the highly carbon intensive nature of the steelmaking industry, Nippon Steel’s role as one of the largest global steelmakers and the significant role Nippon Steel has in influencing Japanese policy, L&G have engaged repeatedly with Nippon Steel to encourage further climate policy disclosures. Despite previous engagements,

L&G remained unsatisfied with the disclosures provided so far and as such filed a shareholder resolution that would require Nippon Steel to “Disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally”.

Although the shareholder resolution did not pass, it achieved nearly 28% support, one of the highest levels of support recorded for a climate-related shareholder resolution in Japan, demonstrating to the company that investors expect greater transparency on climate-related engagement activity.

Housing Associations and the EPC Challenge

All UK housing associations (HAs) are required to ensure that their housing stock meets a minimum Energy Performance Certificate (EPC) rating of C by 2030. This regulatory milestone presents a significant challenge, placing considerable pressure on the already constrained budgets of many associations. These cost burdens are already being reflected in declining credit quality, with the average credit rating across the sector having dropped from AA/A+ six years ago to A/A- today.

L&G is increasingly concerned that the visibility into management preparedness and strategic decision-making is limited—often constrained to what management teams choose to disclose. In a landscape where leadership quality and board-level oversight are becoming increasingly material to long-term financial health, L&G believes it is imperative to dig deeper.

In response, L&G launched a three-stage engagement initiative aimed at gaining a clearer view of the risks and opportunities associated with EPC compliance. The objectives were threefold: to assess the readiness of each housing association, to encourage improvement among underperformers, and to enhance the robustness of L&G’s relative value assessments.

Commencing in late 2022, L&G issued engagement questionnaires to 36 housing associations within its coverage universe. The questionnaires sought information on the age distribution of housing stock, current EPC ratings across portfolios, and the budgets allocated for EPC-related upgrades.

This data was analysed to identify potential risks to balance sheet strength and cashflow quality, and to highlight those associations facing the steepest challenges.

L&G then engaged in follow-up discussions with 25 of the associations that responded in Stage 1. These conversations focused on publicly disclosed EPC upgrade timelines, strategies for non-compliant stock, and funding plans. L&G also reached out again to non-respondents from the first phase, sharing emerging themes and encouraging participation to align with best practices in the sector.

This stage provided critical insights into the level of importance each management team places on EPC compliance and the leadership strategies being deployed to meet regulatory demands.

In the final phase, L&G consolidated the information gathered and integrated it with relevant financial data to assess the relative positioning of each association within the sector. These findings were then incorporated into L&G’s relative value framework.

L&G will continue to engage regularly with the housing associations in its coverage, monitoring their progress toward achieving EPC C compliance by 2030. Given the materiality of this issue to the sector’s credit outlook and long-term sustainability, L&G will maintain and update its assessments, using them as a key input in its relative value analysis and investment decisions.