

Engagement Policy Implementation Statement (“EPIS”)

Vesuvius Pension Plan (the “Plan”)

Plan Year End – 31 December 2024

The purpose of the EPIS is for us, the Trustee of the Vesuvius Pension Plan, to explain what we have done during the year ending 31 December 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

The Trustee believes that the Plan’s assets are invested in line with the objectives and policies outlined in the Statement of Investment Principles, noting the particular characteristics of the Plan’s investment arrangements:

- (i) **Most of the Plan assets (c.90%) are invested in a buy-in annuity contract with Pension Insurance Corporation (“PIC”). The Trustee has very limited ability to influence PIC’s policies on environmental, social and governance (“ESG”) integration, however, believe it is incentivised to consider non-financial factors in determining its investment strategy; and**
- (ii) **Stewardship issues are of limited materiality to the Plan’s BlackRock Sterling Liquidity Fund and Macquarie fund holdings.**

In November 2021, the Plan agreed a low-risk investment strategy comprising of a full plan buy-in annuity contract with PIC and residual assets. The buy-in annuity contract aims to wholly cover the benefits payable to all members of the Plan. In endeavouring to invest in the best financial interests of the beneficiaries and purchasing the buy-in annuity contract, we recognise that we cannot, therefore, directly influence the ESG integration or stewardship policies and practices of PIC. We believe that PIC should use its influence and purchasing power where possible to ensure that ESG factors, including climate change, are appropriately considered by underlying investment managers and financial counterparties.

The Plan’s remaining assets included investments in a Sterling Liquidity Fund (“SLF”) managed by BlackRock and Infrastructure Funds managed by Macquarie Investment Management (“Macquarie”). This EPIS does not disclose stewardship information on (1) investments in cash, such as the SLF, due to the limited materiality of stewardship of this asset class and (2) investments in the Macquarie funds due to these funds being in their final stages of liquidation.

How voting and engagement policies have been followed

The majority of the Plan assets were transferred to PIC, in November 2021, as part of the buy-in transaction of the Plan's remaining liabilities. Following the transaction, the Plan had residual assets which included holdings in the BlackRock SLF and Macquarie Infrastructure Funds.

Some of the Plan's assets are invested in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment adviser.

The Plan's stewardship policy can be found in the SIP: <https://www.vesuvius.com/content/dam/vesuvius/corporate/Sustainability/statutory-documents/statement-of-investment-principles-september-2023.pdf>

Our Engagement Action Plan

We have limited ability to incentivise PIC to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, we believe that PIC is appropriately incentivised to make decisions relating to the medium- and long-term financial and non-financial factors which may influence the performance of the assets backing PIC's obligations to the Plan.

Should we be provided with any opportunity which we deem appropriate to incentivise our managers and PIC concerning these areas, we will consider this and take reasonable steps.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Insurer's engagement activity

The table below shows some of the engagement activity carried out by the Plan's insurer, PIC. PIC has provided information for the most recent calendar year available.

Insurer	Commentary <i>(in the insurer's own words)</i>
PIC	<p>PIC has implemented active engagement with investee companies across public credit, private debt and real estate investments on material sustainability issues. This is an integral part of our ESG strategy to help ensure long term ESG risks, such as climate and social risks, are accounted for within the issuer's operations which may influence its ability to meet its financial obligations.</p> <p>For direct investments (e.g. housing associations, equity release mortgages and other bilateral investments), PIC will engage where possible directly with organisations both at the point of capital raise and during the tenure of the investment on various ESG-related issues material to PIC.</p> <p>For indirect holdings, PIC aims to work closely with external managers and voices any particular concerns to be engaged on. The key external managers who help manage the public credit portfolio are also involved in thematic ESG research which helps identify important emerging or prominent topics and recognise sector leaders and laggards. These are reported directly to PIC through quarterly engagement meetings. Larger-scale industry engagements with identified laggards are done by our managers. This research, together with findings from engagements, complements PIC's forward-looking analysis and helps us ensure our portfolio is correctly positioned for any long-term industry changes.</p>

Source: PIC