ICL Group Pension Plan ("the Plan")
Implementation Statement

Introduction

This Statement covers the year ended 31 March 2024. The purpose of this Statement is to:

- outline any changes that have been made to the Statement of Investment Principles ('SIP') over the period; and
- provide details of how the Trustee's policies on collateral resilience, rebalancing framework and environmental, social, and corporate governance ('ESG') issues, including climate change risks, and policies on engagement have been adhered to.

This Statement has been produced in accordance with the regulatory requirements and the guidance published by the Pensions Regulator.

The investment managers have been assessed according to the policies set out in the SIP.

In summary, the Trustee believes that:

a) the policies outlined in the SIP have been adhered to over the year to 31 March 2024; and

b) the investment managers are adhering to the Trustee's policies on ESG, engagement and voting.

There were no significant changes that were implemented over the year to 31 March 2024.

Review and changes to the SIP

During the year, the Trustee reviewed the SIP for the Plan. Revisions were made to reflect the following:

1. The Trustee's specific target date to achieve full funding was removed and replaced with the Trustee's desire to achieve full funding as soon as possible.
2. The Trustee's target expected excess return to achieve the Investment Objective was updated to reflect the Trustee's desire to balance the level of risk that the Plan is exposed to with the desire to achieve full funding as soon as is possible. Further detail on the Plan's Investment Objective is set out in the following section.

Investment Objectives and Investment Strategy

The primary objective of the Plan Trustee is to invest the Plan's assets in the best interest of the members and beneficiaries.

The financial objective of the Plan Trustee is to target an expected return that is sufficient to support the requirements of the Technical Provisions and the current Deficit Recovery Plan, and to adopt an investment strategy which is consistent with the financial objective.

The investment strategy is highly diversified across a range of asset classes, in both public and private markets and is implemented using a number of investment managers.

The investment strategy is kept under regular review. During the year, revisions were made to the investment strategy to reflect the Trustee's target expected excess return which will balance their desire to achieve full funding as soon as possible with the level of risk, which covers a range of operational, technical and covenant related risks, the Plan is exposed to.

Collateral Resilience

Post the events of the gilt-crisis, it was agreed that the Plan should target a sufficient level of collateral in cash (including cash raised through credit repo) and gilts to withstand rises in interest rates of c.400bps, and to ensure that sufficient other liquid assets were held (i.e. investment grade credit) to be able to withstand a c.800bps rise in interest rates.

Throughout the year to 31 March 2024, the Trustee monitored the collateral resilience of the Plan on a regular basis and assessed that there had been sufficient collateral resilience to allow a portion of collateral assets to be reinvested in excess return seeking assets.

Rebalancing Framework

In March 2023, the legacy framework used for rebalancing was amended to reflect the limited scope to realign the allocations following the changes to the investment policies that took place during and after the gilt crisis. In particular, it was agreed that the Plan would no longer maintain a strategic 'target' allocation and instead, rebalancing decisions would be made based on a qualitative assessment of a range of factors. These factors to be considered include expected excess return, tracking against the funding target, and collateral headroom.

Over the year to 31 March 2024, the Trustee took opportunities to increase the target liability hedge ratios and to rebuild the investment grade credit allocation as capital returned from the Plan's illiquid investments, to the extent the Plan's collateral resilience allowed.

Sustainable Investment, ESG and Stewardship

The Trustee considers sustainable investment issues, such as (but not limited to) those arising from Environmental, Social and Governance (‘ESG’) considerations, including climate change, and effective stewardship, in the context of a broad risk management framework. The Trustee has established stewardship priorities for the Plan which are expected to prioritise stewardship and engagement activities in relation to the following ESG factors:

- Climate Change with a focus on disclosure and reporting;
- Modern Slavery; and
- Diversity and Inclusion.

Whilst the Plan's investment managers are given full discretion in exercising stewardship obligations relating to the Plan's investments, they are expected to prioritise stewardship and engagement activities in relation to the Plan's stewardship priorities.

Sustainable Investment, ESG and Stewardship (Continued)

The Trustee believes that integrating sustainability into its processes and decision making, with a focus on the Plan's stewardship priorities, should lead to better outcomes for Plan members, including by helping to manage regulatory and reputational risks. The information below provides some key highlights for the Plan.

All

Of the managers are signatories to the United Nations Principles of Responsible Investment

(as at March 2024)

6

Out of 8 managers are signatories to the UK Stewardship Code

(as at March 2024)

100%

of the managers are adhering to the Trustee's policies on ESG and engagement, as set out in the SIP

Sustainable Investment, ESG and Stewardship (Continued)

The Plan Trustee is responsible for the overall investment arrangements and has delegated specific responsibilities to the Joint Investment Committee ("JIC"). The table below outlines the Trustee's policy in relation to Sustainable Investment, ESG and Stewardship set out in the SIP (as updated November 2023) and explains how these have been implemented for the year to 31 March 2024.

Sustainable Investment, ESG and Stewardship

Policy

The Plan Trustee and the JIC consider sustainable investment issues, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, and effective stewardship, in the context of a broad risk management framework.

The Plan Trustee and the JIC believe that integrating sustainable investment into its processes and decision making should lead to better outcomes for Plan members, including by helping to manage regulatory and reputational risks.

The JIC's policy is that day-to-day decisions relating to the selection, retention and realisation of Plan assets are left to the discretion of its investment managers. Furthermore, the JIC expects the investment managers to consider ESG issues and explores these issues with its managers to understand how they exercise these duties in practice and receive reports on how these issues are addressed.

While the Plan's investment managers are given full discretion in exercising stewardship obligations relating to the Plan's investments, they are expected to prioritise stewardship and engagement activities in relation to the following ESG factors, which represent the Plan's priorities in relation to stewardship:

- *Climate Change with a focus on disclosures & reporting;*
- *Modern Slavery; and*
- *Diversity & Inclusion.*

If a concern is identified, this will be reported to the JIC and will be considered on a case-by-case basis. If a manager's level of engagement was viewed to be unsatisfactory, this would be escalated in the first instance by the Investment Executive, who would feed back to the manager that their current level and/or depth of engagement was not satisfactory, and encourage them to improve this, taking into account the Plan's stewardship priorities. If this did not result in an improvement in the level of engagement, the next level of escalation would be for the JIC to voice their dissatisfaction to the manager on their level and/or depth of engagement. If this still did not result in any improvement, the JIC would consider whether the specific circumstances justified the termination of the mandate.

When considering the appointment of new managers, and reviewing existing managers, the JIC, together with the Investment Executive ("IE"), looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.

Implementation (In the year to 31 March 2024)

The evaluation of how the investment managers identify and manage material ESG risks including climate change, along with the quality of their stewardship activities, form part of the ongoing appraisal of each manager's appointment. In addition, the JIC discuss ESG issues with the investment managers during their annual review meetings.

The Trustee prepared the second climate report for the Plan in line with the recommendations of the Task Force on Climate Related Financial Disclosures ("TCFD") over the period under review. This detailed report covered five key areas: Governance, Strategy, Scenario Analysis, Risk Management, and Metrics & Targets. As part of the data collection process for the report, a range of ESG metrics were collected across all of the Plan's mandates. In addition, the Trustee has set a target to increase the number of climate related engagements over the next 3 years, relative to the baseline set for engagements over the calendar year 2021, by 25%.

The IE provide an annual Stewardship & Engagement Report to the JIC with an assessment of the investment managers' ESG policies and how these have been implemented over the year and summarising the engagement for each manager to be assessed by the JIC.

The IE regularly reviewed the engagement activities of the Plan's managers through both annual meetings with managers alongside the production of the Stewardship and Engagement report. In addition, the Plan's priorities in relation to stewardship were communicated to the managers over the year. The IE expects the Plan's managers to prioritise engagement in these areas going forward.

The Plan has zero exposure to listed equities and as such no votes have been cast on behalf of the Plan over the year. The engagement activities of the managers are summarised in the annual Stewardship & Engagement Report.

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