

# Du Pont (U.K) Limited Pensions Fund Implementation Statement – 31 December 2024

## Why have we produced this Statement?

The Trustee of the Du Pont (U.K) Pensions Fund have prepared this statement to comply with the requirements of the Occupational Pension Funds (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee have complied with the voting and engagement policies detailed in the Fund's Statement of Investment Principles (SIP).

## What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties

and the risks the Fund faces and the mitigated responses.

The Trustee last reviewed the SIP in June 2024.

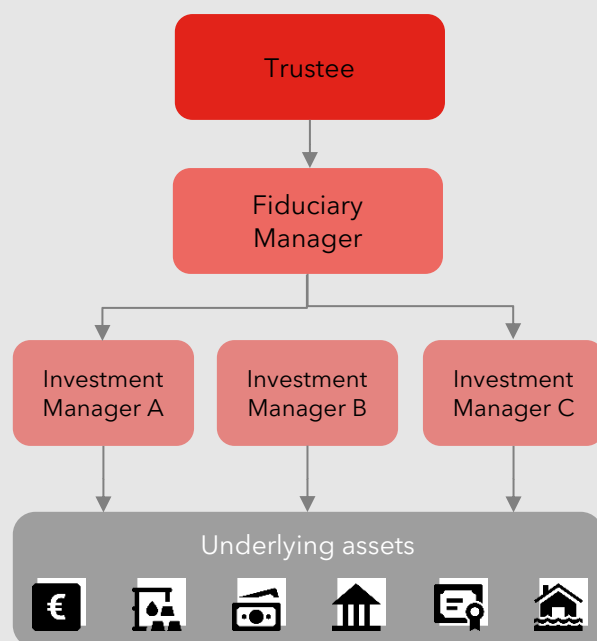
## What is the purpose of this Statement?

1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe the voting rights attached to the Fund's assets have been exercised over the year.

## What changes have we made to the SIP?

The SIP was updated in June 2024 to reflect the Trustee agreed stewardship priorities of climate change, and diversity, equity and inclusion as key areas of focus.

## How are the Fund's investments managed?



**Trustee** - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retain overall responsibility for the Fund's investment strategy but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

**Fiduciary Manager (WTW)** - The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Fund's assets between asset class and investment managers.

**Investment managers** - The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where these assets are held directly in the Fund's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

**Underlying assets** - The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.



### Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee have appointed a Fiduciary Manager who shares this view and considers and integrates ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

### What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but have identified climate change, diversity, equity and inclusion as key areas of focus.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expect the Fiduciary Manager to engage with investment managers to improve their processes.

### What training have the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement the Trustee received the following training over the year:

- Stewardship priorities, following which the Trustee agreed the areas of focus listed above.
- An update on recent sustainable investing developments including regulatory changes.

The Trustee also drafted the Fund's first climate change report, demonstrating the Trustee's commitment to monitoring and managing climate risks within the Fund's portfolio.

## What are the Fiduciary Manager's policies?

### Climate change and net zero goal

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

### Public policy and corporate engagement

The Fiduciary Manager employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2024 include:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives.

### Industry initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:

<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>



## How does the Fiduciary Manager assess the investment managers?

**Investment manager appointment** - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2024 the Fiduciary Manager collected data from around 1,200 products, conducted engagements with over 70 managers across various asset classes and engaged on over 100 products on sustainability and stewardship.

**Investment manager monitoring** - The Fiduciary Manager produces detailed reports on the

investment managers' ESG integration and stewardship capabilities on an annual basis. We have provided the Fiduciary Manager's ratings of the equity managers' ESG integration and stewardship capabilities in the later pages.

**Investment manager termination** - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

## Example of engagement carried out over the year

### Equity manager A General ESG issue

**Issue:** Based on the manager's 2023 Task Force on Climate-Related Financial Disclosures (TCFD) Report, the Fiduciary Manager found there were companies in the portfolio that had not committed to the Science Based Targets Initiative (SBTI). The Fiduciary Manager discussed the manager's Net Zero Approach and how they engage with companies. The manager highlighted that they encourage companies to sign up for SBTi targets, and they highlighted a case study demonstrating they are willing to vote against the management if they are not willing to address this issue.

**Outcome:** The Fiduciary Manager gained comfort from the discussion, given the manager's willingness to act. The Fiduciary Manager continues to engage with the manager and discuss specific case studies in the portfolio. Future discussions will focus on the companies that are not aligned or on track with their targets, and where the manager hasn't made appropriate efforts to engage.

### Equity manager B Environment - Climate issue

**Issue:** The Fiduciary Manager engaged with the manager to improve the integration of climate related risk within the portfolio management process.

**Outcome:** The ESG reports now feature a dedicated climate change section and a more standardised format. Each analyst is required to rank climate risks and opportunities as low, medium, or high. The current focus is on businesses that are not aligned, lack disclosure, or do not have targets. There has not been much depth in engagements with aligned and aligning companies.

The manager has a thematic focus on climate, alongside modern slavery and digital ethics. Where appropriate, they are also beginning to have conversations with companies about physical risks, such as water scarcity. The Fiduciary Manager has engaged with the manager to encourage support where there is progress for the company. The manager expects to vote against larger companies more frequently, particularly where they have less engagement impact or influence, and where there are relevant items on the ballot.

### Secure income manager General ESG issue

**Issue:** The Fiduciary Manager identified a lack of a dedicated Diversity, Equity, and Inclusion (DEI) resource, the absence of climate scenario and Climate Value-at-Risk (CTVaR) analysis for underlying assets, and the lack of disclosure for carbon emissions at both the firm and fund levels.

**Outcome:** The manager has made significant strides in addressing key areas of improvement. A management committee has been established, specifically responsible for DEI. Additionally, a separate workstream has been initiated to develop a comprehensive DEI strategy, which includes a thorough review of current policies.

The absence of CTVaR and climate scenario analysis for the underlying assets is being tackled on a firmwide level. The team is currently in the process of evaluating various providers and aims to finalize their selection by the end of the year.

While there has been no disclosure of firm or fund-level carbon emissions previously, the manager has now reported firm-level emissions. Although Scope 3 emissions are still pending, efforts are actively underway to address this gap.



### What are the voting statistics we provide?

The Fund is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Fund's investment managers where this was relevant.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee stewardship priorities (climate change; diversity, equity and inclusion)
- Financial outcome for members, including size of holding
- High profile vote, including votes not supporting company management

The Fund is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee have decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

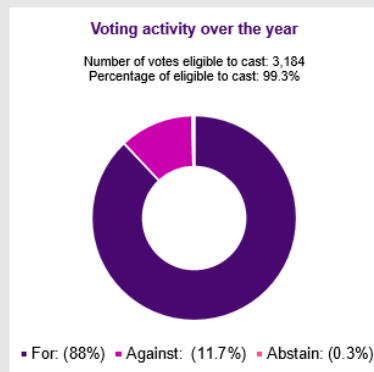
The Trustee has also included the Fiduciary Managers assessment of the investment managers ESG integration and stewardship (including voting and engagement) capabilities, where relevant.

### In conclusion...

The Trustee is satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.

## Global Equity Focus Fund

### Voting activity over the year



#### Significant vote

**Company:** Berkshire Hathaway

**% Fund:** 0.9%

**Vote topic:** Report on efforts to measure, disclose and reduce greenhouse gas emissions associated with underwriting, insuring, and investing

**Issue:** The manager supported climate risk disclosure, prioritizing leadership over compliance costs. They voted with ISS, believing the company's 90% emissions disclosure made waiting for SEC guidance inadequate.

**Voting instruction:** For shareholder proposal, against management

**Prior communication of against vote:** No

**Outcome:** Failed the resolution

**Why a significant vote?** Climate change is one of the stewardship priorities

**Next steps:** The Manager urged the CEO to prioritize climate risk transparency and take a leadership role instead of waiting for policy guidance and encouraging the company to take more of a leadership role rather than wait for policy guidance.

#### Significant vote

**Company:** Eli Lilly and Company

**% Fund:** 1.4%

**Vote topic:** Report on effectiveness of diversity, equity, and inclusion efforts

**Issue:** Shareholder proposal promotes better management of social, environmental and ethical opportunities and risks.

**Voting instruction:** For shareholder proposal, against management

**Prior communication of against vote:** N/A

**Outcome:** Failed the resolution

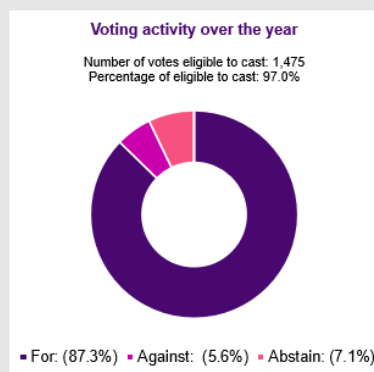
**Why a significant vote?** Diversity, equity and inclusion are stewardship priorities

**Next steps:** The manager will continue to consider proposals on effectiveness towards diversity, equity and inclusion efforts.

**Voting policy:** As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Fund's underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.

## Hedge Advantage Fund

### Voting activity over the year



#### Significant vote

**Company:** TPI Composites

**% Fund:** 0.9%

**Vote topic:** Eliminate supermajority vote requirements

**Issue:** The manager voted in line with Institutional Shareholder Services (ISS) for all items except item five (supermajority). The manager believes a declassified board would be helpful to prevent the entrenchment of manager directors.

**Voting instruction:** Against ISS and management

**Prior communication of against vote:** No

**Outcome:** Failed the resolution

**Why a significant vote?** A vote against management

**Next steps:** None to report

#### Significant vote

**Company:** Emerson

**% Fund:** 0.7%

**Vote topic:** Adopt simple majority vote

**Issue:** The manager voted with ISS on all items, including the shareholder proposal for simple majority voting. The manager saw it as a reasonable governance improvement. New board members are qualified and independent, and management compensation is slightly high but in line with peers.

**Voting instruction:** For shareholders and ISS, against management

**Prior communication of against vote:** No

**Outcome:** Passed the resolution

**Why a significant vote?** A vote against management

**Next steps:** None to report

**Voting policy:** As the manager manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of the Fund's underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all the investors. In addition, EOS is expanding the remit of engagement activity they perform on the Fund's behalf beyond public equity markets, which will enhance stewardship practices over time.

## Global Property Securities

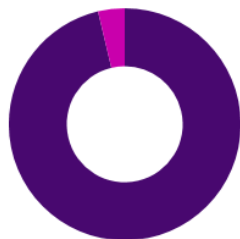
### Voting activity over the year



**Fiduciary Manager's assessment**

#### Voting activity over the year

Number of votes eligible to cast: 630  
Percentage of eligible to cast: 100%



■ For: (96.3%) ■ Against: (3.7%)

#### Significant vote

**Company:** Ventas

**% Fund:** 3.7%

**Vote topic:** Advisory vote to ratify named executive officers' compensation

**Issue:** The resolution was voted against due to the CFO's poor performance, inadequate disclosure of performance metrics, and unambitious targets in the long-term incentive. The company's balance sheet is poorly positioned, limiting flexibility and exposing it to marginal interest rates. The lack of disclosure for performance thresholds for the capital structure positioning and Diversity and Inclusion metrics, and low hurdles for the relative TSR metric further contributed to the decision.

**Voting instruction:** Against management

**Prior communication of against vote:** Yes

**Outcome:** Passed the resolution

**Why a significant vote?** Vote against management

**Next steps:** They communicated with the company regarding their reasons for voting against the compensation resolution and are in regular discussions with the company's management to ensure their views are understood.

#### Significant vote

**Company:** Sun Hung Kai Properties

**% Fund:** 2.2%

**Vote topic:** Approve issuance of equity or equity-linked securities without preemptive rights and authorize reissuance of repurchased shares

**Issue:** The manager voted against issuing new shares and reissuing repurchased shares due to the lack of preemptive rights, undisclosed discount prices, and exceeding the recommended issuance limit.

**Voting instruction:** Against management

**Prior communication of against vote:** Yes

**Outcome:** Passed the resolution

**Why a significant vote?** Vote against management

**Next steps:** They informed the management team of the reasoning for vote against this resolution.

**Voting policy:** The manager will review each resolution individually to arrive at a voting recommendation. The following key principles will be adhered to in making a recommendation: resolutions should treat shareholders equally; any material conflicts of interest must be appropriately addressed; resolutions should be clearly and individually stated, as composite resolutions are not optimal. The manager will not abstain from any resolution unless it is in the client's best interest to abstain, the manager has received direct instruction from the client to abstain, regulations in the issuing company's country of domicile prevent lodging an against vote, or there is insufficient information to make an informed decision. When voting against a resolution, the manager will endeavor to inform the company in advance. If this is not possible, the company will be advised as soon as practicable.

## Global Listed Infrastructure

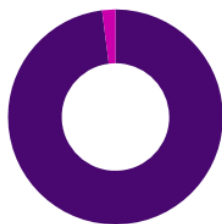
### Voting activity over the year



**Fiduciary Manager's assessment**

#### Voting activity over the year

Number of votes eligible to cast: 327  
Percentage of eligible to cast: 100%



■ For: (98%) ■ Against: (2%)

#### Significant vote

**Company:** Orsted

**% Fund:** 8.0%

**Vote topic:** Election of the other member of the board of directors: re-election of Dieter Wemmer as member of the board of directors

**Issue:** The manager has recommended voting against his re-election, citing dissatisfaction with the level of disclosure during his tenure as head of the Audit & Risk Committee, particularly regarding material information for shareholders.

**Voting instruction:** Against management resolution

**Prior communication of against vote:** No

**Outcome:** Failed the resolution

**Why a significant vote?** A vote against management

**Next steps:** The manager is unsatisfied with the level of disclosure. Thus, plans to have an informal discussion with the company.

#### Significant vote

**Company:** Consolidated Edison, Inc.

**% Fund:** 4.6%

**Vote topic:** Elect Director John F. Killian and Elect Director Armando J. Olivera

**Issue:** The election of John F. Killian is significant due to his climate policy stance as a US utility company with a low Transition Pathway Initiative score, while the vote for Armando J. Olivera highlights concerns over PwC's excessive auditor tenure since 1938, emphasizing the need for auditor rotation in the US.

**Voting instruction:** For management resolution

**Outcome:** Passed the resolution

**Why a significant vote?** This is significant because Transition Pathway Initiative (TPI) score below Level 4 and excessive auditor tenure.

**Next steps:** Although the manager voted for, they have also conveyed their concerns.

**Voting policy:** When proxy voting is to occur, the investment team sector lead provides voting recommendations which are then tabled at the manager's Investment Committee (IC) for review and approval. Recommendations are made having regard to the various environmental, social, and governance (ESG) factors of each of the resolutions to be voted on. Voting instruction are submitted via ProxyEdge. The proxy vote recommendations submitted to IC contain a summary of all ESG risks and key issues identified for that company including, where relevant, recommendations for voting on specific issues.

# Emerging Market Growth

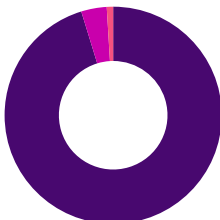
## Voting activity over the year



**Fiduciary Manager's assessment**

### Voting activity over the year

Number of votes eligible to cast: 526  
Percentage of eligible to cast: 100%



■ For: (95.3%) ■ Against: (3.8%) ■ Abstain: (1%)

### Significant vote

**Company:** Dino Polska SA

**% Fund:** 1.9%

**Vote topic:** Elect Supervisory Board Member

**Issue:** A board member's resignation created a vacancy that had to be filled immediately to comply with Polish law, which requires at least five board members. The management team's request for blanket shareholder approval without disclosing the nominee's name has raised concerns. ISS recommended voting against the proposal due to the lack of transparency and potential governance issues, which the manager agreed with.

**Voting instruction** Against management recommendation

**Prior communication of against vote**No

**Outcome:** Passed the resolution

**Why a significant vote?**A vote against management

**Next steps:**None to report

### Significant vote

**Company:** Hangzhou Tigermed Consulting Co., Ltd.

**% Fund:** 0.8%

**Vote topic:** Amend Articles of Association

**Issue:** Removal of the class meeting requirement would reduce shareholder safeguards and limit the ability of certain shareholder classes to reject potentially unfavorable proposals for minority shareholders.

**Voting instruction** : Against management recommendation

**Prior communication of against vote:** No

**Outcome:** Passed the resolution

**Why a significant vote?** A vote against management

**Next steps:** None to report

**Voting policy:** Decisions are made by members of the investment research team. The process is typically directed by the lead analyst on the business, who will often consult with other members of the research team and Stewardship Committee. The manager's evaluation of each meeting agenda typically considers company proxy documents, their own research on the business, recent discussions with management, and third-party analysis. While the manager does consider independent proxy advisers' guidance, they do not delegate their voting or rely on adviser's guidance in their voting decisions.