Engagement Policy Implementation Statement (“EPIS”)

World Duty Free Group UK Pension Plan (the “Plan”)

Plan Year End – 5 April 2023

The purpose of the EPIS is for us, the Trustee of the World Duty Free Group UK Pension Plan, to explain what we have done during the year ending 5 April 2023 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

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Plan’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

We delegate the management of a portion of the Plan’s assets to Aon Investments Limited (“Aon”), and we are comfortable with the management and the monitoring of ESG integration and stewardship of the underlying managers that have been carried out on our behalf.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with our policy. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

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, Aon Investments Limited ("Aon"). In particular, we received quarterly ("ESG") ratings from Aon for the funds the Plan is invested in where available. During the year, we received training on ESG which covered topics across climate change, biodiversity and stewardship. Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

The Plan's stewardship policy can be found in the SIP here:
https://www.dufry.com/sites/default/files/document/2021-02/WDFG%20UK%20Pension%20Plan%20Statement%20of%20Investment%20Principles.pdf

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 Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. While LGIM and BlackRock did provide a comprehensive list on fund level engagements, which we find encouraging, they did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard. Aon, will continue to engage with these managers to better understand their engagement practices and discuss the areas that are behind their peers.

2. Aegon's provision of fund-level engagement themes was limited. Aon, will continue to engage with Aegon managers to better improve their practices.

Aon’s engagement activity

We invest some of the Plan’s assets in Aon’s Managed Growth Strategy. This is a fund of funds, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon’s latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients’ portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

Our equity managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship of the Plan assets is in members' best interest to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Plan's material funds with voting rights. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2023 which broadly matches the Plan year.

	Number of resolutions eligible to vote on	**% of resolutions voted**	**% of votes against management**	**% of votes abstained from**
BlackRock – Emerging Markets Equity Fund*	33,350	97.0%	11.0%	3.0%
LGIM – Multi-Factor Equity Fund	11,712	99.8%	20.2%	0.1%

Source: Managers

**The voting statistics provided by BlackRock that abstained votes are being counted as votes against management resulting in double counting within the voting statistics. The sum of 'Votes supporting Management', 'Votes against Management' and 'Votes abstained' adds up to more than 100%.*

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting advisers
BlackRock	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote.
Legal and General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers, including underlying managers within the Managed Growth strategy. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Plan.

Funds	**Number of engagements**		**Themes engaged on at a fund-level**
	Fund specific	**Firm level**	
BlackRock – Emerging Markets Equity Fund	450	3,886	Environment - Climate Risk Management Social - Human Capital Management Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Governance Structure
LGIM – Multi-Factor Equity Fund	279	1,224	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance – Remuneration
Robeco – SDG Credit Income Fund	11	252	Environment - Climate Change, Pollution, Waste. Social - Human and labour rights Governance - Board effectiveness – Other Other - SDG Engagement
Aberdeen ("Abrdn") – Climate Transition Bond Fund	44	2,484	Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Other - Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
Aegon Asset Management ("Aegon") – European Asset Backed Securities (ABS) Fund	132	441	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Other - Proprietary ESG assessment

Source: Managers

Data limitations

At the time of writing, LGIM and BlackRock did provide fund-level engagement information but not in the industry standard ICSWG guide.

This report does not include commentary on the Plan's liability driven investments/gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan's managers. The Trustee considers a significant vote as one which the voting manager deems to be significant or a vote where more than 15% of votes were cast against management. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

BlackRock – Emerging Markets Equity Fund	**Company name**	Grupo Mexico S.A.B. de C.V.
	Date of vote	28-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not provided*
	Summary of the resolution	Elect or Ratify Chairmen and Members of Board Committees
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	BIS determined that it is in the best interests of our clients as long-term shareholders to not support the director bundled ballot election at the 2022 AGM. The company has not updated their sustainability-related reporting, and in particular, their climate-related disclosures since the release of their "2020 Sustainable Development Report." In addition, the company has not addressed shareholder concerns, including BlackRock's, regarding the quality and effectiveness of their Board of Directors.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	*Not provided*

LGIM – Multi-Factor Equity Fund	**Company name**	Eli Lilly and Company
	Date of vote	02-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.9%
	Summary of the resolution	Require Independent Board Chair
	How you voted	LGIM voted in favour of the shareholder resolution (management recommendation: against).
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Source: Managers