

Engagement Policy Implementation Statement (“EPIS”)

World Duty Free Group UK Pension Plan (the “Plan”) Plan Year End – 5 April 2024

The purpose of the EPIS is for us, the Trustee of the Plan, to explain what we have done during the year ending 5 April 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

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 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”). We believe the activities completed by Aon to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

How voting and engagement policies have been followed

The Plan is invested in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with the policies set out in our SIP. 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.

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](#).

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:

- While LGIM did provide a comprehensive list on fund level engagements, which we find encouraging, it 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. Our investment adviser will continue to engage with LGIM to encourage improvements in its engagement reporting.

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 Environmental Social Governance ("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

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, a set of high stewardship standards for asset owners and asset managers which is maintained and assessed by the Financial Reporting Council.

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 is in the members' best interests 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 undertake 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.

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 2024 which broadly matches the Plan year.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM – Multi-Factor Equity Fund	12,190	99.8%	21.1%	0.2%
UBS – Global Emerging Markets Equity Climate Transition Fund	1,653	85.6%	20.7%	0.1%
UBS – Global Equity Climate Transition Fund	12,343	95.0%	12.4%	0.1%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

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.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
Legal & General Investment Management ("LGIM")	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
UBS Global Asset Management ("UBS")	UBS retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

Source: Managers

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

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.

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. 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 level	Firm level	
Aberdeen ("Aberdn") – Climate Transition Bond Fund	101	2,008	Other - Climate; Environment; Corporate Governance; Labour Management; Corporate Behaviour
Aegon Asset Management ("Aegon") – European Asset Backed Securities (ABS) Fund	127	528	Environment - Climate Change Governance - Board Effectiveness - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
LGIM – Multi-Factor Equity Fund	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition
Robeco – SDG Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board Effectiveness - Other Other - SDG Engagement
UBS – Global Emerging Markets Equity Climate Transition Fund	28	471	Environment - Climate Change Social - Human and Labour Rights; Human Capital Management Governance - Remuneration Strategy, Financial & Reporting - Capital Allocation
UBS – Global Equity Climate Transition Fund	183	471	Environment - Climate Change Social - Human Capital Management Governance - Remuneration; Board Effectiveness - Independence/Oversight Strategy, Financial & Reporting - Capital Allocation

Source: Managers

Data limitations

At the time of writing, LGIM did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template.

This report does not include commentary on certain asset classes such as 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. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

LGIM – Multi-Factor Equity Fund	Company name	Apple Inc.
	Date of vote	28-Feb-2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.5
	Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy
	How you voted?	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 AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Environmental and Social: A vote Against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in Equal Employment Opportunity (EEO) policies does not appear to be a standard industry practice.
	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?	Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

*As this was an Apple vote and was a shareholder proposal; this means a vote against the proposal is a vote “in favour” of management. LGIM voted in favour of management due to the level of disclosure on the policy already provided.

UBS – Global Emerging Markets Equity Climate Transition Fund	Company name	Ganfeng Lithium Group Co. Ltd.
	Date of vote	30-Nov-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Approve Adoption of the 2023 Employee Stock Ownership Plan
	How you voted?	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Full details for the plan and associated proposals have not been disclosed.
	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?	We are not planning future steps in regard to the outcome, as the scheme was approved by a majority of shareholders.
	On which criteria have you assessed this vote to be most significant?	36% of shareholders voted against the plan and associated proposals.
	UBS – Global Equity Climate Transition Fund	Company name
Date of vote		23-May-2023
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)		<i>Not provided</i>
Summary of the resolution		Request Shell to align its existing 2030 Greenhouse Gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement
How you voted?		Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?		Yes
Rationale for the voting decision		We remain unclear on why setting a modest absolute Scope 3 target remains off the table for the company.
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?		We will continue to engage with the company through 2023 to determine what actions are planned.
On which criteria have you assessed this vote to be most significant?		Relevance of voting action as escalation of engagement.

Source: Managers