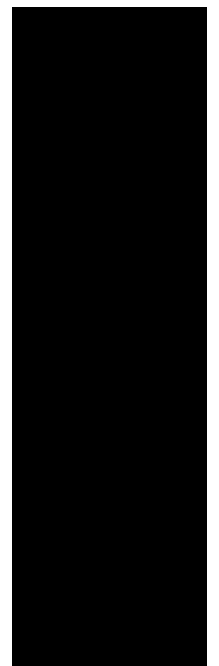
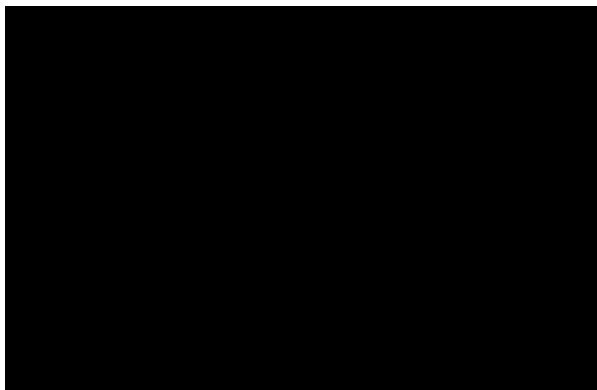


DSM UK Pension Scheme

Implementation Statement

Year ending 31 December 2022



Section 1: Introduction

This document is the Annual Implementation Statement (“the Statement”) prepared by the Trustee of the DSM UK Pension Scheme (“the Scheme”) covering the scheme year to 31 December 2022 (“the year”).

The purpose of this statement is to:

- Detail any reviews of the Statement of Investment Principles (“SIP”) the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review
- Set out the extent to which, in the opinion of the Trustee, the Scheme’s SIP, required under section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it), has been followed during the year
- Describe the voting behaviour by, or on behalf of, the Trustee over the year (including most significant votes) and state any use of services of a proxy voter during that year.

A copy of this implementation statement will be made available on the following website alongside the Scheme’s SIP:

<https://epa.towerswatson.com/accounts/dsm/public/scheme-information/>

In summary, the Trustee considers that all SIP policies and principles were adhered to over the year.

Section 2: SIP reviews/changes over the year

The SIP was not updated during the Scheme year. The current SIP is dated September 2020 and is published on the website. The next review and update to the SIP is expected in June 2023.

Section 3: Adherence to the SIP

Overall, the Trustee believes the policies outlined in the SIP have been adhered to during the year. In this section we set out how this has been achieved.

Scheme's objectives and long-term policy

The Trustee has identified objectives for the Scheme which are outlined in section 3 of the SIP. These include:

- The acquisition of suitable assets to generate income which together with new contributions from the Company will meet the cost of future benefit payments;
- To limit the risk of the assets failing to meet the liabilities in both the long and short term;
- To minimise the Scheme's long-term costs by maximising the return on the assets.

The investment policy is structured to support these objectives. To achieve this, the Trustee has an established journey plan for targeting full funding on a low risk measure which includes adjustments to the strategic asset weights once certain funding goals are reached.

The Trustee regularly considers the strategic weights of its assets to ensure that the liquidity, expected return and risk is in line with Scheme's objectives. Over the year investment changes implemented by the Scheme included:

- In June 2022, the Scheme reached one of its dynamic de-risking triggers following improvements to the funding level arising after the conclusion of the 31 December 2021 actuarial valuation. As such, in July 2022, 3% of the Scheme's assets were switched from return-seeking holdings to the LDI portfolio and an increase to the target hedge ratio (as a % of liabilities) was instructed with the LDI manager.
- In October and November 2022, the Trustee instructed a number of top-ups to the Scheme's LDI mandate to ensure sufficient capital was available to effectively manage the mandate's leveraged positions during a period of increased volatility in the UK government bond market.
- In November 2022 the Trustee undertook the first stage of its triennial strategy review following the completion of the 31 December 2021 actuarial valuation. The Trustee agreed to move to an interim strategic portfolio, which saw the target allocation to return seeking assets reduced by 5.5%, and the target allocations to LDI, secure income assets and cash increased. The strategy review is expected to continue throughout the first half of 2023.

The Trustee take the below considerations into account when monitoring the performance of the Scheme's investments.

| SIP Policy Area | Approach | Actions |
|---|---|---|
| Monitoring of the Scheme's objectives and long-term policies | <ul style="list-style-type: none"> The Trustee conducts investment strategy reviews at least triennially and receives investment advice on an ongoing basis to assess the suitability of the Scheme's portfolio. Quarterly performance monitoring within the DNP provided by DSM Pension Services is also considered when assessing the suitability of the Scheme's portfolio. | <ul style="list-style-type: none"> Following results of the 31 December 2021 valuation, the first stage of the triennial strategy review was carried out in November 2022 with work expected to continue throughout H1 2023. During the year the Trustee met regularly to monitor the ongoing impacts to the Scheme of the Russia/Ukraine conflict, the COVID-19 pandemic and the significant gilt market volatility experienced during September and October 2022. In October and November 2022, the Trustee instructed a number of top-ups to the Scheme's LDI mandate to ensure sufficient capital was available to effectively manage the mandate's leveraged positions. |

Investment manager arrangements

The Trustee takes the below considerations into account when selecting and monitoring the performance of Investment Managers.

| SIP Policy Area | Approach |
|--|--|
| Incentivising Investment Managers to align their investment strategy and decisions with the Trustee's investment policies as set out in the SIP, and detail the length of arrangements with Investment Managers | <ul style="list-style-type: none"> Each Investment Manager is chosen for a targeted asset class or market exposure within the Scheme's investment strategy. Investment Managers' investment and risk guidelines, including prescribed benchmarks and tracking error limits, help govern their investment mandates, thereby limiting the deviation from the Scheme's investment policy objectives in relation to the kinds of investments held, the balance between different kinds of investments, risks, including the ways in which risks are measured and managed, the expected return on investments, the realisation of investments, and financially material considerations. The Scheme invests with multiple Investment Managers for the implementation of the Scheme's investment strategy, which |

provides additional mitigation of any single manager being misaligned.

Incentivising Investment Managers to base their decisions on assessments of the medium to long-term financial performance of an issuer of debt or equity, and to engage with those issuers to improve their medium to long-term performance

- The Trustee conducts reviews of Investment Managers regularly including meeting with Investment Managers to ensure that their investment approach is robust, long-term focused and sustainable.
- The Trustee focuses on longer-term outcomes when assessing Investment Manager performance. The Trustee would not expect to terminate a manager's appointment based purely on short term performance.
- If, following engagement, it is the view of the Trustee that the degree of alignment between the policies of the Trustee and an Investment Manager remain unsatisfactory, the manager will be terminated and replaced.

Method and timescale for evaluating that Investment Managers' performance and fees align with the Trustee's investment policies

- Performance is monitored and reported to the Trustee on a regular basis. The Trustee understands the importance of assessing performance over longer time periods. Investment Managers' fees are considered as part of any decision to invest in a new investment manager or strategy, and are reviewed from time-to-time as appropriate.

Monitoring turnover costs and fees incurred by Investment Managers and how the Trustee defines and monitors targeted portfolio turnover

- The Trustee receives MiFID II compliant cost reporting on an annual basis that covers all costs charged by managers, including costs associated with portfolio turnover.
- The Trustee regularly reviews the costs associated with portfolio turnover as a part of the larger process of monitoring the costs incurred in managing the Scheme's assets. In assessing the appropriateness of portfolio turnover costs, the Trustee will compare actual turnover with expected turnover range for the given mandate.

Risk management and compliance

The Trustee recognises several risks involved in the investment of the Scheme's assets in the SIP including solvency risk, manager risk, liquidity risk, currency risk, custodial risk, political risk, sponsor risk and derivative-related risks. These risks are mitigated and considered when setting out the investment policies and are monitored on a regular basis.

The Scheme's administrator (WTW) is responsible for ensuring there is sufficient cash reserves to meet any cashflow requirements. A cashflow management process has been agreed between WTW and the Trustee, whereby an appropriate cash buffer is maintained to provide access to liquidity for short-term needs (currently set as a strategic allocation to cash of 1% of total Scheme assets). Advice on where to source any additional cashflow is provided to the Trustee on an ad-hoc basis by the

Investment Advisor. All disinvestments to meet cashflow requirements are subject to the processes agreed with the Trustee.

Section 4: Engagement and voting

The Trustee's engagement policy is set out in the SIP.

The Trustee has delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to its Investment Managers. The approach and actions taken by the Trustee in relation to engagement and how it monitors the Scheme's investment managers is set out in the previous section.

The table below sets out the voting activities of the Scheme's Investment Managers, including any votes cast on the Trustee's behalf, detail on the Scheme's Investment Managers use of proxy voting and examples of votes cast that they deem to be significant. Some of the Scheme's underlying investment strategies, such as government bonds, corporate bonds and property, which do not have voting rights attached, have been excluded from the table below.

Voting information as at 31 December 2022.

| Manager and strategy | Voting activity | Use of proxy voting | Most significant votes cast |
|--|--|---|--|
| SSgA MPF UK ESG Screened Equity Index Fund | <p>Number of resolutions eligible to vote on: 10,203</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 93.12%</p> <p>Percentage of votes against management: 6.88%</p> <p>Percentage of votes abstained from: 0.16%</p> | <p>State Street retain Institutional Shareholder Services Inc. ("ISS"), to facilitate their proxy voting process. They utilise ISS to:</p> <p>(1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services);</p> <p>(2) assist in applying the Guidelines;</p> <p>(3) provide research and analysis relating to general corporate governance issues and specific proxy items;</p> <p>(4) provide proxy voting guidelines in limited circumstances.</p> <p>State Street do note that their Oversight of the proxy voting process is ultimately the responsibility of the State Street Global Advisors Investment Committee.</p> | <p>Company: Greencore Group Plc</p> <p>Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>Decision: Against</p> <p>Rationale: This vote was against management. SSgA cite concerns with the proposed remuneration structure for senior executives at the company for their voting decision.</p> <p>Company: Royal Dutch Shell Plc</p> <p>Resolution: GHG Emissions</p> <p>Decision: Against</p> <p>Rationale: This company is one of the fund's largest holdings. SSgA state that this proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.</p> |

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| <p>SSgA MPF Europe ex UK (75% Hedged) ESG Screened Equity Index Fund</p> | <p>Number of resolutions eligible to vote on: 8,864</p> <p>Percentage of eligible votes cast: 99.10%</p> <p>Percentage of votes with management: 89.13%</p> <p>Percentage of votes against management: 10.87%</p> <p>Percentage of votes abstained from: 0.67%</p> | <p>State Street retain Institutional Shareholder Services Inc. ("ISS"), to facilitate their proxy voting process. They utilise ISS to:</p> <p>(1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services);</p> <p>(2) assist in applying the Guidelines;</p> <p>(3) provide research and analysis relating to general corporate governance issues and specific proxy items;</p> <p>(4) provide proxy voting guidelines in limited circumstances.</p> <p>State Street do note that their Oversight of the proxy voting process is ultimately the responsibility of the State Street Global Advisors Investment Committee.</p> | <p>Company: LVMH Moët Hennessy Louis Vuitton SE</p> <p>Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>Decision: Against</p> <p>Rationale: This vote was against management. SSgA cite concerns with the proposed remuneration structure for senior executives at the company for their voting decision.</p> <p>Company: Equinor ASA</p> <p>Resolution: Miscellaneous Environmental and Social Proposal</p> <p>Decision: Against</p> <p>Rationale: State Street state that this proposal does not merit support as the company's disclosure and/or practices pertaining to the item are reasonable.</p> |
| <p>SSgA MPF North America (50% Hedged) ESG Screened Equity Index Fund</p> | <p>Number of resolutions eligible to vote on: 8,138</p> <p>Percentage of eligible votes cast: 99.39%</p> <p>Percentage of votes with management: 90.16%</p> <p>Percentage of votes against management: 9.84%</p> <p>Percentage of votes abstained from: 0.41%</p> | <p>State Street retain Institutional Shareholder Services Inc. ("ISS"), to facilitate their proxy voting process. They utilise ISS to:</p> <p>(1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services);</p> <p>(2) assist in applying the Guidelines;</p> <p>(3) provide research and analysis relating to general corporate governance issues and specific proxy items;</p> <p>(4) provide proxy voting guidelines in limited circumstances.</p> <p>State Street do note that their Oversight of the proxy voting process is ultimately the responsibility of the State Street</p> | <p>Company: Hormel Foods Corporation</p> <p>Resolution: Product Toxicity and Safety</p> <p>Decision: Against</p> <p>Rationale: State Street state that this proposal does not merit support as the company's disclosure and/or practices pertaining to the item are reasonable.</p> <p>Company: Twitter Inc.</p> <p>Resolution: Require Environmental/Social Issue Qualifications for Director Nominees</p> <p>Decision: Against</p> |

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| | | Global Advisors Investment Committee. | Rationale: State Street state that this item does not merit support due to concerns with the terms of the proposal. |
| SSgA MPF Japan (50% Hedged) ESG Screened Equity Index Fund | <p>Number of resolutions eligible to vote on: 6,155</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 92.85%</p> <p>Percentage of votes against management: 7.15%</p> <p>Percentage of votes abstained from: 0.00%</p> | <p>State Street retain Institutional Shareholder Services Inc. ("ISS"), to facilitate their proxy voting process. They utilise ISS to:</p> <p>(1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services);</p> <p>(2) assist in applying the Guidelines;</p> <p>(3) provide research and analysis relating to general corporate governance issues and specific proxy items;</p> <p>(4) provide proxy voting guidelines in limited circumstances.</p> <p>State Street do note that their Oversight of the proxy voting process is ultimately the responsibility of the State Street Global Advisors Investment Committee.</p> | <p>Company: Chubu Electric Power Co., Inc.</p> <p>Resolution: Phase Out Nuclear Facilities</p> <p>Decision: Against</p> <p>Rationale: State Street state that this proposal does not merit support as the company's disclosure and/or practices related to nuclear power are reasonable.</p> <p>Company: The Kansai Electric Power Co., Inc.</p> <p>Resolution: Link Executive Pay to Social Criteria</p> <p>Decision: Against</p> <p>Rationale: State Street state that this item does not merit support due to concerns with the terms of the proposal.</p> |
| SSgA MPF Asia Pacific ex Japan ESG Screened Equity Index Fund | <p>Number of resolutions eligible to vote on: 3,230</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 84.02%</p> <p>Percentage of votes against management: 15.98%</p> <p>Percentage of votes abstained from: 0.62%</p> | <p>State Street retain Institutional Shareholder Services Inc. ("ISS"), to facilitate their proxy voting process. They utilise ISS to:</p> <p>(1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services);</p> <p>(2) assist in applying the Guidelines;</p> <p>(3) provide research and analysis relating to general corporate governance issues and specific proxy items;</p> <p>(4) provide proxy voting guidelines in limited circumstances.</p> <p>State Street do note that their Oversight of the proxy voting</p> | <p>Company: Aristocrat Leisure Limited</p> <p>Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>Decision: Against</p> <p>Rationale: This was a vote against management. State Street state that this item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.</p> <p>Company: Hyundai Development Co.</p> <p>Resolution: Elect Director</p> |

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| | | process is ultimately the responsibility of the State Street Global Advisors Investment Committee. | <p>Decision: Against</p> <p>Rationale: This was a vote against management. State Street state they are voting against the nominee due to the lack of gender diversity on the board.</p> |
| SSgA MPF Emerging Markets ESG Screened Equity Index Fund | <p>Number of resolutions eligible to vote on: 33,127</p> <p>Percentage of eligible votes cast: 96.80%</p> <p>Percentage of votes with management: 82.08%</p> <p>Percentage of votes against management: 17.92%</p> <p>Percentage of votes abstained from: 2.72%</p> | <p>State Street retain Institutional Shareholder Services Inc. ("ISS"), to facilitate their proxy voting process. They utilise ISS to:</p> <p>(1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services);</p> <p>(2) assist in applying the Guidelines;</p> <p>(3) provide research and analysis relating to general corporate governance issues and specific proxy items;</p> <p>(4) provide proxy voting guidelines in limited circumstances.</p> <p>State Street do note that their Oversight of the proxy voting process is ultimately the responsibility of the State Street Global Advisors Investment Committee.</p> | <p>Company: Clicks Group Ltd.</p> <p>Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>Decision: Against</p> <p>Rationale: This vote was against management. State Street state that this item does not merit support as SSgA has concerns with the proposed remuneration structure for senior executives at the company.</p> <p>Company: OMV Petron SA</p> <p>Resolution: Approve Remuneration Policy</p> <p>Decision: Against</p> <p>Rationale: This vote was against management. State Street state that this proposal does not merit support due to concern with the potential dilution of all plans.</p> |
| LGIM Infrastructure Equity MFG Fund – GBP Hedged | <p>Number of resolutions eligible to vote on: 1,114</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 76.48%</p> <p>Percentage of votes against management: 23.52%</p> <p>Percentage of votes abstained from: 0.00%</p> | <p>LGIM uses ISS's 'ProxyExchange' 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 their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p> | <p>Company: VINCI SA</p> <p>Resolution: Reelect Xavier Huillard as Director</p> <p>Decision: Against</p> <p>Rationale: This was a vote against management. LGIM state that a vote against is applied as they expect companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.</p> |

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| | | | <p>Company: Getlink SE</p> <p>Resolution: Approve Company's Climate Transition Plan (Advisory)</p> <p>Decision: Against</p> <p>Rationale: This was a vote against management. LGIM state that a vote against is applied due to the lack of clarity around long-term goals and net zero ambitions.</p> |
| <p>LGIM Global Real Estate Equity Index Fund – GBP Hedged</p> | <p>Number of resolutions eligible to vote on: 4,314</p> <p>Percentage of eligible votes cast: 99.68%</p> <p>Percentage of votes with management: 79.84%</p> <p>Percentage of votes against management: 20.12%</p> <p>Percentage of votes abstained from: 0.05%</p> | <p>LGIM uses ISS's 'ProxyExchange' 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 their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p> | <p>Company: Prologis, Inc.</p> <p>Resolution: Elect Director Hamid R. Moghadam</p> <p>Decision: Against</p> <p>Rationale: This was a vote against management. LGIM state a vote against is applied as they expect companies to separate the roles of Chair and CEO due to risk management and oversight. : Additionally, LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>Company: Mapletree Logistics Trust</p> <p>Resolution: Adopt Report of the Trustee, Statement by the Manager, Audited Financial Statements and Auditors' Report</p> <p>Decision: Against</p> <p>Rationale: This was a vote against management. LGIM state that the company is deemed to not meet minimum standards with regards to climate transition, risk management and disclosure.</p> |