

Annual Implementation Statement – for scheme year ending 31 December 2023 Nutreco (UK) Pension Scheme

1. Introduction

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Nutreco (UK) Pension Scheme (“the Scheme”) covering the scheme year to 31 December 2023.

The purpose of this statement is to set out:

- Details of how and the extent to which, in the opinion of the Trustees, the Scheme’s policy on engagement and voting (as set out in the Statement of Investment Principles (the “SIP”)) has been followed during the year; and
- A description of voting behaviour (including the “most significant” votes made on behalf of the Trustees) and any use of a proxy voter during the year.

The SIP is a document which outlines the Trustees’ policies with respect to various aspects related to investing and managing the Scheme’s assets including but not limited to: the Trustees objectives, choice of investments and risks.

The latest version of the SIP can be found online here:

<https://epa.towerswatson.com/accounts/nutreco>

This statement reflects the Scheme year 1 January 2023 to December 2023. The SIP linked above reflects the latest version of the SIP which is dated 11 July 2023.

2. Adherence to the SIP – voting and engagement

The Trustees’ policies on voting and engagement, as stated in the SIP are:

- The Trustees expect their manager(s) to sign up to their local stewardship code, in-keeping with good practice. The Trustees will monitor the activities of all of their managers on a regular basis but appreciates that its applicability may be limited for certain asset classes. These matters are kept under review by the Trustees, in consultation with their investment consultant and investment managers.
- Should the Trustees monitoring process reveal that a manager’s portfolio is not aligned with the Trustees’ policies, the Trustees will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG* characteristics of the portfolio and managers’ engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.
- For most of the Scheme’s investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustees invest in certain strategies (e.g. LDI) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the

Scheme's allocation to such mandates is determined in the context of the Scheme's overall objectives.

- The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings to the investment manager(s). The Trustees are comfortable with the approach being taken by the investment manager(s) on these matters.

* ESG stands for Environmental, Social and Governance and refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

As the investment managers of pooled funds, in which the Scheme is invested, are generally responsible for exercising voting rights and as the Trustees otherwise delegates responsibility for the exercising of voting rights to the Scheme's investment managers, it is the responsibility of the Trustees to monitor, review and engage with investment managers with respect to how they have undertaken these activities.

The same policy applies to corporate engagement with the management of companies the Scheme is invested in. Given the investment in pooled funds, the Trustees have delegated corporate engagement to the Scheme's investment managers. The Trustees monitors the managers on how they have undertaken these activities.

Over the period, the Trustees have reviewed the quarterly reports from their investment managers which includes information on their Corporate governance and engagement. The Trustees are comfortable with their investment managers approaches to ESG issues.

As outlined in the SIP, the Trustees recognise the UK Stewardship Code 2020 and monitors the Scheme's investment managers' adherence to the Code. TWIM and LGIM are both signatories to the code. Their latest statements of compliance can be found via the links below:

TWIM: <https://www.wtwco.com/en-GB/solutions/services/sustainable-investing-policy-and-climate-policy>

LGIM: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/investment-stewardship/uk-stewardship-code-summary.pdf>

The Trustees believe that the Scheme's engagement policy as outlined in the SIP has been adhered to over the Scheme year and will continue to monitor the investment managers' stewardship practices on an ongoing basis.

3. Voting information

The Scheme is invested in a diverse range of asset classes. However, this document focusses on the equity investments which have voting rights attached.

The Scheme's equity holdings as at the end of the year are held in a pooled investment fund and are managed on a passive basis relative to a defined index. Therefore, the voting entitlements in this fund lies with the investment manager.

The Scheme's equity holdings were invested in the Towers Watson Management Core Diversified Fund. The Scheme was invested in this fund for the full year and data is shown for the year to 31 December 2023.

As set out in the SIP, the Trustees' policy is to delegate the exercising of rights (including voting and stewardship) and the integration of ESG considerations in day-to-day decisions to the Scheme's

investment managers. This section sets out the voting activities of the Scheme's equity investment managers over the year, including details of the investment managers' use of proxy voting.

All fund managers have their own voting policies that determine their approach to voting and the principles they follow when voting on investors' behalf. All investment managers also use voting proxy advisors which aid in their decision-making when voting. Details on the managers voting policies are given in the appendix.

The below table sets out the voting activity of the Scheme's equity investment managers, on behalf of the Trustees. Please note however that the information provided relates to the year to 30 September 2023.

Manager and strategy	Portfolio structure	Voting activity
Towers Watson Investment Management Limited – Partners Fund	Fund of funds	<p>Number of meetings at which the manager was eligible to vote: 3,012</p> <p>Number of resolutions on which manager was eligible to vote: 41,110</p> <p>Percentage of eligible votes cast: 94.3%</p> <p>Percentage of votes with management: 86.0%</p> <p>Percentage of votes against management: 14.0%</p> <p>Percentage of votes abstained from: 0.0%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 66.2%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 3.2%</p>

Voting statistics are sources from the investment managers

The following table outlines a number of significant votes cast by the Scheme's investment managers on the Trustees' behalf. The table includes the investment managers' commentary on their rationale and their views of the implications of their votes.

Significant votes cast	Coverage in portfolio
<p><u>Company: Apple Inc.</u></p> <p><u>Meeting date: 10 March 2023</u></p> <p>Management resolution: Report on Median Gender/Racial Pay Gap</p> <p>How the manager voted: For</p> <p>Rationale: Shareholder proposal promotes better management of ESG opportunities and risks</p> <p>Outcome: Failed</p> <p>Implications: None to report</p>	TWIM Core Diversified Fund
<p><u>Company: HCA Healthcare, Inc.</u></p> <p><u>Meeting date: 19 April 2023</u></p> <p>Management resolution: Report on Political Contributions and Expenditures</p> <p>How the manager voted: For</p>	TWIM Core Diversified Fund

<p>Rationale: The manager supports the shareholder proposal to appropriately strengthen HCA's transparency and disclosures around political contributions.</p> <p>Outcome: Failed</p> <p>Implications:</p> <ol style="list-style-type: none"> 1) The manager believes that greater disclosures that do not jeopardize a company's operations / execution are important for shareholders to assess underlying issues and controversies. 	
<p><u>Eli Lilly and Company</u></p> <p><u>Meeting date: 01 May 2023</u></p> <p>Management resolution: Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics</p> <p>How the manager voted: For</p> <p>Rationale: Shareholder proposal promotes better management of Software Engineering Environment opportunities and risks</p> <p>Outcome: Not approved</p> <p>Implications: None to report</p>	TWIM Core Diversified Fund
<p><u>Company: SNAM SpA</u></p> <p><u>Meeting date: 4 May 2023</u></p> <p>Management resolution: Routine Business</p> <p>How the manager voted: Against</p> <p>Rationale: Inadequate management of climate-related risks</p> <p>Outcome: Pass</p> <p>Implications: Information available on request</p>	TWIM Core Diversified Fund
<p><u>Company: Berkshire Hathaway Inc.</u></p> <p><u>Meeting date: 06 May 2023</u></p> <p>Management resolution: Report If and How Company Will Measure, Disclose and Reduce GHG Emissions</p> <p>How the manager voted: For</p> <p>Rationale: Shareholder proposal promotes better management of ESG opportunities and risks</p> <p>Outcome: Failed</p> <p>Implications: None to report</p>	TWIM Core Diversified Fund
<p><u>JPMorgan Chase & Co.</u></p> <p><u>Meeting date: 16 May 2023</u></p> <p>Management resolution: Disclose 2030 Absolute GHG Reduction Targets Associated with Lending and Underwriting</p> <p>How the manager voted: For</p> <p>Rationale: Shareholder proposal promotes better management of ESG opportunities and risks</p> <p>Outcome: Not approved</p> <p>Implications: None to report</p>	TWIM Core Diversified Fund
<p><u>Company: Amazon.</u></p> <p><u>Meeting date: 24 May 2023</u></p>	TWIM Core Diversified Fund

<p>Management resolution: Commission a Third Party Audit on Working Conditions</p> <p>How the manager voted: For</p> <p>Rationale: Promotes transparency on warehouse working conditions.</p> <p>Outcome: Rejected</p> <p>Implications: Continue to consider proposals on worker safety.</p>	
<p><u>Company: Meta Platforms, Inc.</u></p> <p><u>Meeting date: 31 May 2023</u></p> <p>Management resolution: Approve Recapitalization Plan for all Stock to Have One-vote per Share</p> <p>How the manager voted: For</p> <p>Rationale: A vote FOR this proposal is warranted as it would convey to the board non-affiliated shareholders' preference for a capital structure in which the levels of economic ownership is the same across all share classes.</p> <p>Outcome: Failed</p> <p>Implications: None to report</p>	TWIM Core Diversified Fund
<p><u>Company: Alphabet</u></p> <p><u>Meeting date: 02 June 2023</u></p> <p>Management resolution: Human rights</p> <p>How the manager voted: For</p> <p>Rationale: The proposal was regarding greater transparency related to business conducted in places with significant human rights concerns. The siting of cloud datacenters and strategy for mitigating related country risk seems like appropriate and material topics for disclosure.</p> <p>Outcome: Against</p> <p>Implications: The manager will vote FOR similar measures in the future.</p>	TWIM Core Diversified Fund
<p><u>UnitedHealth Group Inc</u></p> <p><u>Meeting date: 06 June 2023</u></p> <p>Management resolution: Ratify Deloitte & Touché as auditors</p> <p>How the manager voted: Against</p> <p>Rationale: The manager advocated that auditor rotation should take place after no more than 20 years with the same auditor to promote additional independence. Deloitte has been the auditor since 2002.</p> <p>Outcome: Pass</p> <p>Implications: Auditor independence (both actual and perception) are important to for corporate governance. The manager continues to advocate auditor rotation frequently but no later than 20 years, and auditor partner every 5 years.</p>	TWIM Core Diversified Fund

Appendix 1: Manager voting policies

TWIM's voting policy is provided below

Policy on voting

As TWIM manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. We expect all of our underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. We have 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 of our clients. In addition, EOS is expanding the remit of engagement activity they perform on our behalf beyond public equity markets, which will enhance stewardship practices over time.

Use of Proxy voting Services

For the Core Diversified Fund, through our equity and listed real asset strategies, we work with EOS to provide corporate engagement and voting recommendation services to enhance the efforts of the underlying managers where possible. The underlying manager must provide an explanation and note their rationale when they choose to vote differently to the recommendation. The underlying managers also use Institutional Shareholder Services Inc. (ISS) to facilitate voting and provide research. Our China equity manager uses Glass Lewis service where they have created a bespoke policy.

Conflicts of interest

There are no known conflicts. It is the underlying managers who vote, not TWIM, and the underlying portfolios are held in the name of the Fund and therefore the underlying managers do not know the names of the clients invested in the Fund.