

Louis Dreyfus & Company Limited Pension Fund

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated 29 September 2020 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 January 2022 to 31 December 2022.

Investment Objectives of the Scheme

The Trustees' objectives for setting the investment strategy of the Scheme have been set broadly with regard to the Scheme's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustees' primary objectives are set out on page 2 of the SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustees to meet the Scheme's benefits as they fall due.
- To invest the Scheme's assets in vehicles that provide access to an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Scheme's Statement of Funding Principles, i.e. to invest so that the investment return assumptions used to determine the Trustees' funding plan with respect to the SFO have a reasonable chance of being achieved in practice.

The Trustees appreciate that these objectives are not necessarily mutually exclusive.

Review of the SIP

The SIP was last reviewed in September 2020. The Trustees updated the SIP to take account of investment regulations that came into force on 1 October 2019.

The Trustees have a policy on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

There were no departures from the policies set out in the SIP, including the Trustees' policies on financially and non-financially material considerations, during the year.

Investment managers and funds in use

The Scheme is a wholly insured arrangement via a policy held with Clerical Medical Investment Group Limited ('Clerical Medical').

Under the policy, the Scheme's assets are invested in the Clerical Medical With-Profits Fund ('the With-Profits Fund') and the selection of the Scheme's investments is delegated to the manager of the With-Profits Fund.

Investment Governance

The Trustees are responsible for making investment decisions, and seek advice as appropriate from Broadstone, as the Trustees' investment consultant.

The Scheme is comprised of a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental and quality of life issues. The Trustees therefore do not explicitly seek to reflect any specific views through the implementation of the investment strategy.

The Trustees have put in place strategic objectives for Broadstone, as the Trustees' investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustees on 19 December 2022. These objectives cover demonstration of adding value, delivery of specialist investment consultancy services, proactivity of investment consultancy advice, support with scheme management, compliance and service standards.

There were no changes to the investment management agreements with any of the managers during the year.

Trustees' Policies

The table below sets out how, and the extent to which, the relevant policies in the Scheme's SIP have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	The Scheme is a wholly insured arrangement via a policy with the Insurer. Under the policy, the Scheme's assets are invested in the Clerical Medical With-Profits Fund ('the With-Profits Fund') and the selection of the Scheme's investments is delegated to the manager of the With-Profits Fund.	No deviation from this policy over the year to 31 December 2022.
Capital Structure of Investee Companies	Responsibility for monitoring the make up and development of the capital structure of investee companies is delegated to the Insurer. The Trustees expect the extent to which the Insurer monitors capital structure to be appropriate to the nature of the mandate.	No deviation from this policy over the year to 31 December 2022.
Reasons for the Scheme Being Wholly Insured	The reasons for using a wholly insured arrangement of this form is that it provides: <ul style="list-style-type: none">• Access to a diversified range of investments including equities, government bonds, corporate bonds, property, alternatives and cash.• Full delegation of asset allocation to a professional fund manager.• A smoothed investment return over time, mitigating the impact of shorter term volatility in returns to which the Scheme would otherwise be exposed.• Potentially valuable guaranteed levels of investment return.• Potentially valuable guaranteed annuity rates that can be used to secure members' pension benefits via an insurance policy when they retire.• Other services, e.g. actuarial and administration services, within a single product and cost structure.	No deviation from this policy over the year to 31 December 2022.

APPENDIX

Review of Wholly Insured Arrangement	<p>The Trustees and the Principal Employer jointly reviewed the wholly insured arrangement with the Insurer in 2019.</p> <p>The Trustees will, in any case, continue to periodically, review whether the above reasons for using a wholly insured arrangement remain valid and will consider other options for the Scheme, as necessary.</p>	No deviation from this policy over the year to 31 December 2022.
Financially and Non-Financially Material Considerations	The Trustees' policy on financially and non-financially material considerations is set out on page 4 of the SIP and in full below.	No deviation from this policy over the year to 31 December 2022 (see below).
Engagement and Voting Rights	<p>In view of the fact that the Scheme's investments are held through a fully insured arrangement, the Trustees have no formal policy on either ESG (including climate change) or delegation of voting rights. The insurer to whom the trustees have delegated responsibility for such policies will from time to time report on their current and future actions in these areas.</p> <p>In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have excluded non-financial matters and recognise that they cannot directly influence the environmental, social, and governance policies and practices of the companies in which the insurer invests. The Trustees will endeavour to monitor the approach of the insurer to sustainability issues and assess how it mitigates ESG risks over appropriate time horizons.</p>	No deviation from this policy over the year to 31 December 2022 (see below).
Additional Voluntary Contributions (AVCs)	<p>The Scheme holds funds accumulated in respect of AVCs separately from the assets backing the defined benefits. These assets are held in an AVC policy provided by Clerical Medical.</p> <p>From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs. In addition, the Trustees regularly remind the members of the Scheme to review their AVCs.</p>	No deviation from this policy over the year to 31 December 2022.

Financially and non-financially material considerations

The Trustees believe that ESG factors may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole. A member of the current trustee board is the Head of Sustainability for Louis Dreyfus Company and the Trustees have discussed sustainability issues and the approach of Louis Dreyfus Company to sustainability.

A summary of the Trustees' views on with-profits investments is outlined below.

Asset Class	Active/Passive	Trustees' views
With-profits	Active	The Trustees expect Clerical Medical to take financially material ESG factors into account, given the active management style of the with-profits fund and the ability of Clerical Medical to use their discretion to generate returns in line with the fund's objectives. The Trustees also expect Clerical Medical to engage with any underlying investee companies, where possible, although they appreciate that the proportion of assets within the fund that attract voting rights will vary.

Voting rights and engagement activities

All voting activities have been delegated to Clerical Medical, as the Trustees do not have any legal right to vote on the underlying holdings, given the insured nature of the Scheme's investments.

In turn, all voting and engagement activities of the Clerical Medical With-Profits Fund are carried out by Abrdn, BlackRock, BNY Mellon, Nordea and Schroders (as the underlying investment managers of the fund). This is complemented by Scottish Widows' stewardship oversight, where Scottish Widows and Clerical Medical form part of the Lloyds Banking Group.

A summary of the votes made by the managers of the underlying funds within the Clerical Medical With-Profits Fund from 1 January 2022 to 31 December 2022 (where the underlying fund has voting rights attached) on behalf of the Trustees for each fund used by the Trustees during the year was requested to provide voting data broken down into Environmental, Social and Governance categories. However, the managers have confirmed that the voting data is not yet available in this format. The Trustees will continue to request the breakdown of this data in future periods. The data in the table below is therefore provided at total fund level.

Manager	Fund	Resolutions Voted On	Resolutions Voted:		
			For	Against	Abstained
Nordea Bank Abp	Diversified Return Fund	2,335	83%	15%	2%
Abrdn	Scottish Widows Fundamental Index Emerging Markets Equity Fund	5,325	85%	11%	4%
Abrdn	Scottish Widows Low Volatility Emerging Markets Paris-aligned Index Equity Tracker Fund	5,245	79%	18%	3%
Schroders	Scottish Widows Emerging Markets Fund	558	87%	13%	0%
Abrdn	Global Absolute Return Strategies Fund	132	80%	20%	0%

APPENDIX

All of the Scheme's assets are invested in pooled funds. Schroders do not use a proxy-voting service and voting is performed in-house. Nordea and Abrdn use ISS to process their voting instructions, and hold customised policies with ISS but all eventual voting decisions are made in accordance with the managers policies and voting guidelines.

BNY Mellon and Blackrock did not provide voting data for the funds they manage that contain voting rights. Abrdn and Schroders did not provide voting data for some of the funds that they manage that contain voting rights. The Trustees will continue to request that this data is provided in full in future periods.

Significant votes

The Trustees have also requested details of the significant votes made on behalf of the Trustees by Clerical Medical for each fund in which the Scheme invests in and which has voting rights. In determining significant votes, Clerical Medical's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an any manager engagement campaign, for example in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

The Trustees believe the following are the most significant votes undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE 1	
Investment Manager	Nordea
Company	Monster Beverage
Date of vote	14 June 2022
Resolution	Report on GHG emission reduction targets aligned with the Paris Agreement goal.
Why significant	Significant votes are those that are severely against Nordea's principles, and where they feel they need to enact change in the company.
Voting decision	For
Manager comments	<i>"Nordea think that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks."</i>
Vote outcome	Against

APPENDIX

SIGNIFICANT VOTE 2	
Investment Manager	Abrdn
Company	SSE Plc
Date of vote	21 July 2022
Resolution	Approve Climate Change Report.
Why significant	<p>Abrdn classed this as Significant Vote Category 1 ('SV1'): High Profile Votes, which focus on either:</p> <ul style="list-style-type: none">• Votes which receive public and press interest• Votes which reflect significant governance concerns regarding the company• Resolutions proposed by Abrdn
Voting decision	Against
Manager comments	<i>"The company consulted with Abrdn earlier in the year on increasing the annual grant size of its long term incentive from 200 percent of salary to 250 percent of salary. Abrdn's view was that this was not an appropriate time to make such an increase in the context of the cost of living crises which was already developing at that time. Ahead of the vote, Abrdn informed the company of their intention to vote against the resolution."</i>
Vote outcome	The proposal was carried by the majority of shareholders.

SIGNIFICANT VOTE 3	
Investment Manager	Schroders
Company	SSE Plc
Date of vote	21 July 2022
Resolution	Approve Climate Change Report.
Why significant	<p>Abrdn classed this as Significant Vote Category 1 ('SV1'): High Profile Votes, which focus on either:</p> <ul style="list-style-type: none">• Votes which receive public and press interest• Votes which reflect significant governance concerns regarding the company• Resolutions proposed by Abrdn
Voting decision	Against
Manager comments	<i>"The company consulted with Abrdn earlier in the year on increasing the annual grant size of its long term incentive from 200 percent of salary to 250 percent of salary. Abrdn's view was that this was not an appropriate time to make such an increase in the context of the cost of living crises which was already developing at that time. Ahead of the vote, Abrdn informed the company of their intention to vote against the resolution."</i>
Vote outcome	The proposal was carried by the majority of shareholders.

APPENDIX

SIGNIFICANT VOTE 4	
Investment Manager	BNY Mellon
Company	Alphabet Inc.
Date of vote	1 June 2022
Resolution	Proposals: Political lobbying disclosure, report on climate change, community – environment impact, racial equity and/or civil rights audit, approve recapitalization plan for all stock to have one-vote per share, human rights risk assessment, miscellaneous proposal – social, human rights risk assessment.
Why significant	The company was subject to a high number of shareholder proposals surrounding both governance and social aspects where the company is well regarded by investors as requiring improvements.
Voting decision	Against
Manager comments	<i>“Given that a majority of the voting rights are controlled by the company's executives, the vote results for many of the resolutions show a majority of the company's minority shareholders retain fundamental concerns. Near 20% votes in favour of all shareholder proposals is a clear indication as to where the company is expected to make improvements to allay such concerns.”</i>
Vote outcome	18% FOR Political Lobbying Disclosure, 17.89% FOR Report on Climate Change, 21.5% FOR Community Environment Impact, 21.24% FOR Racial Equity and/or Civil Rights Audit, 31.6% FOR Approve Recapitalization Plan for all Stock to Have One-vote per Share, 16.2% FOR Human Rights Risk Assessment, 18.6% FOR Algorithm disclosure, 21.89% FOR Human Rights Risk Assessment.

SIGNIFICANT VOTE 5	
Investment Manager	BlackRock
Company	The Home Depot, Inc.
Date of vote	19 May 2022
Resolution	Report on Efforts to Eliminate Deforestation in Supply Chain
Why significant	BlackRock assess significant votes based on themes they believe will encourage sound governance practices and deliver sustainable long-term financial performance.
Voting decision	For
Manager comments	<i>“The company does not meet our expectations for disclosure of natural capital policies and/or risk.”</i>
Vote outcome	For

Engagement activities

The Trustees have requested the details on a significant engagement activity indirectly made on their behalf by each of the underlying managers. Details of these significant engagement activities are provided below:

- **Nordea** met with Alibaba, one of the biggest companies in China providing online and mobile marketplaces in retail and wholesale trade, to follow up on labour rights topics. The company had been noted by ISS in 2020 for its inability to respect the rights to safe and healthy working conditions. In addition to that, Nordea also discussed its workplace diversity and engagement following the sexual assault scandal in 2021. Since 2020, Alibaba had carried out various structural changes and reforms to protect the safety and health conditions of workers, and Nordea suggested Alibaba to further improve disclosure, such as improved reporting. On the topic of workplace diversity, Alibaba introduced a series of changes following 2021, including establishing an internal Workforce Environment Committee and a whistle blower channel, specifically for sexual harassment and emergency support. Nordea will continue to monitor if any similar cases resurface in the future.
- **Abrdn** As a longstanding shareholder in several leading UK housebuilders, Abrdn have been closely monitoring and engaging with companies on their response to fire safety concerns in the aftermath of the tragedy at Grenfell Tower. Based on their research and meetings with management teams, Abrdn wrote to nine investee companies in January 2022 and then again in February, asking them to increase their public disclosure of several data points on their outstanding exposure to these fire safety challenges, and any remediation work underway. The aim of this request was to enhance transparency and comparability across the industry. This engagement also included request for Abrdn's investee companies to join a pledge to remediate fire safety issues in their schemes constructed in the past 30 years.
- **Schroders** engaged with the hospitality firm Whitbread regarding their modern slavery policies. Schroders note that businesses involved in human rights controversies could face higher operational and financial risks and suffer damage to their reputation. Schroders engagement on such issues aims to guide businesses to carry out effective human rights due diligence and provide effective support for victims of any human rights abuses. Over the period, Schroders engaged with the company as part of the "Find It, Fix It, Prevent It" project, an investor-lead project to identify modern slavery risk in investee firms. Schroders and the company discussed their modern slavery policies and practices and it was highlighted that the company did not disclose stakeholder engagement or outcomes in its modern slavery statement and had a lack of outcome-focussed reporting. After these discussions, the company included several of Schroders' suggestions in the next modern slavery statement and Schroders believe that there is no modern slavery in the company's supply chain.
- **BNY Mellon (Newton)** engaged with Unilever in relation to health in collaboration with the Healthy Markets initiative. The engagement focused on the impact of an activist investor joining the company's board on the company's strategy around ESG and nutrition. The general takeaway was that the investor's presence would not change the strategy, and that nutrition remains a priority and has been elevated within the company's ESG and sustainability strategy.
- **Blackrock** held constructive engagements with utility company AGL Energy Ltd. (AGL), in pursuit of long-term value creation. AGL is Australia's leading integrated essential service provider. The company delivers gas, electricity, and telecommunications services to residential, small and large business, and wholesale customers across the country. AGL operates Australia's largest electricity generation portfolio, representing approximately 20% of the total generation capacity within Australia's National Electricity Market. AGL is also Australia's largest carbon emitter, largely attributable to its coal-fired power station operations. As such, AGL is included in BlackRock Investment Stewardship's (BIS) climate focus universe. BIS has had a long and constructive history of engagement with members of AGL's board and management team. During the past year, BIS continued to focus their discussions on corporate governance and sustainability issues that they believe drive long-term shareholder value, including how the company is addressing climate related risks and opportunities and the energy transition, as well as what role, if any, coal-fired operations might play in its portfolio over time.

APPENDIX

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed:

Date: 28 July 2023

On behalf of the Trustees of the Louis Dreyfus & Company Limited Pension Fund