

# Implementation Statement for the DFDS Logistics Pension Scheme

## Covering 1 January 2023 to 31 December 2023

### 1. Background

The Trustees of the DFDS Logistics Pension Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme’s Statement of Investment Principles (“SIP”) during the previous Scheme year, in relation to engagement and voting behaviour, either by or on behalf of the Trustees, or if a proxy voter was used.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found: <https://dfdsgroup.pensions-directory.co.uk/>

### 2. Voting and Engagement

The Trustees are keen that their managers are signatories to the UK Stewardship Code, all the managers are current signatories.

All the Trustees’ holdings are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the year.

The Scheme’s funds across the year were:

#### **Legal & General Investment Management (“LGIM”):**

- LGIM Active Over 10 Year Corporate Bond Fund
- LGIM Over 5-year Index-Linked Gilts
- LGIM Sterling Liquidity Fund
- LGIM Matching Core Fixed Long LDI Fund
- LGIM Matching Core Real Short LDI Fund
- LGIM Matching Core Real Long LDI Fund
- LGIM Absolute Return Bond Fund

#### **Insight Investment:**

- Insight Broad Opportunities Fund

#### **BNY Mellon (Newton):**

- BNY Mellon Real Return Fund

#### **Man Group:**

- Man AHL Target Growth Alternative Fund

The underlined funds are either predominantly fixed income and do not hold physical equities and hence there are no voting rights and voting data for the Trustee to report on or were disinvested from during the Scheme year, therefore no information has been provided.

**a. Description of Investment Manager's voting processes**

**Insight Investment:**

Insight Investment describe their voting process as follows:

"Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. In addition, please refer to our Proxy Voting Policy, which sets out in detail our approach to voting on resolutions:

<https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/proxy-voting-policy-2023.pdf>"

**BNY Mellon (Newton):**

BNY Mellon (Newton) describe their voting process as follows:

"Newton has established overarching stewardship principles which guide our ultimate voting decision, based on guidance established by internationally recognized governance principles including the OECD Corporate Principles, the ICGN Global Governance Principles, the UK Investment Association's Principles of Remuneration and the UK Corporate Governance Code, in addition to other local governance codes. All voting decisions are taken on a case-by-case basis, reflecting our investment rationale, engagement activity and the company's approach to relevant codes, market practices and regulations. These are applied to the company's unique situation, while also taking into account any explanations offered for why the company has adopted a certain position or policy. It is only in the event that we recognise a material conflict of interest that we apply the vote recommendations of our third-party voting administrator.

Newton seeks to make proxy voting decisions that are in the best long-term financial interests of its clients and which seek to support investor value by promoting sound economic, environmental, social and governance policies, procedures and practices through the support of proposals that are consistent with following four key objectives:

- To support the alignment of the interests of a company's management and board of directors with those of the company's investors;
- To promote the accountability of a company's management to its board of directors, as well as the accountability of the board of directors to the company's investors;
- To uphold the rights of a company's investors to effect change by voting on those matters submitted for approval; and
- To promote adequate disclosure about a company's business operations and financial performance in a timely manner.

In general, voting decisions are taken consistently across all Newton's clients that are invested in the same underlying company. This is in line with Newton's investment process that focuses on the long-term success of the investee company. Further, it is Newton's intention to exercise voting rights in all circumstances where it retains voting authority.

All voting opportunities are communicated to Newton by way of an electronic voting platform.

The Responsible Investment team reviews all resolutions for matters of concern. Any such contentious issues identified may be referred to the appropriate global fundamental equity analyst or portfolio manager for comment. Where an issue remains contentious, Newton may also decide to confer or engage with the company or other relevant stakeholders.

An electronic voting service is employed to submit voting decisions. Each voting decision is submitted via the electronic voting service by a member of the Responsible Investment team but can only be executed by way of an alternate member of the team approving the vote within the same system.

Members of certain BNY Mellon operations teams responsible for administrative elements surrounding the exercise of voting rights by ensuring the right to exercise clients' votes is available and that these votes are exercised.

Where we plan to vote against management on an issue, we may seek to engage with the company on a best-effort basis and depending on the significance of our holding, to share our concerns and to provide an opportunity for our concerns to be allayed. In such situations, we only communicate our voting intentions ahead of the meeting direct to the company and not to third parties. In some cases, depending on the materiality of our holding and the issue of concern, we alert a company via email regarding an action we have taken at its annual general meeting (AGM) to explain our thought process. We may then hold a call with the board/investor relations teams to gain a better understanding of the situation and communicate further. This can often be in tandem with the global equity analyst.

Where Newton acts as a proxy for its clients, a conflict could arise between Newton (including BNY Mellon funds or affiliate funds), the investee company and/or a client when exercising voting rights. Newton has in place procedures for ensuring potential material conflicts of interests are mitigated, while its clients' voting rights are exercised in their best interests. Newton seeks to avoid potential material conflicts of interest through:

- i. the establishment of these proxy voting guidelines;
- ii. the Responsible Investment team;
- iii. internal oversight groups; and
- iv. the application of the proxy voting guidelines in an objective and consistent manner across client accounts, based on, as applicable, internal and external research and recommendations provided by third party proxy advisory services and without consideration of any Newton or BNY Mellon client relationship factors.

Where a potential material conflict of interest exists between Newton, BNY Mellon, the underlying company and/or a client, the voting recommendations of an independent third-party proxy service provider will be applied.

A potential material conflict of interest could exist in the following situations, among others:

1. Where a shareholder meeting is convened by Newton's parent company, BNY Mellon;
2. Where a shareholder meeting is convened by a company for which the CEO of BNY Mellon serves as a Board Member;

3. Where a shareholder meeting is convened by a company that is a current client of BNY Mellon and contributed more than 5% of BNY Mellon's revenue as of the end of the last fiscal quarter;
4. Where a shareholder meeting involves an issue that is being publicly challenged or promoted (e.g., a proxy contest) by (i) a BNY Mellon Board member or (ii) a company for which a BNY Mellon Board member serves as Chairman of the Board of Directors, CEO, President, CFO or COO (or functional equivalent); and
5. Where a shareholder meeting is convened by a pooled vehicle with agenda items relating to services provided by (or fees paid to) a BNY Mellon affiliate (e.g., Investment Management Agreement, Custody Agreement, etc);
6. Where an employee, office or director of BNYM or one of its affiliated companies has a personal interest in the outcome of a particular proxy proposal); and
7. Where the proxy relates to a security where Newton has invested in two or more companies that are subject to the same merger or acquisition.

All instances where a potential material conflict of interest has been recognised and Newton engages its proxy voting service provider are reported separately in Newton's publicly available Responsible Investment Quarterly Reports\*.

Newton employees are required to identify any potential or actual conflicts of interest and take appropriate action to avoid or manage these and report them to Newton's Conflicts of Interest Committee for review, further information can be found in Newton's Conflicts of Interest Policy\*\*.

\* <https://www.newtonim.com/us-institutional/responsible-investment/>

\*\* <https://www.newtonim.com/global/special-document/conflict-of-interest-policy/#:~:text=This%20Conflicts%20of%20Interest%20Policy,controls%20adopted%20to%20manage%20such>

### **Man Group:**

Man Group do not have a voting process for the Man AHL Target Growth Alternative Fund, the explanation is detailed below:

"The reason we don't vote on this strategy is due to it not holding any direct individual [equity] securities.

This strategy only invests in futures and forwards contracts, with the equity exposure being expressed by holding futures contracts on equity indices, where we do not have any voting rights."

**b. Summary of voting behaviour over the year**

A summary of voting behaviour over the period is provided in the tables below.

	Summary Info
Manager name	Insight Investment
Fund name	Insight Broad Opportunities fund
Approximate value of Trustee's assets	c.£2.2m as at 31 Dec 2023
Number of equity holdings in the fund	11
Number of meetings eligible to vote	11
Number of resolutions eligible to vote	164
% of resolutions voted	100.0%
% of resolutions voted with management	100.0%
% of resolutions voted against management	0.0%
% of resolutions abstained	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	0.0%

	Summary Info
Manager name	BNY Mellon (Newton)
Fund name	BNY Mellon Real Return Fund
Approximate value of Trustee's assets	c.£2.2m as at 31 Dec 2023
Number of equity holdings in the fund	70
Number of meetings eligible to vote	71
Number of resolutions eligible to vote	1,139
% of resolutions voted	99.3%
% of resolutions voted with management	92.0%
% of resolutions voted against management	8.0%
% of resolutions abstained	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	34.0%
% of resolutions voted contrary to the proxy adviser recommendation	5.1%

**c. Most significant votes over the year**

**Insight Investment**

Insight describes its process for determining significant votes as follows:

“The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities and as a result the number of significant votes in any given year is lower.”

## BNY Mellon (Newton)

BNY Mellon (Newton) describes its process for determining significant votes as follows:

“Newton’s significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes will be drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.”

### d. Most significant votes over the year by Fund

Below is a sample of the significant votes made by the relevant managers over the period 1 January 2023 – 31 December 2023 by fund. More significant votes can be provided on request.

#### Insight Investment

Company name	Ecofin US Renewables Infrastructure Trust plc	Aquila European Renewables Income Fund plc
Date of vote	25/05/2023	05/06/2023
Summary of the resolution	Resolution 4: To re-elect as a director, Patrick O'Donnell Bourke	Resolution 4: To approve the continuation of the Company as an investment trust
How you voted	For	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	n/a	n/a
Rationale for the voting decision	All board members stand for annual re-election at each AGM. Any potential change to the board could have added further uncertainty during an already volatile period and may not have been in the best interest of the shareholders.	Over the course of 2023, the company introduced a number of initiatives including asset life extensions, in some instances which contributed to increase in NAV per share; accretive share buybacks; debt refinancing which would enable further investment and/or return additional capital to shareholders and additional listing on a European exchange which could improve the company's marketability and liquidity on the secondary market. We voted in favour of the resolution for a continuation of the company as this would allow time to evaluate the success of initiatives outlined above. Shareholders will have a further opportunity to vote on the continuation of the company in Q3 2024 which has been brought forward from 2027.
Outcome of the vote	Passed with over 87% of votes in favour	Passed
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The board is cognisant of the lack of ethnic diversity and is mindful of the AIC Code alongside the Hampton-Alexander and Parker Reviews. The 2022 Annual Report indicated that the board will endeavour to address this in future recruitment whilst ensuring appointments are made on merit and are subject to a formal, rigorous and transparent procedure.  The board announced a review of the company's strategy in September 2023 focussing on the sale company's assets in order to maximise value for shareholders. At this stage, no further action is proposed pending the outcome of this strategic review.	We note that 25.9% voted against this proposal and that the company has continued to engage with shareholders to allay their concerns.  We continue to evaluate the effectiveness of initiatives and reassess this proposal at the next opportunity in Q3 2024.

	<a href="https://www.londonstockexchange.com/news-article/RNEW/strategic-review/16115810">https://www.londonstockexchange.com/news-article/RNEW/strategic-review/16115810</a>	
<b>On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?</b>	<p>In assessing our voting decision, we noted that votes were cast against proposal 5 (re-election of Patrick O'Donnell Bourke) at the previous AGM. We understand that this was predominantly from one shareholder due to board composition. <a href="https://www.londonstockexchange.com/news-article/RNEW/result-of-agm/15507645">https://www.londonstockexchange.com/news-article/RNEW/result-of-agm/15507645</a></p> <p>The 2022 Annual Report acknowledged that the board's composition did not meet one of the FCA's new targets, namely that one individual on the board should be from a minority ethnic background. While the company recognises the benefits of greater diversity on the board, we agreed with the company's assessment that in view of the portfolio size and potential increase to cost base, increasing the board's size would not be appropriate at the present time. We voted in favour of re-election resolution as we consider the board has the skillset and experience appropriate to fulfil their governance obligations.</p>	<p>The company's articles of association require that the directors propose an ordinary resolution at the AGM to be held in 2023, and every fourth AGM thereafter, that the company continue its business as a closed-ended investment company for a further four-year period.</p> <p>In the event that the resolution does not pass, the directors are required to draw up proposals for the reconstruction, reorganisation or liquidation of the company for consideration by shareholders at a general meeting to be convened within a six-month period.</p>

### BNY Mellon (Newton)

<b>Company name</b>	Barrick Gold Corporation	ConocoPhillips
<b>Date of vote</b>	02-May-23	16-May-23
<b>Summary of the resolution</b>	Elect Director J. Brett Harvey	Elect Director Robert A. Niblock
<b>How you voted</b>	Withhold	Against Management
<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	No	No
<b>Rationale for the voting decision</b>	We voted against the lead director who we consider to be non-independent owing to excessive tenure, given the roles of chair and chief executive officer are combined.	We voted against the lead director who we consider to be non-independent owing to excessive tenure, given the roles of chair and chief executive officer are combined.
<b>Outcome of the vote</b>	14.32% AGAINST	18.93% AGAINST
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	From the company's point of view the dissent is not sufficient for them to engage with shareholders to discuss improvements in governance structures. However, a good part of the shareholder base has taken cognizance that governance structures in particular the board structure can improve. We feel the dissent would only increase if the company doesn't take necessary steps to address these concerns.	From the company's point of view the dissent is not sufficient for them to engage with shareholders to discuss improvements in governance structures. However, a good part of the shareholder base has taken cognizance that governance structures in particular the board structure can improve. We feel the dissent would only increase if the company doesn't take necessary steps to address these concerns.
<b>On which criteria (as explained in the cover email) have you assessed this vote to be "significant"?</b>	We highlighted this vote as significant as we expect to continue recognising our fundamental governance concerns through our voting and engagement activities.	We highlighted this vote as significant as we expect to continue recognising our fundamental governance concerns through our voting and engagement activities.