



Veolia UK Pension Plan (VUKPP)

31 December 2024
Implementation Statement

March 2025

1. Introduction

The Trustee is required to make publicly available online a statement (“the Implementation Statement”) covering the Veolia UK Pension Plan (“the Plan”) in relation to the Statement of Investment Principles (the “SIP”).

The SIP was amended twice during the year ending 31 December 2024, and the changes made were predominantly to the permitted asset classes and permitted weighting ranges. This was to increase flexibility within the portfolio. This SIP came into force from 14 January 2025.

A copy of the current SIP dated 14 January 2025 can be found here:

https://pensions.veolia.co.uk/app/uploads/sites/6/2025/03/VUKPP-DB-SIP_Dec-2024-signed.pdf

This Implementation Statement covers the period from 1 January 2024 to 31 December 2024 (the “the Plan’s Year”). It sets out:

- How the Trustee policies on stewardship have been followed over the Year; and
- The voting by or on behalf of the Trustee during the Year, including the most significant votes cast and any use of a proxy voter during the Year.

The latest guidance (“the **Guidance**”) from the Department for Work and Pensions (“**DWP**”) aims to encourage the Trustee of the Plan to properly exercise their stewardship policy including both voting and engagement which is documented in the Plan’s SIP. With the help of the Plan’s Fiduciary Manager, to whom the Trustee delegated the implementation of their Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustees have complied with the DWP’s statutory guidance.

The Trustee uses the fiduciary management service of FM Provider as their investment manager and adviser (referred to as the “**Fiduciary Manager**” in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as “**Underlying Investment Managers**”) to manage part of the Plan’s assets, and investments with these managers are generally made via pooled funds, where the Plan’s investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website:

<https://pensions.veolia.co.uk/infosheets/>

2. How the Trustees policies on stewardship have been followed over the Year

As described in the SIP, the Trustee approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee priorities and objectives. A copy of the Plan's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustee investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager aligns its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. The Trustee had received training on Schroder's Engagement Blueprint and determined its engagement priorities to be the same as the Fiduciary Manager's. The Trustee expects that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Plan.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as *"the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society."* Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager has exercised the Trustee stewardship policy, the Trustee reviewed quarterly investment reports (QIR's) containing ESG voting and engagements during the Year. The ESG updates allow the Trustee to monitor the ESG characteristics of the Plan's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Plan's capital.

The Trustee is satisfied that the expectations outlined in the SIP have been met, with the Fiduciary Manager taking the Trustee stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Year. Examples of how this has been evidenced include:

- ❖ Exclusions of Global Norms Violators as part of the security selection process. This ensures a closer alignment of the Plan's investments with the Trustee stewardship priorities, as violators are generally viewed as causing significant harm to People or Planet.
- ❖ Incorporation of SustainEx™ scoring into the core equity allocation process, in both the initial screening process and as a constraint at a total portfolio level. SustainEx™ is Schroders' proprietary tool to translate social and environmental impacts into financial costs.
- ❖ Conducting manager research to identify value-adding, climate-aware equity funds to potentially allocate some of the Plan's capital to, subject to further due diligence.
- ❖ Annual assessment of Underlying Investment Managers' ESG credentials to ensure the managers have good ESG integration into their investment process, exercise their stewardship properly and have adequate ESG reporting for their clients.
- ❖ Regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Plan's investments.

- ❖ Addition of voting and engagement examples to the quarterly ESG reporting provided to the Trustee facilitating a more regular review throughout the year of the Underlying Investment Managers' stewardship activities.
- ❖ ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth Structured Equity, Climate+ and LDI portfolios.
- ❖ The continuation of reporting the 'impact' metrics in the quarterly reporting, such as Implied Temperature Rise (measuring the contribution of the Plan's investments to global warming) and SustainEx™ scoring, to facilitate better Trustee oversight of the impacts of the Plan's capital on the environment and society.

Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustee behalf during the Plan's year within the growth asset portfolio climate+ and the liability hedging portfolio, the Trustee is pleased to report that the fiduciary manager and the underlying investment managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Plan's Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Plan's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Plan

The Trustee has undertaken a ESG training session on 2 June 2024 in order to better understand how the FM intends to align the Plan with the ESG criteria set out within the SIP. The training included understanding data metrics, exclusion criteria and ESG monitoring within the portfolio.

Given the activities carried out during the Plan's year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Plan's Year.

3. Voting During The Plan's Year

The Trustee has delegated responsibility for voting on its behalf to the Fiduciary Manager and underlying investment managers. Most voting rights associated with the Plan's investments pertain to the underlying securities within the pooled funds managed by the underlying investment managers. In a general meeting of a company issuing these securities, the underlying investment managers exercise their voting rights according to their own policies, which the fiduciary manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the fiduciary manager on behalf of the Trustees, in line with the Trustee stewardship policy.

Schroders Investment Management use Glass Lewis "GL" for proxy voting services and receive Institutional Shareholder Services ("ISS")'s Benchmark research. Alongside ISS's research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Voting by the Fiduciary Manager

Over the year to 31 December 2024, regarding clients' pooled fund investments¹, the Fiduciary Manager voted on 52 resolutions across 10 meetings. The Fiduciary Manager voted against management on 4 resolution (7.7% of total resolutions) and abstained on 12² resolutions (23.1% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Voting by the Underlying Investment Managers

Most Significant Votes

The following criteria must be met for a vote to be considered "significant":

1. Must relate to the Plan's main equity fund.
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's stewardship priority themes.

Of the votes that satisfy the above criteria, the Trustee has selected votes relating to the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as "most significant votes", and as per DWP guidance, the Trustee has communicated this definition of "most significant votes" to the Fiduciary Manager. All of the most significant votes over this Plan Year have been reported below.

CLIMATE CHANGE – At the Equinor ASA annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company's commitment to support the goals of the Paris Agreement and the Norwegian Government's expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to "specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals". This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement's most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by

¹ The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the Plan.

² The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders' proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

HUMAN RIGHTS – At the JP Morgan Chase Co. annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report “outlining the effectiveness of JPMorgan Chase Co.’s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing.” Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company’s ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

CORPORATE GOVERNANCE – At the Meta Platforms, Inc. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution asking the company to disclose the voting results on matters subject to a shareholder vote according to the class of shares. Schroders had co-filed this shareholder resolution along with Wespeth Benefits and Investments, led by the Treasurer for the State of Illinois. Although, Schroders had not formally communicated with the company their intention to vote in advance, the company would have anticipated Schroders’ support for the resolution as they were co-filers. This decision to co-file, followed a long period of solo and group engagement on this topic. Despite numerous engagements on this topic, the company remained reluctant to implement such disclosure and Schroders therefore believe filing and supporting this resolution was an appropriate next step in their engagement to continue to express the request. Schroders believe that greater transparency is needed to concretely understand when concerns are shared by a majority of independent investors to allow for greater accountability and alleviate concerns of board entrenchment. This vote against management was unsuccessful, so Schroders are still discussing the dual-class share structure, and related shareholder rights issues, with the company. The engagement is very much ongoing with the company and the group of shareholders with whom Schroders co-filed the resolution, and Schroders may look to file future resolutions too.

DIVERSITY AND INCLUSION – At the Exxon Mobil Corp. annual general meeting (AGM) on 29 May 2024, Schroders voted for a shareholder resolution requesting an additional pay report on gender and racial basis. Proponents of the resolution highlight that racial and gender unadjusted median pay gaps are accepted as the valid way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization. And since the United Kingdom and Ireland mandate disclosure of median gender pay gaps, Exxon Mobil already provides this information for United Kingdom employees, so investors should be able to expect the same level of disclosure for all employers. Schroders believe that reporting would better show structural issues around diversity and therefore believe that it is in the best financial interests of their clients. Management voted against this proposal as they argued that their annual “Investing in People” report goes beyond disclosing their EEO-1 data and therefore makes the proposal unnecessary. This shareholder proposal was unsuccessful, and so Schroders intend to engage with Exxon Mobil on the topic raised in this resolution as well as others over the coming year.

Summary Voting Statistics

Only the Plan’s equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 31 December 2024 for the most material, active funds held on behalf of the Trustee that had voting rights during the period.

Equity	Diversified Global Equity
Total meetings eligible to vote	378
Total resolutions eligible to vote	5926
Of resolutions eligible to vote, % of resolutions voted on	89.76%
Of voted resolutions, % vote with management	86.24%
Of voted resolutions, % vote against management	13.76%
Of voted resolutions, % abstained	0.02%
Of the meetings in which the manager voted, % with at least one vote against management	72.3%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	11.83%

Note:

- The voting statistics provided may slightly differ depending on the exact composition The Plan holds.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.

Note:

- The voting statistics provided may slightly differ depending on the exact composition the Plan holds.
- Figures have been rounded but may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.

The Trustee is satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the underlying Investment Managers align with the stewardship priorities determined during the Plan’s year, hence the Trustee believes that it has satisfactorily implemented the Stewardship Policy stated in the Plan’s SIP.

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and responsible investment policies for both the Fiduciary Manager and Underlying Investment Managers of the Plan's actively managed holdings can be found here:

	Voting Policy	Engagement Policy
Amundi	https://www.amundi.fr/fr_instit/engagement-et-vote	
BlackRock	BlackRock Active Investment Stewardship Global Engagement and Voting Guidelines	
Schroders	Our sustainable investment policies, disclosures & voting reports	Active ownership Schroders global
WisdomTree Commodity Securities Limited	https://www.wisdomtree.eu/en-gb/wisdomtree-investment-governance	