

Engagement Policy Implementation Statement (“EPIS”)

Delta Air Lines UK Staff Pension Scheme (the “Scheme”) Scheme Year End – 30 April 2024

The purpose of the EPIS is for us, the Trustees of the Delta Air Lines UK Staff Pension Scheme, to explain what we have done during the year ending 30 April 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of all of the Scheme’s assets to our fiduciary manager, Aon Investments Limited (“AIL”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, AIL. In particular, we received quarterly ESG ratings from AIL for the funds the Scheme is invested in where available.

The Scheme's stewardship policy can be found in the SIP: [SIP \(aon.com\)](https://www.aon.com)

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. While LGIM did provide a comprehensive list of fund level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard. AIL will continue to engage with LGIM to encourage improvements in its engagement reporting.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our fiduciary manager's engagement activity

We delegate the management of the Scheme's assets to our fiduciary manager, AIL. AIL manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. AIL selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to AIL. We have reviewed AIL's latest annual Stewardship Report and we believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code, a set of high stewardship standards for asset owners and asset managers which is maintained and assessed by the Financial Reporting Council.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2024. Managers collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2024 which broadly matches the Scheme year.

| Funds | Number of resolutions eligible to vote on | % of resolutions voted | % of votes against management | % of votes abstained from |
|--|---|------------------------|-------------------------------|---------------------------|
| LGIM - Multi-Factor Equity Fund | 12,190 | 99.8% | 21.1% | 0.2% |
| UBS – Global Emerging Markets Equity Climate Transition Fund | 1,653 | 85.6% | 20.7% | 0.1% |
| UBS – Global Equity Climate Transition Fund | 12,343 | 95.0% | 12.4% | 0.1% |

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table on the following page describes how the Scheme's managers use proxy voting advisers.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

| Managers | Description of use of proxy voting adviser(s) (in the managers' own words) |
|--|---|
| Legal & General Investment Management ("LGIM") | LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. |
| UBS Global Asset Management ("UBS") | UBS retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings. |

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme

| Funds | Number of engagements | | Themes engaged on at a fund level |
|--|-----------------------|------------|--|
| | Fund level | Firm level | |
| Abrdn – Climate Transition Bond Fund | 101 | 2,008 | Other - Climate; Environment; Corporate Governance, Labour Management; Corporate Behaviour; Human Right & Stakeholder |
| Aegon Asset Management – European Asset Backed Securities (“ABS”) Fund | 127 | 528 | Environment - Climate Change Governance - Board Effectiveness. - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure |
| LGIM – Multi-Factor Equity Fund | 296 | 2,500 | Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition |
| Robeco – Sustainable Development Goals (“SDG”) Credit Income Fund | 17 | 319 | Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board Effectiveness. - Other Other - SDG Engagement |
| UBS – Global Emerging Markets Equity Climate Transition Fund | 28 | 471 | Environment - Climate Change Social - Human and Labour Rights; Human Capital Management Governance - Remuneration Strategy, Financial & Reporting - Capital Allocation |
| UBS – Global Equity Climate Transition Fund | 183 | 471 | Environment - Climate Change Social - Human Capital Management Governance - Remuneration; Board Effectiveness.. - Independence/Oversight Strategy, Financial & Reporting - Capital Allocation |

Source: Managers.

Data limitations

At the time of writing, LGIM provided a comprehensive list of fund-level engagements, which is encouraging, but did not provide detailed engagement examples specific to the fund in which we are invested.

This report does not include commentary on certain asset classes such as cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Plan's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. We consider a significant vote to be one which the manager deems significant, using its own metrics. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below in the managers’ own words:

| | | |
|---|---|---|
| LGIM – Multi-Factor Equity Fund | Company name | The Toronto-Dominion Bank |
| | Date of vote | 20 April 2023 |
| | Approximate size of fund’s/mandate’s holding as at the date of the vote (as % of portfolio) | 0.04 |
| | Summary of the resolution | Resolution 9 - Disclose Transition Plan Towards 2030 Emission Reduction Goals |
| | How you voted? | Votes supporting resolution |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting. |
| | Rationale for the voting decision | We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the ‘how’ rather than the ‘what’, including activities and timelines) can further focus the board’s attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company. |
| | Outcome of the vote | Fail |
| | Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with the company and monitor progress. |
| | On which criteria have you assessed this vote to be most significant? | Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met. |
| UBS – Global Emerging Markets Equity Climate Transition Fund | Company name | Ganfeng Lithium Group Co. Ltd. |
| | Date of vote | 30 November 2023 |
| | Approximate size of fund’s/mandate’s holding as at the date of the vote (as % of portfolio) | Not provided |
| | Summary of the resolution | Approve Adoption of the 2023 Employee Stock Ownership Plan |
| | How you voted? | Votes against resolution |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | No |
| | Rationale for the voting decision | Full details for the plan and associated proposals have not been disclosed. |

| | | |
|--|---|--|
| | Outcome of the vote | Pass |
| | Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | We are not planning future steps in regard to the outcome, as the scheme was approved by a majority of shareholders. |
| | On which criteria have you assessed this vote to be most significant? | 36% of shareholders voted against the plan and associated proposals. |
| UBS – Global Equity Climate Transition Fund | Company name | The Boeing Company |
| | Date of vote | 18 April 2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | Not provided |
| | Summary of the resolution | Report on Climate Lobbying |
| | How you voted? | Votes supporting resolution |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | Company not advised prior to meeting |
| | Rationale for the voting decision | The proposal would further enable shareholders to determine the strength of company policy, strategy and actions in regards to climate change. |
| | Outcome of the vote | Fail |
| | Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | Following the significant support for this proposal we shall be monitoring the next steps from the company. |
| | On which criteria have you assessed this vote to be most significant? | 40% of votes cast were in support of this shareholder proposal. |

Source: Managers