

**Zotefoams Pension Scheme
Implementation Statement
Year Ending 5 April 2024**

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Zotefoams Pension Scheme
Scheme Year	6 April 2023 to 5 April 2024
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

This Implementation Statement reports on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attached to the Scheme’s investments. In addition, the Implementation Statement summarises the voting behaviour of the Scheme’s investment managers and includes details of the most significant votes cast and the use of the services of proxy voting advisers.

In preparing this statement, the Trustees have considered guidance from the Department for Work & Pensions which was updated on 17 June 2022.

Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- Blackrock Dynamic Diversified Growth Fund
- Baillie Gifford Multi-Asset Growth Fund
- LGIM Diversified Fund
- LGIM World Equity Index Fund

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary is as follows:

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated during the Scheme year to reflect changes made to the Scheme's investment strategy, but wording relating to the exercise of rights was not revised. A summary of this wording is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole.
- The Trustees invest in pooled investment vehicles and therefore accepts that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by an investment Managers own policies on such matters.
- When selecting a fund, the Trustees consider amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UN Principles for Responsible Investment (UNPRI).

- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- During the Scheme Year, the Trustees introduced an allocation to the Insight LDI Partially Funded Gilt Funds and the Insight LDI Partially Funded Index-Linked Gilt Funds. The Trustees considered the ESG characteristics of the funds before selecting it but, because the funds do not include an allocation to equities consideration of the exercise of voting rights was not relevant.
- During the Scheme Year, the Trustees considered the voting records of the investment Managers over the period ending 31 March 2023.
- Since the end of the Scheme Year, an updated analysis of the voting records of the investment Managers based on the period ending 31 March 2024* has been undertaken as part of the work required to prepare this Implementation Statement. A summary of the key findings from that analysis is provided below.
- All the investment Managers used by the Scheme are signatories to the UNPRI.

**Note the voting analysis was over the year ending 31 March 2024 because this was the most recent data available at the time of preparing this statement. The Trustees are satisfied that the analysis provides a fair representation of the investment Managers voting approach over the Scheme Year.*

The Investment Managers Voting record

A summary of the Investment Managers voting record is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against / withheld	Did not vote/ abstained
Baillie Gifford	14,000	90%	5%	6%
BlackRock	160,000	88%	12%	0%
LGIM	120,000	76%	24%	0%

Notes

Split of votes may not sum to 100% due to rounding.

These voting statistics are based on each manager's full voting record over the 12 months to 31 March 2024 rather than votes related solely to the funds held by the Scheme.

Use of Proxy Voting Advisers

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
BlackRock	Several Advisers	Proxy advisers provide information but voting is determined by BlackRock
LGIM	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

The Investment Managers Capital Voting Behaviour

The Trustees have reviewed the voting behaviour of the Investment Managers by considering the following:

- Broad statistics of their voting record such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management").

- The votes they cast in the year to 31 March 2024 on the most contested proposals in nine categories across the UK, the US and Europe.
- The Investment Managers policies and statements on the subjects of stewardship, corporate governance and voting.

The Trustees have also compared the voting behaviour of the Investment Managers with their peers over the same period.

Further details of the approach adopted by the Trustees for assessing voting behaviour are provided in the Appendix.

The Trustees' key observations are set out below.

Voting in Significant Votes

Based on information provided by the Trustees' Investment Adviser, the Trustees have identified significant votes in nine separate categories. The Trustees consider votes to be more significant if they are closely contested, i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the nine categories based on shares held by the Scheme's investment managers are listed in the Appendix. In addition, the Trustees considered each investment manager's overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

Analysis of Voting Behaviour

Baillie Gifford

The Trustees note that there has been no material change in Baillie Gifford's voting record over the last 12 months; the manager continues to display a tendency to support director proposals to a greater extent than is observed with many other investment managers.

Voting in line with management includes votes on remuneration – last year it appeared that the manager was taking a tougher stance, but Baillie Gifford now seems more inclined to vote with management on such matters.

The Trustees are aware of recent criticism of Baillie Gifford from activists which has resulted in the manager cancelling its sponsorship of several literary festivals. However, interpretation of Baillie Gifford's voting record provides evidence that the manager continues to be supportive towards shareholder proposals addressing ESG matters.

On balance, the Trustees have no material concerns regarding Baillie Gifford’s voting record.

BlackRock

The Trustees recognise that analysis of BlackRock’s latest voting data identifies that the manager has reverted to a stance of supporting directors and generally opposing shareholder proposals aimed at addressing ESG issues.

BlackRock has recently launched a “Voting Choice” program that enables an investor to direct BlackRock on how to vote on that investor’s behalf. BlackRock has reported that 25% of eligible investors have taken up this option and it is possible that the manager has concluded that those investors are likely to be ones who have a strong view on ESG matters. Consequently, it is possible that BlackRock believes that the remaining investors are likely to be those who tend to be supportive of director proposals and that this has been an influence on the change in direction observed in BlackRock’s voting pattern.

The Trustees have no material concerns regarding BlackRock’s voting record.

LGIM

The Trustees note that LGIM’s voting record continues to compare very favourably with its peers. As in previous years, analysis of LGIM’s voting record identifies clear evidence that the manager is willing to vote against company directors on a broad range of issues.

LGIM opposed several climate-related proposals based on an assessment that proposals put forward by a company’s management did not go far enough.

The Trustees have no concerns regarding LGIM’s voting record.

Conclusion

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of Baillie Gifford, BlackRock and LGIM.

The Trustees will keep the voting actions of the investment managers under review, noting that Baillie Gifford and BlackRock’s voting records could still be improved relative to some other managers.

Signed: Clifford Hurst Date: 16 October 2024

Signed on behalf of the Trustees of the Zotefoams Pension Scheme

Significant Votes

The table below records how the Scheme's investment managers voted in the most significant votes identified by the Trustees.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	BlackRock	LGIM	Baillie Gifford
Audit & Reporting							
SCOTTISH AMERICAN INVESTMENT COMPANY PLC	06/04/2023	Re-appoint Ernst & Young LLP as Independent Auditor of the Company	49	50	Not held	For	Not held
NETAPP INC	13/09/2023	Appoint the Auditors	40	60	For	Against	Not held
VEOLIA ENVIRONNEMENT SA	27/04/2023	Appoint the Auditors	72	28	For	Against	Not held
INVESCO PERPETUAL UK SMALLER COMPANIES	08/06/2023	Re-appoint the auditor, Ernst & Young LLP	76	24	Not held	For	Not held
PETS AT HOME GROUP PLC	06/07/2023	Re-appoint KPMG LLP as auditor of the Company.	78	22	For	Against	Not held
Shareholder Capital & Rights							
HAMMERSON PLC	04/05/2023	Issue Shares with Pre-emption Rights	55	45	Not held	For	Not held
CITY OF LONDON INVESTMENT GROUP	23/10/2023	Issue Shares for Cash	55	44	Not held	For	Not held
PLAYTECH PLC	24/05/2023	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	44	56	Not held	For	Not held
BLUEFIELD SOLAR INCOME FUND LIMITED	28/11/2023	Issue Shares with Pre-emption Rights	42	58	Not held	Against	Not held
TOPPS TILES PLC	18/01/2024	Issue Shares with Pre-emption Rights	63	37	For	For	Not held
Pay & Remuneration							
WARNER BROS DISCOVERY INC	08/05/2023	Advisory Vote on Executive Compensation	51	49	Not held	Against	Not held
WELLTOWER INC	23/05/2023	Advisory Vote on Executive Compensation	52	48	Not held	Against	Not held
BIOGEN INC.	26/06/2023	Advisory Vote on Executive Compensation	52	48	For	Against	Not held
PEARSON PLC	28/04/2023	Approve Remuneration Policy	54	46	Not held	Against	Not held
VISTRY GROUP PLC	18/05/2023	Approve the Remuneration Report	51	46	Not held	Against	Not held
Constitution of Company, Board & Advisers							
DOMINO'S PIZZA GROUP PLC	04/05/2023	Elect Edward Jamieson - Executive Director	50	50	Not held	For	Not held
SAMPO OYJ	17/05/2023	Amend Articles: Virtual Meetings	52	48	Not held	Against	Not held
SIMON PROPERTY GROUP INC.	04/05/2023	Elect Reuben S. Leibowitz - Non-Executive Director	53	46	Not held	Against	Not held
CME GROUP INC.	04/05/2023	Elect Charles P. Carey - Non-Executive Director	55	45	Not held	Against	Not held
FLEETCOR TECHNOLOGIES INC	09/06/2023	Elect Thomas M. Hagerty	55	45	Not held	Against	Not held
Merger, Acquisition, Sales & Finance							
FORESIGHT GROUP HOLDINGS LIMITED	10/08/2023	Approve the Waiver of Rule 9	52	48	Not held	Against	Not held
EUROPEAN OPPORTUNITIES TRUST PLC	15/11/2023	Approve the Continuation of the Company	59	36	Not held	For	Not held
CALEDONIA INVESTMENTS PLC	19/07/2023	Waiver of mandatory offer provisions set out in Rule 9 of the Takeover Code	64	35	Not held	Against	Not held
VINACAPITAL VIETNAM OPPORTUNITY FUND LTD	06/12/2023	Approve that the Company Ceases to Continue as Currently Constituted	29	71	Not held	Against	Not held
BOUYGUES SA	27/04/2023	Approve Issuance of Debt Securities Giving Access to New Shares of Subsidiaries	73	27	Not held	Against	Not held
Climate Related Resolutions							
GLENCORE PLC	26/05/2023	Approve the Company's 2022 Climate Report.	68	30	Against	Against	Not held
Shell plc	23/05/2023	Approve Shell's Energy Transition	77	19	Not held	Against	Not held
UBS GROUP AG	05/04/2023	Say on Climate	81	15	For	For	Not held
TOTALENERGIES SE	26/05/2023	Say on Climate	86	11	For	Against	Not held
PENNON GROUP PLC	20/07/2023	Approve the Climate-related financial disclosures	88	10	For	For	Not held
Other Company Resolutions							
CITY OF LONDON INVESTMENT GROUP	23/10/2023	Notice of General Meetings	61	39	Not held	For	Not held
BOUYGUES SA	27/04/2023	Approve the Board to Issue Equity Warrants Free of Charge During the Period of a	74	26	Not held	Against	Not held
STV GROUP PLC	27/04/2023	Approve Political Donations	70	25	Not held	For	Not held
QUILTER PLC	18/05/2023	Approve Political Donations	75	25	Not held	For	Not held
ANHEUSER-BUSCH INBEV SA	26/04/2023	Authorize implementation of approved resolutions and filing of required documents	75	25	Not held	For	Not held

Where an investment manager's voting record has not been provided for each fund, reliance is placed on periodic stock holding information to identify votes relevant to the fund. This means it is possible that some of the votes listed above may relate to companies that were not held within a pooled fund at the date of the vote. Equally, it is possible that there are votes not included above which relate to companies that were held within a fund at the date of the vote.

Methodology for Determining Significant Votes

The methodology used to identify significant votes for this statement uses an objective measure of significance: the extent to which a vote was contested - with the most significant votes being those which were most closely contested.

The Trustees believe that this is a good measure of significance because, firstly, a vote is likely to be contentious if it is finely balanced, and secondly, in voting on the Trustees' behalf in a finely balanced vote, an investment manager's action will have more bearing on the outcome.

If the analysis was to rely solely on identifying closely contested votes, there is a chance many votes would be on similar topics which would not help to assess an investment manager's entire voting record. Therefore, the assessment incorporates a thematic approach; splitting votes into nine separate categories and then identifying the most closely contested votes in each of those categories.

A consequence of this approach is that the total number of significant votes is large. This is helpful for assessing an investment manager's voting record in detail but it presents a challenge when summarising the significant votes in this statement. Therefore, for practical purposes, the table on the previous page only includes summary information on each of the significant votes.

The Trustees have not provided the following information which DWP's guidance suggests could be included in an Implementation Statement:

- Approximate size of the Scheme's holding in the company as at the date of the vote.
- If the vote was against management, whether this intention was communicated by the investment manager to the company ahead of the vote.
- An explanation of the rationale for the voting decision, particularly where: there was a vote against the board; there were votes against shareholder proposals; a vote was withheld; or the vote was not in line with voting policy.
- Next steps, including whether the investment manager intends to escalate stewardship efforts.

The Trustees are satisfied that the approach used ensures that the analysis covers a broad range of themes and that this increases the likelihood of identifying concerns about an investment manager's voting behaviour. The Trustees have concluded that this approach provides a more informative assessment of an investment manager's overall voting approach than would be achieved by analysing a smaller number of votes in greater detail.

Investment Manager Voting Policies

For more information concerning an investment manager's voting policies and rationale, please visit the below links:

[Baillie Gifford](https://www.bailliegifford.com/en/uk/intermediaries/literature-library/corporate-governance/our-stewardship-approach-esg-principles-and-guidelines/) - <https://www.bailliegifford.com/en/uk/intermediaries/literature-library/corporate-governance/our-stewardship-approach-esg-principles-and-guidelines/>

[BlackRock](https://www.blackrock.com/corporate/literature/brochure/voting-choice-voting-policy-comparison.pdf) - <https://www.blackrock.com/corporate/literature/brochure/voting-choice-voting-policy-comparison.pdf>

[LGIM](https://vds.issgovernance.com/vds/#/MjU2NQ==/) – <https://vds.issgovernance.com/vds/#/MjU2NQ==/>