

**Zotefoams Pension Scheme
Implementation Statement
Year Ending 05 April 2022**

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Zotefoams Pension Scheme
Scheme Year	6 April 2021 to 05 April 2022
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

Introduction

The Trustees have reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme’s investment managers and provides information on the significant votes made in respect of the Trustees’ equity holdings. Information is also provided on the how the Scheme’s investment managers make use of the services of proxy voting advisers.

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:

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

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP complies with legislation which requires additional information to be stated about the nature of the arrangements in place with the investment managers. Part of the wording provides a detailed explanation of the Trustees' policy relating to the exercise of rights.

A summary of the Trustees' policy in relation to the exercise of the rights (including voting rights) attaching to the investments is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees invest in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled 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 pooled 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 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.
- The Trustees did not select any new funds during the period.
- During the Scheme Year, the Trustees considered the voting records of the investment managers over the period ending 31 March 2021.
- 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 2022* 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.
- The investment managers used by the Scheme are UNPRI signatories.

**Note the voting analysis was over the year ending 31 March 2022 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 Records

A summary of the investment managers' voting records is shown in the table below.

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/ abstained / withheld
Baillie Gifford	20,000	93%	3%	4%
BlackRock	160,000	87%	11%	2%
LGIM	140,000	77%	21%	1%

Notes

Sum 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 2022 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' Voting Behaviour

The Trustees have reviewed the voting behaviour of the investment managers by considering the following:

- broad statistics of their voting records 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 2022 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.

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).

Description of Voting Behaviour

Baillie Gifford

The manager has a tendency to support management proposals. Baillie Gifford's active management style provides some justification for this; it supports the management of companies it has actively chosen to invest in. However, this can also indicate overconfidence in the companies selected.

Baillie Gifford has held companies to account on climate change issues. The investment manager opposed Director proposals on climate change which were deemed to not go far enough and supported shareholder proposals in this area.

However, Baillie Gifford continues to be less supportive of shareholder proposals aimed at tackling social issues and this leaves Baillie Gifford open to criticism. The Trustees' Investment Adviser has fed this message back repeatedly to Baillie Gifford and continue to do so this quarter.

BlackRock

In previous quarters the Trustees were critical of BlackRock; in particular, the Trustees observed that the manager's voting record did not appear to be consistent with its public statements which had indicated a desire to address climate change issues. The position does now seem to have changed.

The Trustees now see evidence that BlackRock is using voting rights to tackle climate change issues, most notably at Exxon and the Trustees also identify that the manager has generally been more supportive of shareholder proposals aimed at tackling ESG issues.

Nevertheless, the Trustees still see a distinction between the voting record of North American managers such as BlackRock and European managers, perhaps reflecting cultural differences.

BlackRock appears to recognise this and has announced that it will be offering choice to investors in certain funds as to who carries out voting. The Trustees welcome this as it can potentially resolve the conflict of interest risk identified for all passive managers. The Trustees' Investment Adviser is exploring this further with BlackRock.

LGIM

The Trustees have no concerns regarding the voting record of LGIM.

The manager's willingness to vote against management is consistent with the broad range of policies covered within its corporate governance documentation; each policy provides a set of criteria which can be used to justify a vote against management.

The Trustees also note that LGIM has supported shareholder proposals designed to tackle ESG issues and has held directors to account regarding their energy transition proposals (proposals setting out how CO₂ emissions will be reduced).

Conclusions

Based on the analysis undertaken, and as per the descriptions above, 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.

Signed on behalf of the Trustees of the Zotefoams Pension Scheme by M Akram, Trustee,
on 14 September 2022

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 (%)	LGIM	BlackRock	Baillie Gifford
Audit & Reporting							
PHILLIPS 66	12/05/2021	Ratify Ernst & Young LLP as Auditors	50	49	For	For	Not held
ACTIVISION BLIZZARD INC	21/06/2021	Ratify PricewaterhouseCoopers LLP as Auditors	54	43	For	For	Not held
INTEL CORPORATION	13/05/2021	Appoint the Auditors	38	61	Against	For	Not held
LABORATORY CORPORATION OF AMERICA	12/05/2021	Ratify Deloitte & Touche LLP as Auditors	37	62	For	For	Not held
INVESTEC PLC	05/08/2021	Investec Limited: Reappoint KPMG Inc as Joint Auditors of the Company	71	29	Against	For	Not held
Shareholder Capital & Rights							
JPMORGAN GLOBAL CORE REAL ASSETS LIMITED	03/08/2021	Authorise Share Repurchase	50	50	For	Not held	Not held
HENDERSON SMALLER COMPANIES I.T. PLC	01/10/2021	Authorise Share Repurchase	42	56	For	Not held	Not held
ORANGE S.A	18/05/2021	Authorize Board to Increase Capital in the Event of Additional Demand Related to Delegation Submitted to Shareholder Vote Under Items 19-24	57	43	Against	Not held	Not held
PLAYTECH PLC	26/05/2021	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other	63	37	For	Not held	Not held
KERING SA	22/04/2021	Authorize Capital Issuances for Use in Employee Stock Purchase Plans	32	68	For	For	For
Pay & Remuneration							
AT&T INC.	30/04/2021	Advisory Vote on Executive Compensation	48	50	Against	Against	Not held
AKZO NOBEL NV	22/04/2021	Approve the Remuneration Report	50	50	Against	Not held	Not held
INTERNATIONAL BUSINESS MACHINES CORPORATION	27/04/2021	Advisory Vote on Executive Compensation	48	51	Against	Against	Not held
NETFLIX INC	03/06/2021	Advisory Vote on Executive Compensation	51	49	Against	For	For
DXC TECHNOLOGY COMPANY	17/08/2021	Advisory Vote on Executive Compensation	46	51	Against	Not held	Not held
Constitution of Company, Board & Advisers							
BERKSHIRE HATHAWAY INC.	01/05/2021	Elect Meryl B. Witmer - Non-Executive Director	50	50	Withhold	For	Not held
GEBERIT AG	14/04/2021	Elect Werner Karlen - Non-Executive Director	50	50	For	Not held	Not held
JPMORGAN GLOBAL CORE REAL ASSETS LIMITED	03/08/2021	Elect Simon Holden - Senior Independent Director	50	50	For	Not held	Not held
SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY	20/10/2021	Elect Jay L. Geldmacher - Non-Executive Director	50	50	For	For	Not held
CORTEVA INC	07/05/2021	Elect Janet P. Giesselman - Non-Executive Director	50	50	Against	For	Not held
Merger, Acquisition, Sales & Finance							
FIRSTGROUP PLC	27/05/2021	Approve Sale of First Student and First Transit	61	39	For	Not held	Not held
VONOVIA SE	16/04/2021	Issue Bonds/Debt Securities	79	21	For	Not held	Against
NORTH ATLANTIC SMALLER COMPANIES I.T. PLC	23/06/2021	Waive Rule 9 of the Take Over Code	33	17	Against	Not held	Not held
DELIVERY HERO SE	16/06/2021	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights up to Aggregate Nominal Amount of EUR 3 Billion; Approve Creation of EUR 14 Million Pool of Capital to Guarantee Conversion Rights	84	16	Against	Not held	For
BIOMERIEUX	20/05/2021	Authorize Issuance of Equity Upon Conversion of a Subsidiary's Equity-Linked Securities without Preemptive Rights for Up to EUR 4.21 Million	87	13	Against	Not held	Not held
Climate Related Resolutions							
BHP GROUP PLC	14/10/2021	Approve Company Climate Transition Action Plan	82	15	Against	Not held	Not held
Royal Dutch Shell	18/05/2021	Approve the Shell Energy Transition Strategy	83	11	Against	Not held	Not held
TOTALENERGIES SE	28/05/2021	Approve the Company's Sustainable Development and Energy Transition	83	7	Against	For	Not held
GLENCORE PLC	29/04/2021	Approve Climate Action Transition Plan	89	5	Against	For	Not held
AENA SA	27/04/2021	Advisory Vote on Company's Climate Action Plan	96	4	For	Not held	Not held
Other Company Resolutions							
PEARSON PLC	30/04/2021	Meeting Notification-related Proposal	55	45	For	Not held	Not held
ORANGE S.A	18/05/2021	Allow Board to Use Delegations under Item 23 Above in the Event of a Public	40	59	Against	Not held	Not held
PETROPAVLOVSK PLC	30/06/2021	Meeting Notification-related Proposal	61	38	For	Not held	Not held
TE CONNECTIVITY LTD	09/03/2022	Allow Proxy Solicitation	62	38	Against	For	Not held
UNICREDIT SPA	15/04/2021	Approve Severance Payments Policy	73	27	For	Not held	Not held
Governance & Other Shareholder Resolutions							
BORGWARNER INC	28/04/2021	Shareholder Resolution: Written Consent	50	50	Against	Not held	Not held
GENERAL MOTORS COMPANY	14/06/2021	Shareholder Resolution: Written Consent	50	50	Against	Not held	Not held
APPLIED MATERIALS INC	10/03/2022	Shareholder Resolution: Right to Call Special Meetings	49	49	For	Against	Not held
COLGATE-PALMOLIVE COMPANY	07/05/2021	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	51	49	For	Against	Not held
APPLE INC	04/03/2022	Shareholder Resolution: Report on Concealment Clauses	49	49	For	Against	Not held
Environmental & Socially Focussed Shareholder Resolutions							
CATERPILLAR INC.	09/06/2021	Shareholder Resolution: Report on Climate Policy	47	51	For	Against	Not held
APPLE INC	04/03/2022	Shareholder Resolution: Civil Rights Audit	53	46	For	For	Not held
EXXON MOBIL CORPORATION	26/05/2021	Shareholder Resolution: Issue Audited Report on Financial	47	49	For	For	Not held
TESLA INC	07/10/2021	Shareholder Resolution: Report on Diversity and Inclusion Efforts	55	41	For	For	Against
THE KROGER CO.	24/06/2021	Shareholder Resolution: Assess Environmental Impact of Non-	45	54	For	Not held	Not held

Note

Where the voting record has not been provided at the fund level, we rely on periodic information provided by investment managers to identify the stocks held. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds 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 the Scheme's pooled funds at the date of the vote.