

**Zotefoams Pension Scheme  
Implementation Statement  
Year Ending 5 April 2023**

**Glossary**

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Zotefoams Pension Scheme
Scheme Year	6 April 2022 to 5 April 2023
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) attaching 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:

- 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 rights (including voting rights) attaching to the investments is set out in the SIP, and a summary 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.
- During the Scheme Year, the Trustees introduced an allocation to the M&G Total Return Credit Investment Fund, LGIM Under 15 Year Index Linked Gilts Index Fund and LGIM Over 15 Year Index Linked Gilts Index Fund. The Trustees considered the ESG characteristics of the fund before selecting it but, because the fund does 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 2022.
- 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 2023\* 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 is UNPRI signatories.

*\*Note the voting analysis was over the year ending 31 March 2023 because this was the most recent data available at the time of preparing this statement. The Trustees is 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 / withheld	Did not vote/ abstained
<b>Baillie Gifford</b>	14,000	92%	4%	4%
<b>BlackRock</b>	170,000	87%	11%	2%
<b>LGIM</b>	150,000	76%	23%	1%

### Notes

*These voting statistics are based on each manager's full voting record over the 12 months to 31 March 2023 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?
<b>Baillie Gifford</b>	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
<b>BlackRock</b>	Several Advisers	Proxy advisers provide information but voting is determined by BlackRock
<b>LGIM</b>	ISS and MIS	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 2023 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

Baillie Gifford has a tendency to support management proposals. To some extent Baillie Gifford's active management style provides justification; it supports the management of companies it has chosen to invest in. Possibly though, the voting record indicates some over-confidence in management boards.

In the wake of poor performance of many of Baillie Gifford's holdings, the manager has been less supportive of high executive pay.

Baillie Gifford has held companies to account on climate change issues and has opposed director proposals in this area which were deemed not to go far enough. There are also signs that Baillie Gifford is adopting a more supportive stance towards shareholder proposals aimed at tackling social issues. However, a failure to support a proposal looking to find out how plastic use by Amazon could be reduced will disappoint some - a message which the Trustees' Investment Adviser has reported back to Baillie Gifford.

The Trustees have no material concerns regarding Baillie Gifford's voting record.

### BlackRock

In previous years BlackRock have been open to criticism given 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; however, they still seem less supportive of shareholder proposals tackling social issues than their peers.

Overall, the Trustees have no material concerns regarding BlackRock's voting record.

### 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.

It should also be noted 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 greenhouse gas emissions will be reduced).

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 BlackRock's voting records could still be improved relative to some other managers.

Approved by the Trustees of the Zotefoams Pension Scheme on 12 September 2023

## 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
<b>Audit &amp; Reporting</b>							
W. R. BERKLEY CORPORATION	15/06/2022	Ratify KPMG LLP as Auditors	50	50	Not held	Against	Not held
TOPPS TILES PLC	18/01/2023	Appoint Mazars as the Auditors	63	37	For	For	Not held
PALACE CAPITAL PLC	29/07/2022	Receive the Annual Report	68	31	Not held	For	Not held
MODERNA INC	28/04/2022	Appoint the Auditors	75	24	For	Against	For
INVENCO PERPETUAL UK SMALLER COMPANIES	09/06/2022	Re-appoint Ernst & Young LLP as the auditor of the Company	76	24	Not held	For	Not held
<b>Shareholder Capital &amp; Rights</b>							
TULLOW OIL PLC	25/05/2022	Issue Shares for Cash	56	44	Not held	For	Not held
PLAYTECH PLC	30/06/2022	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other	58	42	Not held	For	Not held
TOPPS TILES PLC	18/01/2023	Issue Shares with Pre-emption Rights	63	37	For	For	Not held
PALACE CAPITAL PLC	29/07/2022	Issue Shares with Pre-emption Rights	62	37	Not held	For	Not held
FERRARI NV	13/04/2022	Grant Board Authority to Issue Special Voting Shares	71	29	Against	Against	Not held
<b>Pay &amp; Remuneration</b>							
THE COCA-COLA COMPANY	26/04/2022	Advisory Vote on Executive Compensation	50	49	Against	Against	Abstain
THE TJX COMPANIES INC.	07/06/2022	Advisory Vote on Executive Compensation	48	49	For	Against	Not held
ORANGE S.A	19/05/2022	Approve Remuneration Policy of Chairman and CEO, CEO and Vice-CEOs	50	49	Not held	Against	Not held
TRANSDIGM GROUP INCORPORATED	12/07/2022	Advisory Vote on Executive Compensation	51	48	Not held	Against	Not held
HENRY SCHEIN INC.	18/05/2022	Advisory Vote on Executive Compensation	51	48	Against	Against	Not held
<b>Constitution of Company, Board &amp; Advisers</b>							
INTEL CORPORATION	12/05/2022	Elect Alyssa Henry - Non-Executive Director	50	49	For	Against	Not held
MOTOROLA SOLUTIONS INC.	17/05/2022	Elect Egon P. Durban - Non-Executive Director	51	49	For	Against	Not held
M&T BANK CORPORATION	25/04/2022	Elect John R. Scannell - Non-Executive Director	51	49	Not held	Against	Not held
CARRIER GLOBAL CORP	14/04/2022	Elect David Gitlin - Chair & Chief Executive	52	48	Not held	Against	Not held
CENTENE CORP	26/04/2022	Right to Call Special Meeting	47	53	For	Against	Not held
<b>Merger, Acquisition, Sales &amp; Finance</b>							
FORESIGHT GROUP HOLDINGS LIMITED	10/08/2022	Approve the Waiver of Rule 9	53	47	Not held	Against	Not held
BALTIC CLASSIFIEDS GROUP PLC	28/09/2022	Approve Waiver of Rule 9 of the Takeover Code	66	34	For	For	For
LUCECO PLC	12/05/2022	Approve Waiver of Rule 9 of the Takeover Code	74	26	Against	Against	Not held
BOUYGUES SA	28/04/2022	Authorise Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	76	24	Not held	Against	Not held
DASSAULT SYSTEMES SE	19/05/2022	Delegate Power to the Board to Carry Spin-Off Agreements	78	22	Not held	Against	Not held
<b>Climate Related Resolutions</b>							
GLENCORE PLC	28/04/2022	Climate Progress Report	76	24	For	Against	Not held
M&G PLC	25/05/2022	Approve Climate Transition Plan and Climate-Related Financial Disclosure	78	20	Not held	Against	Not held
CENTRICA PLC	07/06/2022	Approve Climate Transition Plan	79	20	For	For	Not held
Royal Dutch Shell	24/05/2022	Approve the Shell Energy Transition Progress	77	19	Not held	Against	Not held
UNITED UTILITIES GROUP PLC	22/07/2022	Approve Climate-Related Financial Disclosures	80	19	For	For	Not held
<b>Other Company Resolutions</b>							
TOPPS TILES PLC	18/01/2023	Meeting Notification-related Proposal	63	37	For	For	Not held
INVESTEC PLC	04/08/2022	Investec plc: Approve Political Donations	70	29	For	For	Not held
LIONTRUST ASSET MANAGEMENT	22/09/2022	Meeting Notification-related Proposal	66	24	For	Against	Not held
DWF GROUP PLC	28/09/2022	Approve Political Donations	79	19	Not held	For	Not held
QUILTER PLC	12/05/2022	Approve Political Donations	82	18	Not held	For	Not held
<b>Governance &amp; Other Shareholder Resolutions</b>							
ABBVIE INC	06/05/2022	Shareholder Resolution: Submit Severance Agreement (Change-in-Control) to	50	49	Against	For	Not held
NORTHROP GRUMMAN CORPORATION	18/05/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	Against	For	Not held
APPLIED MATERIALS INC	09/03/2023	Shareholder Resolution: Right to Call Special Meetings	50	50	Against	For	Not held
GLOBAL PAYMENTS INC	28/04/2022	Shareholder Resolution: Right to Call Special Meetings	50	49	Against	For	Not held
INTERCONTINENTAL EXCHANGE, INC.	13/05/2022	Shareholder Resolution: Reduce Ownership Threshold for Shareholders to Call	49	50	Against	For	Not held
<b>Environmental &amp; Socially Focussed Shareholder Resolutions</b>							
PHILLIPS 66	11/05/2022	Shareholder Resolution: Report on Reducing Plastic Pollution	50	49	For	For	Not held
STARBUCKS CORPORATION	23/03/2023	Shareholder Resolution: Assessment of Worker Rights	51	47	Not held	For	For
AMAZON.COM INC.	25/05/2022	Shareholder Resolution: Report on Efforts to Reduce Plastic Use	49	51	For	For	Against
MONDELEZ INTERNATIONAL INC	18/05/2022	Shareholder Resolution: Oversee and Report on a Racial Equity Audit	48	51	Not held	Against	Not held
AMERICAN WATER WORKS COMPANY INC.	11/05/2022	Shareholder Resolution: Report on Third-Party Racial Equity Audit	47	50	Against	For	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.



## 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.

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 resolutions; 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.