

**Red Funnel Staff Pension Scheme**  
**Implementation Statement**  
**Year Ending 31 January 2025**

**Glossary**

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Red Funnel Staff Pension Scheme
Scheme Year	1 February 2024 to 31 January 2025
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, as well as the expectations set out in the General Code of Practice.

## 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.

In addition to the Baillie Gifford Diversified Fund, the BNY Mellon Real Return Fund and LGIM World Equity Index Fund (all which include an allocation to equities), the Scheme also held the Columbia Threadneedle Equity-Linked Real Dynamic LDI Fund. This fund gains equity exposure by investing in exchange traded futures, rather than directly in underlying equity stocks. As a result, Columbia Threadneedle do not have any voting rights associated with this fund, so their voting record has not been considered.

## 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:

- On an ongoing basis the Trustees assess the stewardship and engagement activity of its investment managers.
- The Trustees have decided to invest in pooled funds, other collective investment vehicles, and cash. The Scheme does not invest directly in stocks, shares, bonds, derivatives etc.
- 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.
- The Trustees have a policy of delegating all day-to-day powers of investment to the Investment Managers who are authorised and regulated under the Financial Services and Markets Act 2000. The safe custody of the Scheme's assets is delegated to professional custodians via the use of pooled vehicles
- The Trustees expect their investment managers to exercise its ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustees assess the ESG integration capability of its investment managers.
- The Trustees expect their investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account.

### 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 December 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 December 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.
- The investment Managers used by the Scheme are signatories to the UNPRI.

*\*Note the voting analysis was over the year ending 31 December 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
<b>Baillie Gifford</b>	13,000	90%	4%	6%
<b>Newton</b>	25,000	83%	15%	1%
<b>LGIM</b>	120,000	76%	23%	1%

### 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 December 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?
<b>Baillie Gifford</b>	No Proxy Voting Adviser	All done in-house, voting decisions are in line with their in-house policy
<b>Newton</b>	ISS	Newton relies on ISS for research and vote administration, using its own guidelines for voting decisions.
<b>LGIM</b>	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 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 December 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

The Net Zero Asset Managers initiative (“NZAM”) brings together asset managers committed to the goal of achieving net-zero greenhouse gas emissions by 2050 as per the Paris Climate Agreement. In January 2025, following announcements of some managers exiting the agreement, NZAM announced a review of their overarching policies, which is ongoing.

The Trustees have considered their investment manager’s approach to NZAM as part of this analysis.

### 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.

Baillie Gifford’s voting approach may reflect an overconfidence in company management or may be designed to align with the anticipated views on voting matters of the manager’s investor base (which is predominantly US based). This is further reflected by the manager’s recent decision to withdraw from NZAM.

The Trustees are aware of recent criticism of Baillie Gifford regarding failure to support a vote on an animal welfare issue. However, interpretation of Baillie Gifford’s voting record provides evidence that the manager continues to be supportive towards shareholder proposals addressing social issues.

### 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. It is unsurprising that the manager has committed to remaining a member of NZAM, irrespective of the review’s outcome.

While LGIM have come under some criticism from the campaign group Make My Money Matter, the Trustees are satisfied that LGIM are among the most proactive on tackling climate-related proposals. Indeed, the manager has opposed several climate-related proposals based on an assessment that proposals put forward by a company’s management did not go far enough and has supported shareholder proposals designed to tackle a range of ESG issues.

Newton (Fund manager of the BNY Mellon Real Return Fund)

The Trustees' analysis of shareholder-brought proposals identifies Newton to be prepared to support shareholders on a wide range of ESG issues.

Newton have shown a willingness to vote against management on a broad range of issues, with the exception of climate-related director proposals. Here, the Trustees note that the evidence suggests that Newton do not particularly seem to hold directors to account regarding climate plans or a company's climate targets.

## Conclusion

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

The Trustees will keep the voting actions of investment managers under review, noting that in some instances there are areas that could still be improved.

Date: 24 July 2025

## 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	Baillie Gifford	Newton
<b>Audit &amp; Reporting</b>							
AKER BP ASA	30/04/2024	Allow the Board to Determine the Auditor's Remuneration	79	21	Against	Not held	Not held
PETRA DIAMONDS LTD	13/11/2024	Re-appoint BDO LLP as the Auditors of the Company	80	20	For	Not held	Not held
HAYS PLC	20/11/2024	Re-appoint PricewaterhouseCoopers LLP as Auditor of the Company	80	20	For	Not held	Not held
OCADO GROUP PLC	29/04/2024	Allow the Board to Determine the Auditor's Remuneration	81	19	For	Not held	Not held
SWISS LIFE HOLDING	15/05/2024	Appoint the Auditors	80	19	Against	Not held	Not held
<b>Shareholder Capital &amp; Rights</b>							
TOPPS TILES PLC	18/01/2024	Issue Shares with Pre-emption Rights	63	37	For	Not held	Not held
METRO BANK PLC	21/05/2024	Issue Shares for Cash	32	67	For	Not held	Not held
FERREXPO PLC	23/05/2024	Issue Shares with Pre-emption Rights	30	70	For	Not held	Not held
INDIA CAPITAL GROWTH FUND	26/06/2024	Issue Shares with Pre-emption Rights	70	30	Against	Not held	Not held
EVOKE PLC	13/05/2024	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	72	28	For	Not held	Not held
<b>Pay &amp; Remuneration</b>							
VIATRIS INC	06/12/2024	Advisory Vote on Executive Compensation	49	50	Against	Not held	Not held
AXON ENTERPRISE INC	10/05/2024	Advisory Vote on Executive Compensation	50	49	Against	Not held	Not held
ALCON AG	08/05/2024	Approve the Remuneration Report	49	49	Against	Not held	For
PALO ALTO NETWORKS	10/12/2024	Advisory Vote on Executive Compensation	50	49	Against	Not held	Not held
WARNER BROS DISCOVERY INC	03/06/2024	Advisory Vote on Executive Compensation	53	46	Against	Not held	Not held
<b>Constitution of Company, Board &amp; Advisers</b>							
BUILDERS FIRSTSOURCE	04/06/2024	Elect Cleveland A. Christophe - Non-Executive Director	56	44	Against	Not held	Not held
UBER TECHNOLOGIES INC	06/05/2024	Elect David I. Trujillo - Non-Executive Director	56	44	Against	Not held	Not held
ALEXANDRIA R E EQUITIES INC	14/05/2024	Elect James P. Cain - Non-Executive Director	57	43	Against	Not held	Not held
PETRA DIAMONDS LTD	13/11/2024	Elect Alex Watson as a Board Observer	60	40	For	Not held	Not held
GIVAUDAN SA	21/03/2024	Re-elect Tom Knutzen - Non-Executive Director	59	40	Against	Not held	Not held
<b>Merger, Acquisition, Sales &amp; Finance</b>							
HIKMA PHARMACEUTICALS PLC	25/04/2024	Approval of Buyback Waiver	56	43	Against	Not held	Not held
HOCHSCHILD MINING PLC	13/06/2024	Approve of the Rule 9 Waiver	63	37	Against	Not held	Not held
JPMORGAN GLOBAL CORE REAL ASSETS LIMITED	03/09/2024	Approve the Continuation of the Company	34	66	For	Not held	Not held
FORESIGHT GROUP HOLDINGS LIMITED	02/08/2024	Approve the Waiver of Rule 9	70	30	Against	Not held	Not held
FORESIGHT SOLAR FUND LIMITED	12/06/2024	Approve the Discontinuation of the Company	24	75	Against	Not held	Not held
<b>Climate Related Proposals</b>							
Shell plc	21/05/2024	Say on Climate	73	21	Against	Not held	Not held
REPSOL SA	09/05/2024	Advisory Vote on the Company's Energy Transition Strategy	70	21	Against	Not held	Not held
PENNON GROUP PLC	24/07/2024	Climate-Related Financial Disclosures	80	18	Against	Not held	Not held
GLENORE PLC	29/05/2024	Approve the Company's 2024-2026 Climate Action Transition Plan dated 20 March 2024.	83	9	Against	Not held	Not held
FERROVIAL SA	11/04/2024	Say on Climate	90	7	Against	Not held	Not held
<b>Other Company Proposals</b>							
QUILTER PLC	23/05/2024	Approve Political Donations	73	27	For	Not held	Not held
BOUYGUES SA	25/04/2024	Approve the Board to Issue Equity Warrants Free of Charge During the Period of a Public Offer for the Company's Shares	73	27	Against	Not held	Not held
ENERGEAN PLC	23/05/2024	Meeting Notification-related Proposal	78	22	For	Not held	Not held
MONDI PLC	03/05/2024	Meeting Notification-related Proposal	85	15	For	Not held	Not held
TRAVIS PERKINS PLC	22/04/2024	Meeting Notification-related Proposal	86	13	For	Not held	Not held
<b>Governance &amp; Other Shareholder Proposals</b>							
PROLOGIS INC	09/05/2024	Simple Majority Voting	50	50	For	Not held	Not held
ABBVIE INC	03/05/2024	Simple Majority Voting	49	51	For	Not held	Not held
HUMANA INC.	18/04/2024	Introduce Majority Voting for Director Elections	51	49	For	Not held	Not held
CORPAY, INC	06/06/2024	Introduce an Independent Chair Rule	49	51	For	Not held	Not held
DEXCOM INC	22/05/2024	Transparency in Lobbying	51	48	For	For	Not held
<b>Environmental &amp; Socially Focused Shareholder Proposals</b>							
AMERICAN TOWER CORPORATION	22/05/2024	Disclosure of Racial and Gender Pay Gaps	49	51	For	For	For
NETFLIX INC	06/06/2024	Report on Netflix's Use of Artificial Intelligence	43	56	For	For	For
QUEST DIAGNOSTICS INCORPORATED	16/05/2024	Climate Change Targets	42	57	For	Not held	Not held
CINTAS CORPORATION	29/10/2024	Political Disclosure	39	60	For	Not held	Not held
GENERAL MILLS INC	24/09/2024	Report on the use of plastic	39	58	For	Not held	Not held

### Note

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 were 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 number of Significant Votes is large. This is helpful for assessing a 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 a 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/individual-investors/literature-library/corporate-governance/proxy-voting-guidelines/>

### **LGIM:**

- <https://blog.lgim.com/categories/esg-and-long-term-themes/lgims-voting-intentions-for-2024/>
- <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

### **Newton:**

- <https://www.newtonim.com/uk-institutional/responsible-investment/voting/>