

**GRF Services Defined Benefits Pension Scheme
Implementation Statement
Year Ending 31 December 2023**

Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
Scheme	GRF Services Defined Benefits Pension Scheme
Scheme Year	1 January 2023 to 31 December 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:

- The Partners Fund
- Baillie Gifford Multi-Asset Growth Fund
- Schroders Diversified Growth Fund

Based on the modest size of the listed equity holding within the Partners fund, we have excluded it from further analysis.

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 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 Insight LDI Partially Funded Gilt Funds and Insight LDI Partially funded Index-Linked Gilt Funds. The Trustees considered the ESG characteristics of these funds before selecting them 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 December 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 December 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 are UNPRI signatories.

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
Baillie Gifford	14,000	90%	5%	5%
Schroders	73,000	85%	12%	3%

Notes

These voting statistics are based on each manager's full voting record over the 12 months to 31 December 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?
Baillie Gifford	No Proxy Voting Adviser	All done in-house, Manager aims to participate in all votes
Schroders	Glass Lewis	Proxy advisers provide research and administer votes but voting is determined by Schroders.

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 December 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 (more so than many of its peers). To some extent Baillie Gifford's active management style provides justification; it supports the management of companies it has chosen to invest in.

However, the corporate friendly voting record may indicate some over-confidence in management boards or it could simply be in line with how Baillie Gifford believe that their US dominated investor base prefer votes to be cast. The support for what some would argue as excessive pay may leave their voting record open to criticism.

There continue to be signs that Baillie Gifford is adopting a more supportive stance towards shareholder proposals aimed at tackling social issues. However, their voting record was less supportive of shareholders looking to tackle animal welfare issues.

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

Schroders

The Trustees have no concerns regarding Schroders' voting record.

The manager demonstrates that it is prepared to vote against management on a range of issues and opposes management in closely contested votes to a greater extent than many of its peers.

Schroders has also consistently been supportive of closely contested shareholder proposals brought to tackle a range of issues including climate change, gender inequality, diversity and human rights.

Schroders supports directors looking to transition companies to a low carbon economy but has opposed such plans in instances where Schroders does not feel company management is going far enough.

Conclusion

Based on the analysis undertaken, the Trustees have no material concerns regarding the voting records of the investment managers.

The Trustees will keep the voting actions of the investment managers under review.

John L. S. Williams Date: 21 May 2024

Signed on behalf of the Trustees of the GRF Services Defined Benefits 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 (%)	Schroders	Baillie Gifford
Audit & Reporting						
NETAPP INC	13/09/2023	Appoint the Auditors	40	60	Against	Not held
VEOLIA ENVIRONNEMENT SA	27/04/2023	Appoint the Auditors	72	28	For	Not held
PETS AT HOME GROUP PLC	06/07/2023	Re-appoint KPMG LLP as auditor of the Company.	78	22	For	Not held
GEBERIT AG	19/04/2023	Appoint the Auditors	82	18	Against	Not held
PENDRAGON PLC	30/06/2023	Re-appoint KPMG LLP as auditor of the Company	83	17	Against	Not held
Shareholder Capital & Rights						
FERREXPO PLC	25/05/2023	Issue Shares with Pre-emption Rights	34	64	For	Not held
LINCOLN NATIONAL CORPORATION	25/05/2023	Issuance of Shares for Existing Incentive Plan	70	30	Against	Not held
PLUS500 LTD	02/05/2023	Approve Additional Allotment of Shares to Jacob Frenkel	71	29	For	Not held
BOUYGUES SA	27/04/2023	Approve authority to increase authorised share capital and issue shares without	73	27	Against	Not held
HARGREAVES LANSDOWN PLC	08/12/2023	Authorise Share Repurchase	75	25	For	For
Pay & Remuneration						
PEARSON PLC	28/04/2023	Approve Remuneration Policy	54	46	For	Not held
VISTRY GROUP PLC	18/05/2023	Approve the Remuneration Report	51	46	Against	Not held
AMERICAN EXPRESS COMPANY	02/05/2023	Advisory Vote on Executive Compensation	53	45	Against	Not held
UNILEVER PLC	03/05/2023	Approve the Remuneration Report	40	55	Against	Not held
PENDRAGON PLC	30/06/2023	Approve the Remuneration Report	43	56	Against	Not held
Constitution of Company, Board & Advisers						
DOMINO'S PIZZA GROUP PLC	04/05/2023	Elect Edward Jamieson - Executive Director	50	50	For	Not held
SIMON PROPERTY GROUP INC.	04/05/2023	Elect Reuben S. Leibowitz - Non-Executive Director	53	46	Against	Not held
PENDRAGON PLC	30/06/2023	Re-elect Ian Filby - Chair (Non Executive)	54	45	For	Not held
ZALANDO SE	24/05/2023	Elect Kelly Bennett - Vice Chair (Non Executive)	56	44	Not held	For
KONINKLIJKE (ROYAL) PHILIPS NV	09/05/2023	Discharge the Board of Management	19	63	Against	Not held
Merger, Acquisition, Sales & Finance						
BOUYGUES SA	27/04/2023	Approve Issuance of Debt Securities Giving Access to New Shares of Subsidiaries	73	27	Against	Not held
LVHM (MOET HENNESSY - LOUIS VUITTON) SE	20/04/2023	Approve Issuance of Debt Securities Giving Access to New Shares of Debt	80	19	Against	Against
DELIVERY HERO SE	14/06/2023	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds	82	17	Not held	For
MERCK KGAA	28/04/2023	Issue Bonds/Debt Securities	88	12	For	Not held
BALTIC CLASSIFIEDS GROUP PLC	27/09/2023	Approve Waiver of Rule 9 of the Takeover Code	88	11	Not held	For
Climate Related Resolutions						
Shell plc	23/05/2023	Approve Shell's Energy Transition	77	19	For	Not held
UBS GROUP AG	05/04/2023	Say on Climate	81	15	For	Not held
TOTALENERGIES SE	26/05/2023	Say on Climate	86	11	For	Not held
AVIVA PLC	04/05/2023	Approve Climate-Related Financial Disclosure	97	3	For	Not held
SCHNEIDER ELECTRIC SE	04/05/2023	Say on Climate	96	2	For	For
Other Company Resolutions						
BOUYGUES SA	27/04/2023	Approve the Board to Issue Equity Warrants Free of Charge During the Period of a	74	26	Against	Not held
INVESTEC PLC	03/08/2023	Investec plc: Approve Political Donations	76	23	For	Not held
HSBC HOLDINGS PLC	05/05/2023	Meeting Notification-related Proposal	76	23	For	Not held
ENERGEAN PLC	18/05/2023	Meeting Notification-related Proposal	82	18	For	Not held
SSP GROUP PLC	16/02/2023	Meeting Notification-related Proposal	83	17	For	Not held
Governance & Other Shareholder Resolutions						
WELLS FARGO & COMPANY	25/04/2023	Shareholder Resolution: Simple Majority Voting	50	49	For	Not held
MCDONALD'S CORPORATION	25/05/2023	Shareholder Resolution: Annual Report on Lobbying Activities	50	49	For	Against
APPLIED MATERIALS INC	09/03/2023	Shareholder Resolution: Right to Call Special Meetings	50	50	For	Not held
THE MOSAIC COMPANY	25/05/2023	Shareholder Resolution: Right to Call Special Meetings	50	49	For	Not held
MARATHON PETROLEUM CORPORATION	26/04/2023	Shareholder Resolution: Simple Majority Voting	51	48	For	Not held
Environmental & Socially Focussed Shareholder Resolutions						
STARBUCKS CORPORATION	23/03/2023	Shareholder Resolution: Assessment of Worker Rights	51	47	Not held	For
WELLS FARGO & COMPANY	25/04/2023	Shareholder Resolution: Annual Report on Prevention of	52	43	For	Not held
EXPEDITORS INTERNATIONAL OF WASHINGTON INC.	02/05/2023	Shareholder Resolution: Report on the effectiveness of the	57	42	For	Not held
MCDONALD'S CORPORATION	25/05/2023	Shareholder Resolution: Poultry Welfare Disclosure	38	61	Against	Against
AMAZON.COM INC.	24/05/2023	Shareholder Resolution: Report on Packaging Materials	37	62	For	For

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.

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 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.

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/>

[Schroders](https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/active-ownership/how-we-vote/) - <https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/active-ownership/how-we-vote/>