

Implementation Statement

Professional Footballers' Pension Scheme (Cash Benefit)

Purpose of this statement

This implementation statement has been produced by the Trustees of the **Professional Footballers' Pension Scheme (the Scheme)** to set out the following information over the year to **31 July 2024**:



How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year;



The voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

The Scheme's investment managers at the start of the year were Baillie Gifford & Co ("Baillie Gifford") and Insight Investment Management ("Insight"). In Q4 2023, the Scheme fully disinvested from their holdings with Baillie Gifford. For this implementation statement, engagement and voting data has been included for Baillie Gifford to the quarter end of disinvestment (i.e. the year to 31 December 2023).



Conclusions

In reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented. A significant proportion of the Scheme's investment managers have demonstrated transparency in their voting and engagement activities, and the Trustees have no concerns over their investment managers' approaches to carrying out effective stewardship.

Stewardship policy

The Trustees' SIP in force at year-end describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in November 2023 and has been made available online here: [Statement of Investment Principles](#).

There were no changes made to the stewardship policy over the year.

Following discussion at the July 2023 Trustee meeting, the Trustees have decided against setting specific stewardship priorities, beyond those set by their investment managers, given that the Scheme has a number of stakeholders who are highly influential in their stewardship activities and are better placed to effect positive change through their own initiatives.

The Trustees have delegated the exercise of rights attaching to investments (including voting rights, and in undertaking engagement activities) to the Scheme's investment managers.

Some examples of the priorities set by investment managers are provided below.

Underlying managers	Examples of stewardship priorities of the Scheme's investment managers
Insight	Insight have set the following strategic engagement topics: <ul style="list-style-type: none">• Climate change• Labour management• Natural capital and biodiversity
Baillie Gifford	Baillie Gifford have set the following strategic engagement topics: <ul style="list-style-type: none">• Prioritisation of long-term value creation• A constructive and purposeful management board• Long-term focussed remuneration with stretching targets• Fair treatment of stakeholders• Sustainable business practices

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such, delegates responsibility for carrying out voting and engagement activities to the Scheme's investment managers.
- The Trustees monitor the engagement and voting activities of the managers by meeting the managers from time to time as necessary and receiving training from the Trustees' investment consultant and discussing these at regular Trustees meetings. Such monitoring was most recently undertaken in their October 2024 meeting, with the investment manager's engagement and voting data as at 31 March 2024.
- Annually, the Trustees receive and review voting information and engagement policies from the asset managers which they review to ensure alignment with the Trustees stewardship policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have

been in the members' best interests. This exercise was most recently undertaken post year-end in their October 2024 meeting and the Trustees were satisfied that the policies were reasonable and no immediate action was required at that time.

- The Trustees are comfortable that the managers are undertaking their voting and engagement in line with the Trustees' policies as far as the reporting is available.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustees use sustainability ratings information available within the pensions industry, or provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues. The sustainability rating for the Scheme's investment manager improved over the year to 31 March 2024.

Summary

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's stewardship policies as set out in the Scheme's SIP. The Trustees are supportive of the voting and engagement action taken by the applicable investment managers over the period.

The Trustees and their investment consultant (along with the investment industry as a whole) are working with the investment managers to provide additional voting and engagement information in the future. This will enhance the Trustees' ability to assess the investment managers' stewardship and engagement with investee companies on their behalf.

**Prepared by the Trustees of the Professional Footballers' Pension Scheme
December 2024**

Voting Data

This Scheme provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees. The Scheme fully disinvested from the Baillie Gifford Multi-Asset Growth Fund in Q4 2023. Therefore, figures for the Multi-Asset Growth Fund are shown for the year to 31 December 2023 (the quarter-end of disinvestment). The Liability Driven Investment ("LDI") and bonds have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Baillie Gifford ¹
Fund names	Diversified Growth: Multi-Asset Growth Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
Number of resolutions the manager was able to vote at over the year	703
Percentage of resolutions the manager voted on*	94.6%
Percentage of resolutions the manager abstained from*	0.3%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	2.7%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	BG vote in line with their in-house policy and not with the proxy voting providers' (ISS and Glass Lewis) policies. They do not record where they have voted in-line with or against their recommendations.

¹ The Scheme fully disinvested from the Baillie Gifford Multi-Asset Growth Fund in Q4 2023 so figures are shown to the quarter end of disinvestment (i.e. 31 December 2023).



Proxy voting

The below summarises how the investment manager utilises their proxy voting services.

Baillie Gifford

Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations, they do not rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford utilises two proxy advisers' voting research, ISS and Glass Lewis, for information only. They also have specialist proxy advisers in the Chinese and Indian markets to provide them with more nuanced market specific information, ZD Proxy and IIAS respectively.



Significant votes

At this time, the Trustees have decided against setting explicit stewardship priorities given that the Scheme has a number of stakeholders who are better placed to effect positive change through their own initiatives. So, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed voting policy.

Baillie Gifford have provided a selection of 10 votes which they believe to be significant, and in the absence of agreed stewardship priorities, the Trustees have selected 3 votes that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings are shown below. Further details on Baillie Gifford's voting can be found on their website.

Significant vote 1 – Baillie Gifford, Multi-Asset Growth Fund

Company name	Prysmain S.P.S
Date of vote	19 April 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.44%
Summary of the resolution	Remuneration
How the manager voted	Against
Rationale for the voting decision	BG opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believe the use of discretion should be carefully evaluated, and used to support and prioritise the long-term prospects of the business. They are not convinced that this use of discretion meets that bar.

Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.
Outcome of the vote	Pass
Implications of the outcome	BG will communicate their rationale for voting against the remuneration report. They supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes

Significant vote 2 – Baillie Gifford, Multi-Asset Growth Fund

Company name	Prologis Inc.
Date of vote	4 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.82%
Summary of the resolution	Remuneration
How the manager voted	Against
Rationale for the voting decision	Baillie Gifford ("BG") opposed executive compensation because they do not believe the performance conditions for the long term incentive plan are sufficiently stretching.
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.
Outcome of the vote	Fail
Implications of the outcome	Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No

Significant vote 3 – Baillie Gifford, Multi-Asset Growth Fund

Company name	American Tower Corporation
Date of vote	24 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.29%
Summary of the resolution	Appoint/ Pay Auditors
How the manager voted	Against
Rationale for the voting decision	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. They believe it is best practice for the auditor to be rotated regularly as

	this works to ensure independent oversight of the company's audit process and internal financial controls.
Criteria on which the vote is considered "significant"	This resolution is significant because BG opposed the election of auditors.
Outcome of the vote	Pass
Implications of the outcome	Although not a regulatory requirement in the U.S., BG consider it best practice for the auditor to rotate at least every 20 years in order to maintain independence. They asked about plans to tender last year but did not receive a response. This year they decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes



Engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. The information is given over the year to 30 June 2024. The Scheme fully disinvested from the Baillie Gifford Multi-Asset Growth Fund in Q4 2023, figures are therefore shown to the quarter end of disinvestment (i.e. 31 December 2023).

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Baillie Gifford ²	Insight
Fund name(s)	Diversified Growth: Multi-Asset Growth Fund	Liability Driven Investment: LDI Funds and Liquidity Fund Bonds: Buy and Maintain Bond Funds
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Number of engagements undertaken at a firm level in the year	744	2,569

² The Scheme fully disinvested from the Baillie Gifford Multi-Asset Growth Fund in Q4 2023 so figures are therefore shown to the quarter end of disinvestment (i.e. 31 December 2023).



Examples of engagement activity undertaken over the year to 30 June 2024

Baillie Gifford, Multi-Asset Growth Fund

Experian

This example relates to a constructive and purposeful board. Experian is an international consumer credit reporting company. Experian holds and manages the credit history and repayment data of approximately 1.3 billion people and 166 million businesses. Baillie Gifford believe there are very few companies on a par with the opportunity such an extraordinary dataset brings.

The secure management of data and its responsible use is a vital task for Experian's management and therefore a priority engagement issue for Baillie Gifford. It is also a key duty of the board to instil a corporate culture that balances data security and privacy with commercial opportunity. Baillie Gifford have hosted a series of meetings with the Chair and Chair of Audit Committee to set out how the board approaches the governance of data. In parallel, they have shared their assessment of board skills and expertise in data security.

Baillie Gifford's proactive engagement has strengthened their confidence that the board has the appropriate diversity of technical skills and cognition to meet the challenge of governing Experian in the interests of shareholders, customers and wider stakeholders. The outcome of this successful engagement has been to increase Baillie Gifford's aggregate client holding in Experian.

Insight

Duke Energy

One of America's largest energy holding companies, serving 8.4 million electric utility customers through its ownership of approximately 54,800 megawatts of energy capacity and 1.7 million natural gas utility customers.

The issuer is planning to achieve net zero methane emissions by 2030 and net zero carbon emissions from electricity generation by 2050 to support the clean energy transition. It is investing in major electric grid upgrades and cleaner generation, including expanded energy storage, renewables, natural gas and nuclear.

Insight engaged with Duke energy as their transition plan to achieve net zero by 2050 relies heavily on natural gas and coal phase-out by 2035. Recent sale of their renewables business has led to the percentage of energy from renewables falling (8% to 3%). This is likely to make their 18% renewables by 2030 target more challenging to meet.

The issuer has also focused on remediation since the coal ash controversy, but improvements are expected in terms of waste and toxic emissions reporting. No new goals will be introduced until they reach their 80% target (currently at 79%) for solid waste recycling (e.g., solar panel waste). The issuer noted efforts lacking in several sectors, namely real estate, have made it difficult to reach the 80% target.

Duke energy has been receptive to engagement and keen to understand Insight's recommendations that were followed up via email, which related to: disclosure of the percentage of coal ash sent for recovery and provision of additional detail on how waste is monitored and managed, including waste reduction initiatives. Insight continue to monitor progress.