Implementation Statement, covering the Scheme Year from 1 April 2023 to 31 March 2024

The Trustee of the GEAPS (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustee (including the most significant votes cast by Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](https://www.gov.uk/government/consultations/climate-and-investment-reporting-setting-expectations-and-empowering-savers/outcome/reporting-on-stewardship-and-other-topics-through-the-statement-of-investment-principles-and-the-implementation-statement-statutory-and-non-statutory) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

The Scheme’s SIP was updated in October 2023, to mainly reflect changes to the Scheme’s strategic allocation following an agreement between the Trustee and the Sponsor of the Scheme to move to a lower risk strategy. The SIP was also updated to include the Trustee’s agreed stewardship priorities, which are Climate change, Human rights and Corporate transparency. No other changes were made to the voting and engagement policies in the SIP during the Scheme Year. The SIP can be viewed by following the link below:

<https://www.geapspensionscheme.com/>

The voting and engagement policy, as outlined in the SIP states that: “The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations. The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers’ general policies on stewardship, as reported to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee and Fiduciary Manager have limited influence over managers’ stewardship practices where assets are held in pooled funds but encourage managers to improve their practices where appropriate.”

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to its Fiduciary Manager, State Street Global Advisors (“SSGA”), and the underlying investment managers, the exercise of voting rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The following Sections provide detail and commentary about how and the extent to which they have done this. SSGA’s implementation of the Scheme’s SIP is overseen by the Trustee’s strategic investment consultant, Lane Clark & Peacock (“LCP”).

The Trustee maintains a Responsible Investment (“RI”) policy, which sets out the Trustee’s expressed beliefs and objectives relating to Environment, Social and Governance (“ESG”) factors, including climate change, asset stewardship, and consideration of non-financial matters. This policy was last reviewed in June 2022.

The Trustee has, in its opinion, followed all of the policies in the Scheme’s SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

Following the demerger of the GE Vernova business group from the GE Company, GEAPS ceased to participate in the GE Common Investment Fund from 2 April 2024. This event had no impact on the Trustee’s stewardship and engagement policies.

1. Voting and engagement

As part of its role in the selection and ongoing review of the investment managers, SSGA incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

SSGA produces a bespoke annual ESG report for the Trustee, outlining the RI scores for all of the Scheme’s underlying managers and providing examples of engagements. In addition, every manager is asked to state its ESG philosophy and is subsequently assigned an ESG rating by SSGA.

SSGA uses ‘R-Factor’, a proprietary RI scoring mechanism, to guide its engagement efforts with each manager. R-Factor scores draw on multiple data sources and leverage off widely accepted materiality frameworks from the Sustainability Accounting Standards Board (“SASB”) and corporate governance codes to generate an ESG score for listed companies. Through SSGA’s R-Factor scores, companies with low scores can be regularly monitored and engaged with via the investment managers.

SSGA monitors each investment manager’s engagement with individual companies, as well as engaging directly with appointed investment managers who own companies with low R-Factor scores. As part of investment due diligence, SSGA assesses the ESG policies and distinct practices of its investment partners and direct investments, leveraging industry standards and techniques to evaluate ESG data across asset classes to evaluate financially material factors for the investment portfolios. SSGA does not take into account stewardship directly when deciding whether to retain investment managers.

All scores and engagement activities are reported to the Trustee in SSGA’s annual ESG report. Over the year to 31 March 2024, SSGA engaged with 271 listed companies in which the Scheme was invested.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priorities for the Scheme in March 2023, which are: Climate change, Human rights and Corporate transparency. The Trustee has communicated these priorities with the Fiduciary Manager.

The Trustee is conscious that RI, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

**3. Description of voting behaviour during the Scheme Year**

All of the Trustee’s holdings in listed equities are within pooled funds and dedicated, segregated accounts. The Trustee has delegated to SSGA, and by extension the underlying investment managers, the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Scheme’s funds that hold equities as follows:

* Arrowstreet Global Equity Fund
* Independent Franchise Partners Global Equites
* Lindsell Train Global Equity Fund
* WCM Quality Global Growth Fund

As part of the move to a lower-risk strategy, the Trustee disinvested from all of the above funds over the Scheme Year, such that the Scheme had no exposure to listed equities at the Scheme Year end. In this section, we have only included voting information for the above funds for the period over the year in which the Scheme was invested.

We note that the RBC Emerging Markets Equity Fund has been excluded from the above list, as the fund only represented 0.4% of the Scheme’s assets at the start of the Scheme Year.

In addition to the above, the Trustee contacted the Scheme’s other asset managers that don’t hold listed equities to ask if any of the assets held by the Scheme had voting opportunities over the period. Commentary provided from a subset of these managers, where available, is set out in Section 3.4.

**3.1 Description of the voting processes**

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee set its stewardship priorities in the previous Scheme Year, and reviews its managers’ voting and engagement policies against these priorities as part of the IS.

**Arrowstreet:**

Arrowstreet engages a third-party service provider to provide proxy-voting services for client accounts, including vote analysis, execution, reporting and certain recordkeeping services. ESG principles are taken into account in the service provider’s standard proxy voting policies. Arrowstreet also makes available enhanced ESG specific proxy voting services upon request. Proxy voting services are monitored periodically by Arrowstreet’s Client Operations team.

**Independent Franchise Partners (“IFP”):**

IFP considers voting as one of its key responsibilities as a long-term shareholder and as an important means of holding managements accountable. IFP votes at all company meetings. Its investment team is responsible for its voting decisions. In practice, this means that the lead investor for each stock decides how IFP votes for each company, with input from its ESG analyst and other members of the team. This structure means that IFP evaluates each resolution in the broader context of the company’s challenges and opportunities. IFP believes this results in more informed voting decisions. IFP’s voting policy provides a framework to ensure consistency of voting decisions.

IFP’s voting decisions are based on its own views and investment research. IFP receives voting research and recommendations from Institutional Shareholder Services (“ISS”), but this is purely advisory.

**Lindsell Train Limited (“LTL”):**

The primary objective of the voting policy of LTL is to protect or enhance the economic value of the investments it has made on behalf of its clients. LTL will vote against any agenda item that threatens this economic value, in particular when they have concerns over inappropriate management remuneration or incentives, general corporate governance matters, environmental and social issues, changes in capital structure and mergers or acquisitions which are seen as detrimental to the creation of business value.

Where LTL has delegated voting authority from its clients, LTL recognises that the exercise of these voting rights is a fiduciary duty that must be exercised with skill, care, prudence, and diligence.

LTL believes that proxy voting forms an important part of its investment process and proactive company engagement strategy. LTL’s Portfolio Managers maintain final decision making responsibility for all votes, based on their detailed knowledge of the companies in which they invest. LTL has appointed an independent proxy agent, Glass Lewis to assist with the administration of the proxy voting process. LTL’s Investment Team use Glass Lewis’ Viewpoint platform to process votes and provide enhanced reporting to its clients. Additionally, Glass Lewis provides supplementary research and analysis. LTL will give consideration to Glass Lewis’ own voting recommendations but will not necessarily support their position if it is not viewed by LTL as in the best interests of its clients. Voting authority remains with LTL, with the exception of receiving specific client instructions.

LTL votes on behalf of its clients in accordance with its own Proxy Voting Guidelines which govern, under each voting category, whether to vote For, Against or Abstain. These guidelines are approved collectively by the Portfolio Managers and they are reviewed annually.

**WCM Investment Management (“WCM”):**

WCM uses Glass Lewis for its proxy voting services.

**3.2 Summary of voting behaviour**

A summary of voting behaviour over the Scheme Year is provided in the table below.Some percentages may not sum to 100% due to rounding.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Arrowstreet1** | **IFP2** | **LTL** | **WCM** |
| Fund name | Global Equity Fund | Global Equities – segregated account | Global Equity Fund | Quality Global Growth Fund |
| Total size of fund at end of the Scheme Year | £1,417m | n/a – segregated account. | £4,525m | £14,260m |
| Value of Scheme assets at start of the Scheme Year) | £52.2m | £37.3m | £20.2m | £27.1m |
| Value of Scheme assets at end of the Scheme Year (£ / % of total assets) | Scheme had fully disinvested from all four funds by the end of the Scheme Year. |
| Number of equity holdings at end of the Scheme Year | 833 | 26 | 24 | 34 |
| Number of meetings eligible to vote | 830 | 19 | 23 | 191 |
| Number of resolutions eligible to vote | 8,878 | 324 | 350 | 414 |
| % of resolutions voted | 97.6% | 100.0% | 100.0% | 100.0% |
| Of the resolutions on which voted, % voted with management | 90.3% | 97.0% | 96.6% | 93.0% |
| Of the resolutions on which voted, % voted against management | 9.7% | 3.0% | 2.6% | 7.0% |
| Of the resolutions on which voted, % abstained from voting | n/a | 0.0% | 0.7% | 0% |
| Of the meetings in which the manager voted, % with at least one vote against management | 34.7% | 32.0% | 26.1% | 8.0% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 0.0% | 4.0% | n/a | n/a |

1The Scheme’s investment with Arrowstreet was moved from a segregated account to a pooled fund over the Scheme Year.

2The Scheme’s investment with IFP was held via a segregated account (ie not via a pooled fund). Therefore all information is shown over the period to the date of account closure in October 2023.

**3.3 Most significant votes**

Commentary on the most significant votes over the Scheme Year, from the Scheme’s asset managers who held listed equities, is set out below.

The Trustee has interpreted “significant votes” to mean those that: align with its stewardship priorities and may have the most significant financial impact for the Scheme. On this basis, the Trustee has selected a subset of the votes reported on by the managers for inclusion in this Statement. If members wish to obtain more investment manager voting information, this is available upon request.

**Arrowstreet (disinvested October 2023):**

Arrowstreet has provided examples of votes held against management over the Scheme Year, but did not classify these as ‘most significant’. We have shown an example below that we believe to be ‘most significant’ given it reflects a stewardship priority chosen by the Trustee.

**Bank of America Corporation, April 2023.**

* **Summary of resolution:** Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets.
* **Relevant stewardship priority:** Climate change.
* **Approx size of the holding at the date of the vote***:* Not provided by Arrowstreet.
* **Why this vote is considered to be most significant:** This resolution relates to a stewardship priority that has been set by the Trustee.
* **Company management recommendation:** Against **Fund manager vote:** For.
* **Rationale:** A vote for this resolution was warranted as additional disclosure about the company's climate transition plan would help shareholders better evaluate the company's strategy for implementing its commitments to advance a low-carbon economy and the company's management of related risks and opportunities.
* **Was the vote communicated to the company ahead of the vote:** Not provided by Arrowstreet.
* **Outcome of the vote and next steps**: Arrowstreet did not provide any commentary on next steps taken following outcome of the vote.

**IFP (disinvested October 2023):**

**Johnson & Johnnson, April 2023.**

* **Summary of resolution**: Report on Government Financial Support for Covid-19 Products.
* **Relevant stewardship priority:** Corporate transparency.
* **Approx size of the holding at the date of the vote***:* 2.5%
* **Why this vote is considered to be most significant:** This resolution relates to a stewardship priority that has been set by the Trustee.
* **Firm management recommendation:** Against. **Fund manager vote:** For
* **Rationale:** IFP voted in support of a shareholder resolution for a report on government financial support for Covid-19 products. IFP thinks it is important that the company is transparent about how government funding impacts future pricing and access decisions once emergency use authorisation expires for its Covid-19 vaccine. The company could face reputational damage if it is seen to give certain countries preferential treatment. While the company provides some disclosure on government support, it does not disclose these specific points.
* **Was the vote communicated to the company ahead of the vote:** No
* **Outcome of the vote and next steps**: Vote was unsuccessful and the resolution was not approved. IFP will continue to monitor the material risks related to this topic.

**LTL (disinvested August 2023):**

**PayPal, May 2023.**

* **Summary of resolution:** Advisory vote on Executive compensation
* **Relevant stewardship priority:** Corporate transparency
* **Approx size of the holding at the date of the vote***:* 2.9%
* **Why this vote is considered to be most significant:** This resolution relates to a stewardship priority that has been set by the Trustee.
* **Firm management recommendation:** For. **Fund manager vote:** Against
* **Rationale:** LTL pays careful consideration to the compensation policies of the companies in which it invests. In assessing their compensation policies LTL focuses more on how incentives are structured rather than the actual size of compensation. LTL can be comfortable with large rewards provided that the incentives are aligned with shareholders’ interests and their principles. In the case for PayPal LTL did not believe that the company’s compensation policy is aligned with the long term best interests of the shareholders and have been engaging with the company on this matter over a number of years. LTL have engaged with the company on a number of occasions to share their views regarding compensation best practice and continues to believe that PayPal could foster greater shareholder alignment through improved compensation structures.
* **Was the vote communicated to the company ahead of the vote:** Yes
* **Outcome of the vote and next steps**: Resolution was approved. LTL will continue to engage with the company on this matter.

**WCM (disinvested October 2023):**

**Amazon, May 2023.**

* **Summary of resolution:** Shareholder Proposal Requestion Additional Reporting on Freedom of Association.
* **Relevant stewardship priority:** Human rights.
* **Approx size of the holding at the date of the vote***:* 2.5%
* **Why this vote is considered to be most significant:** This resolution relates to a stewardship priority that has been set by the Trustee.
* **Firm management recommendation:** For. **Fund manager vote:** For
* **Rationale:** WCM supports treating employees well and creating a rewarding culture. WCM believes that the company’s culture strategy alignment works for their business model.
* **Was the vote communicated to the company ahead of the vote:** n/a – vote was with management.
* **Outcome of the vote and next steps**: WCM did not provide any commentary on next steps taken following outcome of the vote.

**3.4 Votes in relation to assets other than listed equity**

For the majority of the Scheme’s holdings in assets other than listed equity, SSGA believes that voting is rarely applicable, given that voting rights are primarily the privilege of equity holders. The following comments were provided by the Scheme’s asset managers which don’t hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

**Arcmont Senior Loan Fund I:**

In terms of voting rights, Arcmont may be able to vote in limited instances where investments take on an equity element and shareholder voting rights are granted. In such instances, the processes and procedures outlined in Arcmont’s internal Voting Policy will be followed.

**Vitruvian Investment Partnership IV:**

Annually votes are cast in line with Vitruvian’s voting policy and instructed by its operations team in Luxembourg (these are executed via ProxyEdge a solution provided by Broadridge). Any key ESG related votes are reviewed by the ESG team and debated where necessary prior to instruction.

Vitruvian’s default position is to vote in line with management, but where it considers voting against or abstaining against management, or supporting shareholder resolutions opposed by management, its will carry out specific diligence including contacting the company before the AGM takes place to ensure it have full understanding of the matter at stake. In cases where Vitruvian proceed to vote against management it will document its rationale and make this available to the investee company where requested.

The type of companies Vitruvian are generally invests in (SMEs) means there may be limited public information available. Vitruvian may therefore reasonably expect less material E and S voting activity or resolutions to be brought to AGM, but governance remains a key focus for all companies irrespective of size.

**Cortec Group Fund VII:**

Cortec does not acquire securities that require it to vote proxies on behalf of its account clients. In the event that Cortec does ever hold securities that require it to vote proxies on behalf of its clients, the Chief Compliance Officer shall be notified. In such case, Cortec will vote proxies in a manner that serves the best interests of the Client Funds without regard to the interests of Cortec or related parties, and in accordance with Cortec’s fiduciary duty. The Chief Compliance Officer may consult with investment professionals directly involved with the deal or company in order to determine Cortec’s decision on the matter.

**Warburg Pincus Global Growth Fund:**

Warburg has discretionary authority to vote the securities held by its Funds pursuant to its Funds’ governing documents. Warburg’s policy is to vote securities or proxies of portfolio companies in the best interests of its Funds, consistent with its investment advisory mandate to maximize its Funds’ long-term investment returns. The Firm may determine not to take action on proxies relating to short-term cash management.

It is common, that the investments Warburg selects for its Funds will include representation on a portfolio company’s board of directors in order to enhance the Firm’s oversight and ability to influence the strategic direction and governance of the portfolio company. Given its participation in board matters, Warburg’s Funds’ best interests are most often served by voting in support of the recommendations of the portfolio company’s board of directors.

If a conflict of interest should arise with respect to a portfolio company proxy vote, the Firm will independently review and evaluate the portfolio company proxy proposal and the circumstances surrounding the conflict to determine the vote that would be in the best interest of the Funds. Certain conflicts of interest may be presented to the Advisory Committee of the applicable Fund, which consists of representatives of certain investors in the Fund.

Additionally, Warburg believes that the Firm’s interests and those of its Funds are aligned through its own investment in the Funds, and it does not anticipate a situation where its interests would conflict with maximising long-term investment returns for the Funds.