

Implementation Statement

Professional Footballers' Pension Scheme (Cash Benefit)

Scheme year ended 31 July 2023

This statement sets out the Trustees' approach and implementation of the Environmental, Social and Governance ("ESG") policies set out in the Statement of Investment Principles over the year to 31 July 2023.

The voting behaviour is not given over the Scheme year end to 31 July because investment managers only report this data quarterly, and so we have therefore given the information over the year to 30 June 2023.

The Scheme's investment managers at the year-end were Baillie Gifford & Co ("Baillie Gifford") and Insight Investment Management ("Insight").

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that their 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 over the year and receiving training from the Trustees' investment consultant and discussing these at regular Trustee meetings.
- 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 undertaken in September 2022. No remedial action was required during the period.
- 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.

Stewardship policy

The Trustees' Statement of Investment Principles 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 May 2023 and has been made available online here: <https://www.thepfa.com/-/media/the-pfa/files/2020-08-sip-pfps--cash-section--db-v20.pdf?la=en&hash=FAB88BAEA5444B8CB6626FE8F24994A6922D034B>

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

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.

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.

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 supplementary note. 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

November 2023

Voting Data

The voting data collated for the Scheme is given over the year to 30 June 2023.

Manager	Baillie Gifford
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	594
Percentage of resolutions the manager voted on*	96.3%
Percentage of resolutions the manager abstained from*	1.05%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	2.45%
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.

**as a percentage of possible votes*
Source: Baillie Gifford & Co

There are no voting rights attached to the other assets held by the Scheme, which include Liability Driven Investment ("LDI") funds and bonds, as these funds do not hold equities.

Significant votes

The Trustees have delegated to the investment managers to define what a "significant vote" is. Baillie Gifford have provided a selection of 10 votes which they believe to be significant, and in the absence of agreed stewardship priorities, the Trustee has 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.

Baillie Gifford, Multi-Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Duke Realty Corporation	American Tower Corporation	PRYSMIAN S.P.A.
Date of vote	28/09/2022	24/05/2023	19/04/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.88%	0.29%	1.44%

	Vote 1	Vote 2	Vote 3
Summary of the resolution	Say on Pay Frequency	Appoint/Pay Auditors	Remuneration
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	Yes
Rationale for the voting decision	Baillie Gifford opposed the advisory proposal to approve executive compensation to be paid in connection with the company merger due to concerns regarding single trigger provisions and the introduction of excise tax gross-ups in connection with severance payments.	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.	Baillie Gifford 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.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	While Baillie Gifford were supportive of the proposed merger with Prologis, they were uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution, which ultimately received 91.64% dissent from shareholders. They unsuccessfully attempted to engage the company on its approach to compensation at this year's AGM and will continue efforts to do so going forward.	Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years in order to maintain independence. Baillie Gifford 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.	Baillie Gifford 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.
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activity undertaken by each manager during the year for the relevant funds. The information is given over the year to 30 June 2023.

Manager	Baillie Gifford	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	518	1,032

Source: Baillie Gifford & Co, Insight Investment Management

Each manager has provided an example to illustrate the sort of engagement activities undertaken.

Manager	Examples of engagement
Baillie Gifford	<p>Baillie Gifford met with the new Chair of the Board (COB), Richard Morse, to discuss aspects of The Renewables Infrastructure Group's (TRIG's) governance set-up and essential factors that impact their investment case. This meeting was a chance to gain insight into the board dynamics of this investment trust while learning how the chair transition process is going. Baillie Gifford briefly touched on this topic with management last quarter.</p> <p>This meeting was against the backdrop of announcements of a revenue cap in the UK, and Baillie Gifford started the conversation on this development to try and gauge portfolio implications. Baillie Gifford covered several governance topics, from the skills and experience of TRIG's board to its relationship with the management teams. Finally, Baillie Gifford discussed discount rates and the various mechanisms used to manage this.</p> <p>As a follow-up exercise, Baillie Gifford will look to identify comparable disclosures across their portfolio holdings with exposure to wind power assets. They see this as a good prompt to consider good practice in community engagement with a view to monitoring this type of data in future.</p>
Insight	<p>Insight have been focusing on their engagement on D&I with their counterparties. Poor performers in terms of target setting and performance were identified through Insight's counterparty stewardship process, whereby they asked 25 counterparties to fill in ESG questionnaires which included questions on D&I policies, performance and gender pay gap. Insight have held several engagements on D&I with counterparties and are in the process of writing detailed recommendations.</p> <p>Insight have been engaging with issuers where we have identified weak D&I performance from their PRIME model. They have engaged to improve disclosure on D&I and to set stronger targets at senior management / board levels. They will also conduct research which uses diversity and inclusion performance data (e.g. representation of minority groups) to identify companies with poor performance. Insight will take an initial focus on the UK and US, where there is currently increasing regulation, but will look to expand this to other markets over time.</p>