

Implementation Statement

Professional Footballers' Pension Scheme (Cash Benefit)

Scheme year ended 31 July 2022

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 2022.

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 2022.

The Scheme's investment managers are 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.
- The Trustees have reviewed the stewardship and engagement activities of their investment managers during the year and were satisfied that the policies followed by the manager were reasonable and in alignment with the Trustees' own policies. No remedial action was required during the period.
- The Trustee regularly considers the performance of the funds and any significant developments. On 20 April 2022 the Trustee received presentations from Baillie Gifford and Insight which involved updates on their investment approach, including training on how ESG factors are taken into consideration.
- 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 (SIP) in force at 31 July 2022 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2020 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.

Summary

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's stewardship policies. 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 2022

Voting Data

The voting data collated for the Scheme is given over the year to 30 June 2022.

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	1,164
Percentage of resolutions the manager voted on*	83.9%
Percentage of resolutions the manager abstained from*	0.7%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	3.1%
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 interest of concise reporting the tables below show 3 of these votes. 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	Galaxy Entertainment Group	BHP Group PLC	Greggs PLC
Date of vote	12/05/2022	14/10/2021	17/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.06%	0.03%	0.25%

	Vote 1	Vote 2	Vote 3
Summary of the resolution	Amendment of Share Capital	Shareholder Resolution – Climate	Remuneration
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Yes	No
Rationale for the voting decision	Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	Baillie Gifford supported a resolution requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. This was in line with management's recommendation.	Baillie Gifford voted against the remuneration report due to concerns over executive pay increases and misalignment of pension rates.
Outcome of the vote	Pass	Not applicable	Pass
Implications of the outcome	Baillie Gifford have opposed similar resolutions in previous years and will continue to advise the company of their concerns and seek to obtain proposals that they can support.	In advance of the AGM Baillie Gifford engaged with the company on a number of climate related and shareholder resolutions. One resolution they engaged on was requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. This resolution had been put forward at the 2019 and 2020 AGMs however failed only receiving 27% and 22% support respectively. Previously Baillie Gifford had opposed the resolution as they were comfortable management were making sufficient progress however this year management recommended support for the resolution, and as such they voted in favour. The resolution received over 98% support.	Following casting a vote, Baillie Gifford reached out to the Company to provide reasons for their opposition on the remuneration report and ask for clarification on pay setting for the CEO. The Company acknowledged their feedback on pensions and pay increases for one executives and explained how the new CEO's salary was set.
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 was submitted by shareholders and received greater than 20% support.	This resolution is significant because Baillie Gifford opposed remuneration.

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 2022.

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	1,323	797

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>Enel is a client of Siemens Gamesa Renewable Energy (SGRE). SGRE develops, constructs and sells wind power turbines and wind farms to clients around the world. Sustainalytics reports that SGRE has not provided sufficient evidence that the local Saharawi people were consulted about wind turbine projects in the Western Sahara a number of years ago. Interestingly, Enel - which built and now operates the facility - had not been flagged. So, on 8 September 2021, Baillie Gifford met with Enel's Head of Investor Relations and wider team to hear their perspective and to find out more about the company's indigenous group consultation policy, processes and stakeholder grievance procedures. Baillie Gifford also engaged with SGRE on the same issue. During their meeting, Enel explained the historic allegations in detail, confirmed to Baillie Gifford that there is no international law requiring companies not to do business in Western Sahara and outlined the main issues that it is attentive to and active in addressing today. These include the company's social licence to operate, the training and hiring of local people, and ensuring that direct and indirect stakeholders are granted access to the energy generated. The immediate concern is that the territory is occupied by Moroccan authorities so land could be exploited; Baillie Gifford were reassured that this is not the case and that the beneficiaries of the projects in question are local people. The aim of stakeholder consultation is to identify the main concerns of local people which Enel found to be that they would not be skilled enough to be employed in wind farm construction. As a result, Enel established a sustainable construction site model which includes an employment and skills training plan and 70 per cent of people employed in the current project under development are from the local population.</p>
Insight	<p>Insight will be conducting a water risk research project, based on the framework Insight developed for biodiversity and natural capital. To explore the issue of biodiversity in more detail, Insight conducted a research project in 2021 to develop a framework for considering natural capital risk in corporate bonds. The research was based on a three-stage process, including an industry-level materiality assessment, geospatial mapping, and mitigation analysis. Insight have started a new process focused on water risk, whereby Insight will apply the same framework to identify companies which have high water dependencies, operating in water scarce areas, leading to high levels of water risk. Engagement will target these issuers to encourage improvements in water management and reporting. Baillie Gifford are also taking part in CDP's Non-Disclosure Campaign, whereby Baillie Gifford will be both a lead and co-signing investor, targeting high risk companies who have not submitted a CDP water questionnaire.</p>