

Park Food Group Pension Scheme

APPENDIX – IMPLEMENTATION STATEMENT

For the 12 months ended 31 March 2024

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustee, has been followed during the year to 31 March 2024. This statement has been produced in accordance with The Pension Protection Fund Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator.

Trustee Investment Objective

The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee also aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustee has also received confirmation from the Scheme Actuary during the process of revising the investment strategy that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Investment Strategy

The investment strategy of the Scheme as at 31 March 2024 was split 3.2% Diversified Growth, 2.7% Multi-Asset Credit, 10.3% Absolute Return Bonds, 12.6% Secured Loans, 7.8% Real LDI, 7.9% Nominal LDI, 34.8% Index-Linked Gilts, 7.9% Fixed Interest Gilts and 14.9% Cash. The investment strategy is currently being reviewed and the Trustee are in the process of making changes to the investment strategy.

Investment Structure

The Scheme's investments are mostly held in a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. The Scheme also holds assets with State Streets Global Advisors (State Street), which the Trustee is currently reviewing as part of the overall investment strategy review.

As such, the Trustee has no direct relationship with the Scheme's underlying investments managers held on the Mobius Platform. The Trustee has the responsibility of monitoring the pooled funds, in conjunction with advice from their investment adviser, Mercer.

Statement of Investment Principles

The Scheme's SIP was last updated in March 2023. The changes reflect the investment strategy of the Scheme at the time following the merger of another scheme.

Policy on ESG, Stewardship and Climate Change

The Trustee understands that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and Climate Change.

The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially.

Trustee Engagement

In the relevant year, the Trustee has not engaged with either Mobius or the underlying pooled investment managers on matters pertaining to ESG, stewardship or climate change.

Investment performance reports are provided to the Trustee from Mercer on a quarterly basis and include ESG specific ratings (derived by Mercer). This enables the Trustee to determine whether further action should be taken in respect of specific funds. The Trustee is satisfied that Mercer's ESG scores for the Fund's managers are satisfactory.

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The Trustee continues to work with Mercer, to consider actions that can be taken to engage with their investment managers going forward.

Information on the investment managers' approach to responsible investment, voting (including significant votes) and engagement with the investee companies is available at the following websites:

Baillie Gifford:

<https://www.bailliegifford.com/en/uk/individual-investors/about-us/responsible-investment/>

Barings:

<https://www.barings.com/en-us/guest/sustainability/sustainability-approach/social-impact>

Columbia Threadneedle

<https://www.columbiathreadneedle.co.uk/en/intm/about-us/responsible-investment/>

Legal & General:

<https://group.legalandgeneral.com/en/sustainability/responsible-investing>

Payden:

<https://www.payden.com/ESG.aspx>

Stone Harbor

<https://www.shipemd.com/esg>

Most of the Scheme's investment managers are signatories of the UK Stewardship Code as follows, apart from Stone Harbor which is predominantly invests in fixed income assets hence the Code may not apply:

Manager	Signatory since
Baillie Gifford	2019
Barings	2022
Columbia Threadneedle	2022
Legal & General	2021
Payden	2022

Source: FRC website

Taking all the above into consideration, the Trustee is satisfied that Responsible Investment is central to the investment managers' approaches to investing.

Voting Activity

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustee has therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

Over the Scheme year, the Trustee has not been asked to vote on any specific matters and have therefore not cast any votes.

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The DWP released a set of Engagement Policy Implementation Statement requirements on 17 June 2022, “Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance” to be adopted in all Engagement Policy Implementation Statements for schemes with years on or after 1 October 2022. The most material change was that the Statutory Guidance provides an update on what constitutes a “significant vote”.

- A significant vote is defined as one that is linked to the Scheme’s stewardship priorities/themes;
- A vote could also be significant for other reasons, e.g. due to the size of holding;
- Trustee is to include details on why a vote is considered significant and rationale for voting decision.

The Trustee has identified that climate change, human rights and diversity, equity and inclusion are their most important stewardship priorities. The significant votes shown in this statement relate to this.

The Appendix shows those significant votes supplied by the investment manager which the Trustee determines to be a significant vote – i.e. those that are in relation to climate change, human rights and diversity, equity and inclusion. Given the number of significant votes supplied, the Trustee has applied a size filter on grounds of materiality and only considered votes to be significant if in relation to a company that constitutes 1.00% or more of the diversified growth funds.

The Trustee note that best practice in developing a statement on voting and engagement activity is evolving and will continue to take on board industry activity in this area before the production of next year’s statement.

Assessment of how the Engagement Policies in the SIP have been followed for the year to 31 March 2024

The Trustee is satisfied that the Engagement Policies set out in the SIP, which have been in place over the year has been followed.

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Appendix 1 – Voting Activity

The table below sets out a summary of the key voting activity over the financial year:

Manager / Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
Columbia Threadneedle Multi Asset Fund	ISS – Threadneedle take recommendations and vote via ISS.	6702 (c.98.8% cast)	c. 11.6% of votes cast	c. 1.6% of eligible votes	A significant vote is deemed one to be any dissenting vote which is cast against (either abstaining or withholding vote from voting) a management tabled proposal or one which has been tabled by shareholders and not endorsed by management.	<p>Amazon.com, Inc. Shareholder Resolution - Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines Date of vote: 24 May 2023 Size of holding: 1.10% of portfolio Voting: For Resolution Manager Rationale: “Shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate strategy.” Was this communicated to company ahead of vote: No Vote Outcome: Resolution failed Next steps: Active stewardship (engagement and voting) continues to form an integral part of CT’s research and investment process.</p> <p>Amazon.com, Inc. Shareholder Resolution - Report on Median and Adjusted Gender/Racial Pay Gaps Date of vote: 24 May 2023 Size of holding: 1.10% of portfolio Voting: For Resolution Manager Rationale: “The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.” Was this communicated to company ahead of vote: No Vote Outcome: Resolution failed Next steps: Active stewardship (engagement and voting) continues to form an integral part of CT’s research and investment process.</p> <p>Amazon.com, Inc. Shareholder Resolution - Report on Customer Due Diligence Date of vote: 24 May 2023 Size of holding: 1.10% of portfolio Voting: For Resolution Manager Rationale: “The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.” Was this communicated to company ahead of vote: No Vote Outcome: Resolution failed Next steps: Active stewardship (engagement and voting) continues to form an integral part of CT’s research and investment process.</p>
	Glass Lewis & Co. – recommendations only.					
	IVIS – recommendations only.					

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Amazon.com, Inc.
Shareholder Resolution - Commission Third Party Study and Report on Risks Associated with Use of Recognition
Date of vote: 24 May 2023
Size of holding: 1.10% of portfolio
Voting: For Resolution
Manager Rationale: “The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.”
Was this communicated to company ahead of vote: No
Vote Outcome: Resolution failed
Next steps: Active stewardship (engagement and voting) continues to form an integral part of CT’s research and investment process.

Amazon.com, Inc.
Shareholder Resolution - Commission Third Party Assessment on Company’s Commitment to Freedom of Association and Collective Bargaining
Date of vote: 24 May 2023
Size of holding: 1.10% of portfolio
Voting: For Resolution
Manager Rationale: “Shareholders would benefit from increased disclosure through a third-party assessment of the company’s commitment to its freedom of association policies and practices to provide assurance regarding the company’s claims.”
Was this communicated to company ahead of vote: No
Vote Outcome: Resolution failed
Next steps: Active stewardship (engagement and voting) continues to form an integral part of CT’s research and investment process.

Baillie Gifford Diversified Growth Fund	ISS – recommendations only. Glass Lewis & Co. – recommendations only. Baillie Gifford are cognisant of proxy advisers’ voting recommendations but notes it makes its own voting decisions.	690 eligible for (c. 94.1% cast)	c. 2.8% of votes cast	c. 0.5% of eligible votes	A vote is significant due to the subject matter of the vote, for example a vote against management, if the vote had a material impact on the outcome of the meeting	There are no significant votes for Baillie Gifford that pass the 1.00% size filter votes to be considered significant.
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Notes: ISS = Institutional Shareholder Services Inc.; IVIS = Institutional Voting Information Service; NIS = Nordic Investor Services; PLSA = the Pensions & Lifetime Savings Association