



# GMB 1961 Pension Fund ("the Fund")

Implementation Statement (for inclusion in  
the Trustee report and accounts for the year  
ending 31 December 2023)

**April 2024**

# 1. Introduction

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The Trustee is required to make publicly available online a statement ("**the Implementation Statement**") covering the GMB 1961 Pension Fund (the '**Fund**') in relation to the Fund's Statement of Investment Principles (the "**SIP**").

During the Scheme year, the SIP was amended in September 2023, having previously been updated in January 2023. A copy of the current SIP dated February 2024 can be found here <https://schemedocs.com/GMB-1961-Pension-Fund.html>

This Implementation Statement covers the Scheme year from 1 January 2023 to 31 December 2023 (the "**Scheme Year**"). It sets out:

- How the Trustee's policies on exercising voting rights and engagement have been followed over the Scheme Year;
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A new set of guidance ("**the Guidance**") from the Department for Work and Pensions ("**DWP**") has been issued with both statutory & non-statutory guidance to both the Implementation Statement and SIP. They aim to encourage the trustees of a pension scheme to properly exercise their stewardship policy including both voting and engagement which is documented in a scheme's SIP. This Implementation Statement has been prepared to provide the details on how the Trustee of the Fund, with the help of the Fund's Investment Adviser, has complied with the new statutory requirement set by DWP.

The Trustee remains responsible for the investment of the Fund's assets. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first and they believe that this ensures that they are appropriately familiar with the issues concerned. The Trustee also sets the investment strategy and general investment policy but has delegated the day-to-day investment of the Scheme's assets, within pre-defined constraints to professional Investment Managers. The Trustee, with advice from their advisers, appoints and monitors the Fund's Investment Managers.

A copy of this Implementation Statement is available on the following website:

<https://schemedocs.com/GMB-1961-Pension-Fund.html>

## 2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year

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The Fund's SIP sets out the Trustee's policies on stewardship which includes both voting and engagement. The Fund invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Investment Managers where the Fund's investments are pooled with other investors. Direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is generally delegated to those underlying Investment Managers.

During 2023, the Trustee carried out an ESG review of the Fund's Investment Managers and subsequently, the Fund's Investment Adviser engaged with the Investment Managers that were scoring poorly on ESG terms. From the review, the Trustee agreed the most important engagement themes were related to the "S" (social) element of ESG which aligned with the Sponsor's and members' priorities, in particular health and safety and labour standards. As part of this ESG review, the Trustee with the help of its Investment Adviser, reviewed MSCI data which included a range of social scores associated to the underlying holdings in the Fund's investments. This approach has been used to provide updates to the Trustee on the social scores of their underlying holdings and has been used as the basis for the Trustee to engage with the Fund's Investment Managers to challenge poor social scores on holdings in their funds. Despite the Trustee focusing on the social pillar of ESG, they still value and engage with the Fund's Investment Managers on issues relating to "E" (environmental) and "G" (governance). This review included a range of examples of engagement by the Fund's Investment Managers with their holdings and the Trustee noted these. One particular area of focus for the Trustee was the Fund's allocation to Artisan, an active equity manager. Artisan is invested in a range of controversial holdings that score poorly in terms of the "Social" pillar of ESG. As part of a de-risking exercise later in the year, the Trustee agreed to reduce the Fund's allocation to Artisan from 10% of Total Assets to 5% of Total Assets.

As detailed in the Fund's SIP, the Investment Adviser has set out its voting and engagement priorities which focus on six themes including Climate, Natural Capital and Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance. The Trustee believes those engagement priorities which have been chosen by the Investment Adviser will result in better management of financially-material ESG and climate risks and, therefore, expected to improve the financial outcome of the Fund which ultimately is in the members' and beneficiaries' best interest. The Trustee received training on the engagement blueprint which covered all six themes listed above. The Trustee's stewardship policy is to consider all these themes, with a particular focus on the "social" themes given the nature of the Sponsor and the members. In particular, the Trustee prioritises health and safety and labour standards. In addition to the "social" themes, the Trustee still wishes to engage with the Fund's Underlying Managers on issues relating to "environmental" and "governance", and as such have agreed to align its engagement priorities with those of the Investment Adviser.

Due to the nature of the investment, voting and engagements decisions for underlying securities were generally carried out by the Investment Manager according to their stewardship policy. The Trustee acknowledges that the Trustee board owns and is responsible for setting its voting and engagement policies, which is to monitor managers' voting records, and seek explanations and discussions as appropriate.

During the Scheme year the Trustee has carried out the following activity in relation to the stewardship policy:

- The Trustee reviewed the regulatory developments in relation to ESG and Climate over the Scheme Year.
- The Trustee with the help of their Investment Adviser, monitored the performance of the Investment Managers against their agreed investment performance objectives at each of the quarterly Trustee meetings during the Scheme Year.

- The Trustee has reviewed the voting and engagement activity carried out by its Investment Managers during the Scheme Year; a summary is provided in the next section.
- The Trustee has conducted an in-depth review of the Fund's Investment Managers' ESG characteristics and the Fund's Investment Adviser has engaged, on behalf of the Trustee, with Investment Managers that are scoring poorly in terms of ESG. The Trustee has noted controversial holdings within the Investment Managers' portfolios and has raised its concerns.
- The Trustee has received ESG training with a focus on Social factors (including the recent consultation by the DWP) and has been provided with a range of additional ESG metrics that the Trustee could consider reporting on the Fund's Investment Strategy.

The Trustee believes that ESG factors play a role in return generation for the Fund and that their managers are capable of assessing these factors in their investment process which over the long term should be beneficial for the Fund.

**In addition to the other activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the stewardship in the SIP over the Scheme Year.**

### 3. Voting and Engagement Summary

This statement includes information on the underlying investment managers investing in equity securities. Where proxy voting agents have been used, this has been included in the voting information. Artisan Partners is the only of the Fund's investment managers to hold direct equity exposure, and therefore the only investment manager to whom voting records are relevant.

#### Summary of voting activity (31 December 2023)

Artisan Partners Global Value Fund	
Asset allocation	5.1%
<b>Voting Stats</b>	
Total meetings eligible to vote	41
Total resolutions eligible to vote	747
% of resolutions did you vote on for which you were eligible?	96.8%
% did vote with management?	92.9%
% vote against management?	7.1%
% abstained	0.0%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	12.0%

Source: All data in this section has been provided by the investment managers.

**Note:**

- Artisan uses Institutional Shareholder Services, "ISS", for proxy voting services.
- The voting statistics provided may slightly differ depending on the exact composition the Fund holds.
- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.

#### Trustee's conclusions on voting and engagement

The Trustee has considered the voting behaviour along with engagement activities that took place on their behalf during the Scheme Year within their investment portfolio and is pleased to report that the Investment Managers have demonstrated high levels of voting activity where relevant, challenges to management and active engagement on a range of relevant topics.

Specifically, the Trustee noted that:

- Challenge to management by Artisan Partners was demonstrated through a high proportion of votes against management (7.1%).
- Artisan Partners has primarily engaged Institutional Shareholders Services (ISS) for a number of proxy related services. Under no circumstances shall ISS have the authority to vote proxies except in

accordance with standing or specific instructions given to it by Artisan Partners. Artisan Partners retains final authority and fiduciary responsibility for the voting of proxies. In addition to ISS, Artisan Partners has engaged additional service providers, Glass, Lewis & Co. (GL) and ZD Proxy Shareholder Services Ltd. (ZD), to perform research and make recommendations to Artisan Partners as to particular shareholder votes being solicited.

- Votes are considered “most significant” if they relate to the largest weighted exposures during the period, the Underlying Investment Manager has voted against the Company’s management and the vote directly or indirectly relates to the “social” theme that the Trustee prioritises.
- An example of a significant vote undertaken by Artisan Partners would be their vote (5 April 2023) against increasing the total remuneration of Directors for UBS Group, which represents 4.5% of the Artisan Global Value Fund as at 31 December 2023. The vote against management was not communicated with UBS Group ahead of the voting period. In general, Artisan engaged on several occasions to vote against the re-appointment of company directors, where they deemed that it was not in the best long-term interests of the shareholders to do so. This vote was deemed most significant by the Trustee as the Underlying Manager voted against Management and it indirectly relates to the “social” theme. The result of this vote was that it passed.
- For the Cashflow Matching Credit mandate, an example of Insight’s engagement with counterparties with a particular focus improving disclosure on D&I and setting stronger targets at senior management/board levels. Insight currently focus on the UK and US market but look to expand this engagement to other regions. The engagement started in 2021 with America Movil (“AMX”) to encourage improvement on governance and diversity. In late 2021, AMX updated its materiality assessment and conducted its first overview of board practices to evaluate board effectiveness. Insight engaged the company again in 2022 and were happy to confirm a performance improvement on both governance and diversity. In the AMX’s 2022 Sustainability Report, Insight were pleased that AMX had established a new target to increase board diversity to three female directors, representing 21% of the board, which it achieved by appointing Gisselle Jiménez as a new director.
- The property manager, CB Richard Ellis, has been engaging on a range of topics including Climate and Renewable Investments. CB Richard Ellis has engaged with several companies to improve the ESG credentials of its properties. CB Richard Ellis has focused on the environmental pillar of ESG and has worked to improve the energy efficiency of buildings, with assistance of specialist energy consultants, increase the amount of waste materials that are recycled and encouraged more companies to align with TCFD reporting requirements, which larger schemes are required to report on.
- In relation to the liability hedging and structured equity mandates, the Trustee noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors, and ESG scores for counterparties are regularly monitored.

**The Trustee is satisfied that the voting and engagement activities undertaken by the Investment Managers during the Scheme Year align with the stewardship priorities the Trustee has determined during the Scheme Year. Hence the Trustee believe it has satisfactorily implemented the Stewardship Policy stated in the Scheme’s SIP.**

## Appendix 1 – ESG, Voting and Engagement Policies

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Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	<a href="https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf">https://www.schroders.com/en/sysglobalassets/about-us/schroders-engagement-blueprint-2022-1.pdf</a>
Artisan Partners	<a href="#">Proxy-Voting-Policy.pdf (artisanpartners.com)</a>
Insight	<a href="https://www.insightinvestment.com/investing-responsibly/">https://www.insightinvestment.com/investing-responsibly/</a>
Leadenhall	<a href="https://www.leadenhallcp.com/esg">https://www.leadenhallcp.com/esg</a>
CBRE	<a href="https://www.cbreim.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbreim-global-esg-policy.pdf">https://www.cbreim.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbreim-global-esg-policy.pdf</a>
Franklin Templeton	<a href="https://www.westernasset.com/common/pdfs/wa-stewardship-report.pdf">https://www.westernasset.com/common/pdfs/wa-stewardship-report.pdf</a>
M&G	<a href="https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/Sustainability/2023/2023-sustainability-accessible-report.pdf">https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/Sustainability/2023/2023-sustainability-accessible-report.pdf</a>