

# Furrows Pension Scheme ('Scheme')

5<sup>th</sup> April 2025 Implementation Statement

July 2025



# 1. Introduction

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

The SIP was reviewed over the last 3 years and the latest changes made were predominantly for updating the name of the Scheme's Fiduciary Manager to Schroders.

This SIP came into force from September 2023.

A copy of the current SIP signed and dated September 2023 can be found here: <https://schemedocs.com/furrows-pension-scheme-statement-investment-principles.html>

This Implementation Statement covers the period from 6 April 2024 to 5 April 2025 (the "Scheme Year"). It sets out:

- How the Trustee's policies on stewardship have been followed over the Scheme Year; and
- 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

The latest guidance ("the **Guidance**") from the Department for Work and Pensions ('DWP') aims to encourage the Trustee of the Scheme to properly exercise its stewardship policy including both voting and engagement which is documented in the Scheme's SIP. With the help of the Scheme's Fiduciary Manager, to whom the Trustee delegated the implementation of its Stewardship policy, this Implementation Statement has been prepared to provide the details on how the Trustee has complied with the DWP's statutory guidance.

The Trustee uses the Fiduciary Management service of Schroders IS Limited as its Investment Manager and Adviser (referred to as the '**Fiduciary Manager**' in the Implementation Statement). The Fiduciary Manager can appoint other investment managers (referred to as '**Underlying Investment Managers**') to manage part of the Scheme's assets, and investments with these managers are generally made via pooled funds, where the Scheme's investments are pooled with those of other investors.

A copy of this Implementation Statement is available on the following website: <https://schemedocs.com/furrows-pension-scheme-statement-investment-principles.html>

## 2. How the Trustee's policies on stewardship have been followed over the Scheme Year

As described in the SIP, the Trustee's approach to stewardship is to delegate the voting and engagement activities to the Fiduciary Manager. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's priorities and objectives. A copy of the Scheme's SIP has been provided to the Fiduciary Manager, who is expected to follow the Trustee's investment (including stewardship) policies when providing Fiduciary Management services.

The Fiduciary Manager aligns its own stewardship activities with Schroders' Engagement Blueprint, which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Fiduciary Manager has chosen **Climate Change, Natural Capital & Biodiversity, and Human Rights** as its focus for the stewardship actions it performs on behalf of the Scheme. The Trustee expects that the Fiduciary Manager's stewardship activities will result in better management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme. The Trustee will monitor and, where necessary, engage with the Fiduciary Manager to ensure alignment with these priorities.

The Fiduciary Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as *"the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society."* Thus, the Fiduciary Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Fiduciary Manager (FM) has exercised the Trustee's stewardship policy, the Trustee reviewed quarterly FM ESG updates and the FM Annual ESG Report during the Scheme Year. The quarterly ESG updates allow the Trustee to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Fiduciary Manager's allocation, management and oversight of the Scheme's capital. In addition, the quarterly report also includes stewardship activities including both voting and engagement the Fiduciary Manager carried out on behalf of the Trustee. The FM Annual ESG Report details various areas concerning the Fiduciary Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustee is satisfied that the stewardship policy outlined in the SIP has been implemented well over the year, with the Fiduciary Manager taking the Trustee's stewardship policy and priorities into account as part of its stewardship activities and manager selection over the Scheme Year. Examples of how this has been evidenced include:

- The Fiduciary Manager continue to integrate ESG and climate factors via MSCI and SustainEx scores and apply exclusions to our core equity offerings during the security selection process as per the Schroders Group criteria which includes UNGC Global Norms Violators, controversial weapons, thermal coal, oil and gas production, oil and gas refining, and exposure to commodity-driven deforestation. This ensures a closer alignment of the Scheme's investments with the Trustee's stewardship priorities, as these excluded investments are generally viewed as causing significant harm to People or Planet.
- ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth and LDI portfolios.
- Manager research identified a hedge fund with sustainability objectives which has been included in the liquid alternatives portfolio. This fund goes beyond simply considering sustainability risks and actively promotes environmental and social objectives.
- Working with the core active credit manager to enhance their mandate to have a specific climate transition focus. This involves the introduction of a net zero target at the strategy level.
- Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials. The ESG ratings were also used to identify the areas of engagement with Underlying Investment Managers across the engagement priorities.
- The Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- In addition to regular reporting, the Fiduciary Manager have developed our ESG reporting to include voting and engagement examples to the Trustee, facilitating a more regular review throughout the year of the Fiduciary Manager and Underlying Investment Managers' stewardship activities. In addition, the quarterly ESG reporting also includes "spotlight" pages to provide Trustee with ESG related hot topics and educational material such as ESG integration of asset classes.
- Development of biodiversity metric NatCapEx to be used as an engagement tool and to provide a greater understanding of exposure to nature related risks.

- Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustee's behalf during the Scheme Year within the growth asset portfolio and the liability hedging portfolio, the Trustee is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- Each manager demonstrated high levels of voting rights being acted on, where voting is relevant.
- Where the holdings did not have voting rights attached, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Fiduciary Manager has also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme remains robust following the events during the Gilt Crisis of Autumn 2022. Moreover, the Fiduciary Manager provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

**Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.**

### 3. Voting During the Scheme Year

The Trustee has delegated responsibility for voting on its behalf to the Fiduciary Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Fiduciary Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Fiduciary Manager on behalf of the Trustee, in line with the Trustee's stewardship policy.

#### Voting by the Fiduciary Manager

Over the year to 31 March 2025, regarding clients' pooled fund investments<sup>1</sup>, the Fiduciary Manager voted on 78 resolutions across 13 meetings. The Fiduciary Manager voted against management on 0 resolutions (0% of total resolutions) and abstained on 11<sup>2</sup> resolutions (14.1% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

#### Voting by the Underlying Investment Managers

#### Most Significant Votes

The following criteria must be met for a vote to be considered 'significant':

1. Must relate to the **BNY Mellon (Schroder Solutions) Global Equity** Strategy
2. Must be defined as significant by the Fiduciary Manager; and
3. Must relate to the Trustee's stewardship priority themes

The **BNY Mellon (Schroder Solutions) Global Equity** Strategy constitutes a significant proportion of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Fiduciary Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** and therefore aligns with the Trustee's stewardship priorities. The Fiduciary Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Fiduciary Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog<sup>3</sup>. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy the above criteria, the Trustee has selected one vote relating to each of the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as 'most significant votes', and as per DWP guidance, the Trustee has communicated this definition of 'most significant votes' to the Fiduciary Manager. All of the most significant votes over this Scheme Year have been reported below.

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<sup>1</sup>The voting statistics provided pertain to the Fiduciary Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the scheme.

<sup>2</sup>The Fiduciary Manager abstained from voting on these resolutions due to the presence of share blocking. If the Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

<sup>3</sup>Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>

## Summary Voting Statistics

Only the Scheme's equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 31 March 2025 for the most material funds held on behalf of the Trustee that had voting rights during the period.

Equity Funds	BNY Mellon (Schroder Solutions) Global Equity Strategy	Morant Wright Fuji Yield Japanese Fund	FSSA All China Fund	Redwheel TM UK Equity Income Fund
Total meetings eligible to vote	679.0	59	83	33
Total resolutions eligible to vote	9,276	747	759	603
Of resolutions eligible to vote, % of resolutions voted on	93%	100%	100%	100%
Of voted resolutions, % vote with management	86%	85%	94%	98%
Of voted resolutions, % vote against management	14%	15%	6%	2%
Of voted resolutions, % abstained	0%	0%	0%	<1%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	12%	N/A	7%	3%

### Note:

- Schroders Investment Management (when exercising voting rights for the BNY Mellon fund) use Glass Lewis ("GL") for proxy voting services and receive ISS's Benchmark research. Alongside ISS's research, Schroders receives recommendations from GL in line with their own bespoke guidelines. This is complemented with analysis by their in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright do not subscribe to any shareholder advisory services, and their portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses Glass Lewis as their proxy voting advisor, and Redwheel uses ISS.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme 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.
- A new equity fund, **Redwheel TM UK Equity Income fund**, held at the Scheme Year-end, was introduced into the Growth portfolio in July 2024 although the voting data is for 12 months period to 31 March 2025, sourced from the investment manager per PLSA guidance.

Alternative Funds	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	Lumyna Marshall Wace – TOPS Fund	North Rock Fund	JP Morgan Europe Equity Absolute Alpha Fund	BlackRock Systematic Total Alpha Fund
Total meetings eligible to vote	Data not provided	Data not provided	Data not provided	364	156	1,988

Alternative Funds	Lumyna Marshall Wace - TOPS (Market Neutral) Fund	Lumyna Marshall Wace - TOPS Environmental Focus (Market Neutral) Fund	Lumyna Marshall Wace – TOPS Fund	North Rock Fund	JP Morgan Europe Equity Absolute Alpha Fund	BlackRock Systematic Total Alpha Fund
Total resolutions eligible to vote	6,297	2,509	10,379	<i>Data not provided</i>	2,616	18,845
Of resolutions eligible to vote, % of resolutions voted on	98%	97%	98%	100%	97%	99%
Of voted resolutions, % vote with management	75%	57%	72%	100%	93%	92%
Of voted resolutions, % vote against management	12%	9%	12%	0%	6%	7%
Of voted resolutions, % abstained	12%	33%	17%	0%	0%	0%
Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable)	9%	6%	8%	0%	1%	0%

**Note:**

- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.
- Lumyna Marshall Wace and North Rock use Glass Lewis for proxy voting services. JP Morgan uses ISS for proxy voting services. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS).
- Lumyna Marshall Wace have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.
- Figures have been rounded but 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.
- North Rock voted all resolutions with management or with the recommendations of the proxy advisory service.
- Two new liquid alternative funds, **JP Morgan European Equity Absolute Alpha** and **BlackRock Systematic Total Alpha**, held at the Scheme Year-end, were introduced into the Growth portfolio in October 2024. The guidance is to include the data for the 12-month period to the Scheme year end and therefore the voting stats reported in this statement are for the year to 31 March 2025.

**The Trustee is satisfied that the voting and engagement activities undertaken by both the Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustee believes that it has satisfactorily implemented the Stewardship Policy stated in the Scheme's SIP.**

## Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and responsible investment policies for both the Fiduciary Manager and Underlying Investment Managers of the Scheme's actively managed holdings can be found here:

**Investment Manager & Underlying Investment Manager**

**Voting & Engagement Policy**

Schroders Solutions	<a href="https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf">https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf</a> <a href="https://mybrand.schroders.com/m/75fa1cd8dd188c3b/original/613798-SC-Listed-Assets-Blueprint-Report-Digital-16-9-V12.pdf">https://mybrand.schroders.com/m/75fa1cd8dd188c3b/original/613798-SC-Listed-Assets-Blueprint-Report-Digital-16-9-V12.pdf</a>
Morant Wright	<a href="#">voting_policy_2023_0.pdf</a>
FSSA	<a href="https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html">https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html</a>
Redwheel	<a href="https://www.redwheel.com/uk/en/institutional/?kurtosys_download=17626">https://www.redwheel.com/uk/en/institutional/?kurtosys_download=17626</a>
Lumyna Marshall Wace	<a href="https://cdn.mwam.com/download/MW_Engagement_Policy_Jan_2022.pdf">https://cdn.mwam.com/download/MW_Engagement_Policy_Jan_2022.pdf</a>
JP Morgan	<a href="https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/institutional/communications/lux-communication/corporate-governance-principles-and-voting-guidelines.pdf">https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/institutional/communications/lux-communication/corporate-governance-principles-and-voting-guidelines.pdf</a> <a href="#">Engagement-and-proxy-voting-statement.pdf</a>
BlackRock	<a href="https://www.blackrock.com/corporate/literature/publication/blackrock-active-investment-stewardship-engagement-and-voting-guidelines.pdf">https://www.blackrock.com/corporate/literature/publication/blackrock-active-investment-stewardship-engagement-and-voting-guidelines.pdf</a>
SCOR	<a href="#">SCOR IP_Engagement Policy_052024_EN_0.pdf</a>
T Rowe Price	<a href="https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf">https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/proxy-voting-guidelines-TRPA.pdf</a>
Neuberger Berman	<a href="https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&amp;name=Stewardship%20and%20Engagement%20Policy">https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&amp;name=Stewardship%20and%20Engagement%20Policy</a>
Oaktree	<a href="https://www.oaktreecapital.com/docs/default-source/default-document-library/esg-policy-2024.pdf">https://www.oaktreecapital.com/docs/default-source/default-document-library/esg-policy-2024.pdf</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>