

Implementation Statement

Guilford Europe Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustee of the **Guilford Europe Pension Scheme ("the Scheme")** to set out the following information over the year to **31 December 2024**:

- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes;
- A summary of any changes to the Statement of Investment Principles (SIP) over the period; and
- A description of how the Trustee's policies, included in their SIP, have been followed over the year.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at August 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2024.

The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment managers.

Given the Scheme's plans to reduce the allocation overtime, the Trustees have decided not to set stewardship priorities, but would reconsider if it becomes more relevant.

However, the Trustees takes the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

Trustee's policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at the year-end describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustee expects investment managers to be voting and engaging on behalf of the Plan's holdings and the Plan reports this activity within the Implementation Statement in the Plan's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets."

The Trustee's SIP was last reviewed and signed in December 2024. The SIP has been made available online here:

<https://schemedocs.com/download/guilford-europe-pension-scheme-statement-of-investment-principles.pdf?ver=2024>

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its 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 fund managers.
- At the Scheme's year end, the Scheme's assets were invested in five funds with one manager: Legal and General Investment Management ("LGIM"). The Trustee meets as necessary to discuss the performance of the funds and be updated on important issues.
- The Trustees obtained training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- Annually the Trustee receives and review voting information and engagement policies from the asset managers, which it reviews to ensure alignment with its own policies. The Trustee believes that the voting and engagement activities undertaken by the asset managers on its behalf have been in the members' best interests. This exercise was undertaken following the accounting year-end on 31 December 2023.
- Having reviewed this in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustee of the Guilford Europe Pension Scheme
March 2025**

Voting Data

Voting only applies to equities held in the Scheme's investment portfolio. The Scheme had material equity holdings over the year to 31st December 2024 through its investments in the LGIM Diversified Fund.

The Scheme's investment managers vote on behalf of the Scheme's holdings in pooled funds.

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Portfolio on behalf of the Trustee over the year to **31 December 2024**. The Scheme's holdings in gilts and index-linked gilts with LGIM has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Legal and General
Fund name	Diversified Fund
Structure	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
No. of eligible meetings	10,851
No. of eligible votes	108,048
% of resolutions voted	99.8%
% of resolutions abstained	0.9%
% of resolutions voted with management¹	76.7%
% of resolutions voted against management¹	22.4%
Proxy voting advisor employed¹	ISS's 'ProxyExchange' electronic voting platform
% of resolutions voted against proxy voter recommendation	13.8%

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. If the Trustee decides to set any stewardship priorities in the future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

A summary of the significant votes provided is set out below.

LGIM Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Prologis, Inc	Microsoft Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.4%	0.3%
Summary of the resolution	Approve the Shell Energy Transition Progress	Elect Director Hamid R. Moghadam	Report on AI Data Sourcing Accountability
How the manager voted	LGIM voted against the resolution	LGIM voted against the resolution	LGIM voted for the resolution
Rationale for the voting decision	<p>Climate change: A vote against is applied. LGIM acknowledges the substantive progress the company has made in respect of climate-related disclosure over recent years and views positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025.</p> <p>Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.</p>		
	<p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>		
	<p>Shareholder Resolution: LGIM voted for this resolution as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.</p>		

	Vote 1	Vote 2	Vote 3
Outcome of the vote	The resolution was passed.	The outcome of the vote was not disclosed	The resolution failed to pass.
Implications of the outcome	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	This shareholder resolution is considered significant due to the relatively high level of support received.

Fund level engagement

The Trustee considers it a part of their investment manager's role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

The table below summarises the engagement undertaken by the managers over the year to 31 December 2024, with examples provided on the following page. The information set out below has been prepared by the Investment Consultant on the Trustees' behalf, based on information reported by the manager

Engagement activities are limited for the Scheme's gilt and index-linked gilt funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Legal and General
Fund names	Diversified Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	3,605
Number of entities engaged on behalf of the holdings in this fund in the year	2,696

Source: LGIM

Taking the voting action above into account, the Trustee believes that the investment managers have acted in accordance with the Scheme's stewardship policies.

Examples of engagement activity undertaken over the year to 31 December 2024

Legal & General Investment Management

Colgate-Palmolive

As part of LGIM's commitment to using best efforts to tackle commodity-driven deforestation impacts in their investment portfolios by 2025, their deforestation campaign aims to engage with portfolio companies on deforestation. LGIM outline to companies their deforestation expectations (to have both a deforestation policy and programme in place), assess their performance annually against these, and apply vote sanctions to laggard companies.

LGIM have been engaging with Colgate-Palmolive since November 2022, just after the initial publication of LGIM's deforestation policy. In addition to written communications, they have met with company representatives twice (in 2022 and 2024). LGIM's engagements have been focused on their deforestation approach as well as challenges and opportunities in meeting their deforestation commitments. LGIM have engaged with the Chief Sustainability Officer and explored how the company is ensuring supplier compliance and increased traceability across commodities as well as grievance mechanisms robustness and key escalations for non-compliance. LGIM have also sought to encourage increased board oversight of deforestation and prioritisation of this issue within the company's risk management agenda.

Nestlé

Nestlé is one of the largest food manufacturers in the world by revenue and drives positive change and raises market conditions in the food and beverage industry. Poor diets are linked to chronic health conditions like obesity, heart disease, and diabetes, which lead to higher healthcare costs and decreased productivity, negatively impacting the economy and clients' assets.

In the fourth quarter of 2022, LGIM, with peers, co-signed letters to 12 food and beverage manufacturers, including Nestlé, under ShareAction's Healthy Markets Initiative. LGIM encouraged Nestlé to improve transparency around its nutrition strategy, disclose the proportion of sales from healthier products, and set targets to increase these sales. Positive steps taken by Nestlé were acknowledged.

Following these letters, LGIM met with Nestlé multiple times. In late 2022, Nestlé announced they would report using the Health Star Rating (HSR), which was seen positively by LGIM. However, in September 2023, Nestlé announced a new nutrition target, which LGIM believes is insufficient. Concerns include the alignment of the target with general growth projections, meaning sales of less healthy products could still rise, and the classification of some products as "nutritious" that fall outside of government-endorsed nutrient models, allowing Nestlé to meet its target without improving public health.

In early 2024, LGIM, alongside ShareAction, co-filed a shareholder resolution at Nestlé's AGM, calling for the company to set KPIs for the sales of healthier products and establish a time-bound target to increase their proportion. LGIM will continue to monitor Nestlé's response and maintain engagement on this critical issue.