Implementation Statement, covering the Plan Year from 1 January 2023 to 31 December 2023

The Trustees of the Grosvenor Pension Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Sections 2 and 3 below.

In preparing the Statement, the Trustees have had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

For the period between the start of the Plan year and 9 July 2023, this Statement is based on the SIP dated 29 September 2020. From 9 July 2023 until the end of the Plan year it is based on the SIP dated 9 July 2023. This Statement should be read in conjunction with the 9 July 2023 SIP, a copy of which can be found here: Grosvenor Pension Plan - July 2023 SIP.

1. Introduction

During the Plan Year, the Trustees reviewed and updated their voting and engagement policies set out in the Plan's SIP, alongside some broader changes to the SIP. This review took place at the Trustees' May 2023 Investment Sub-Committee ("ISC") meeting, with the SIP subsequently finalised in July 2023.

The changes to the SIP included:

- the implementation of a new investment strategy following an improvement in the Plan's funding position;
- reflecting DWP's latest guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement, including the setting of some stewardship priorities by the Trustees; and
- the setting of a Net Zero ambition for the Plan, including setting out the Trustee's expectations of their investment managers and advisers to help the Plan achieve this ambition.

As part of this SIP update, the Employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the Plan's voting and engagement policies during the Plan Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustees took a number of steps to review the Plan's existing managers and funds over the Plan Year, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The investment managers' policies (for those who hold listed equities) can be found here:

- BlackRock: BlackRock - policies on voting rights and engagement
- JP Morgan: JP Morgan - policies on voting rights and engagement
- Abrdn: Abrdn - policies on voting rights and engagement

However, the Trustees take ownership of the Plan's stewardship by monitoring and engaging with the managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Trustees' investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

The Trustees held a dedicated Responsible Investment ISC meeting in March 2023. At this meeting, the Trustees' investment adviser provided training on a number of developments in the RI space, including DWP's latest stewardship guidance and Net Zero alignment (where overall human-made greenhouse gas (GHG) emissions are zero –any remaining GHG emissions are balanced out by removals from the atmosphere). On the back of this, the Trustees agreed to set a number of stewardship priorities to help with their engagement with the Plan's investment managers as well setting a Net Zero "ambition" for the Plan.

At the May 2023 ISC meeting the Trustees reviewed the Plan's voting and engagement policies set out in the SIP in light of the decisions taken at the March 2023 ISC meeting. The Trustees also agreed to write to each of the Plan's managers to communicate the Trustees' Stewardship expectations including in regards to climate change and net zero alignment.

At the November 2023 ISC meeting, the Trustees reviewed the Plan's overall ESG score using the investment adviser's manager research to assess managers' credentials and compared this to the Employer's own ESG scoring system. As part of the review, the Trustees considered several investment opportunities that could improve the sustainability impact. The Trustees agreed to switch their passive equities and short dated credit allocations to funds that have a more enhanced approach to Responsible Investment, including specific net zero alignment objectives.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- BlackRock Aquila Life UK Equity Index Fund (fully disinvested by end of January 2023)
- BlackRock Aquila Life World ex-UK Equity Index Fund (GBP hedged – fully disinvested by end of January 2023)
- BlackRock ACS World Low Carbon Equity Tracker Fund (both unhedged and GBP hedged versions)
- JP Morgan Emerging Markets Fund
- Abrdn Diversified Growth Fund (fully disinvested by end of October 2023)

Given the short period in which the Plan was invested in the BlackRock Aquila Life UK Equity Index Fund and the BlackRock Aquila Life World ex-UK Equity Index Fund (GBP Hedged), and the fact BlackRock cannot provide part-period voting information, we have omitted voting data for these funds.

In addition to the above, the Trustees contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. Commentary provided from these managers is set out in Section 3.4.

3.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which its managers have in place.

BlackRock

BlackRock's voting guidelines are market-specific to ensure BlackRock consider a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. Their engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update their regional engagement priorities based on issues that BlackRock believe could impact the long-term sustainable financial performance of companies in those markets.

BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. Their voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, considering a company's unique circumstances where relevant. BlackRock inform their vote decisions through research and engage as necessary.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team. Voting decisions are made by members of the team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process. They primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that the investment stewardship analysts can readily identify and prioritise those companies where BlackRock's own additional research and engagement would be beneficial.

JP Morgan

JP Morgan investment professionals monitor the corporate actions of the companies held in their clients' portfolios. JP Morgan has developed a Corporate Governance Policy & Voting Guidelines (the "Guidelines") which is intended to assist their investment professionals in determining how to vote on behalf of their clients.

JP Morgan treats every proxy on a case-by-case basis, voting for or against each resolution, or actively withholding our vote as appropriate. JP Morgan's objective is to vote proxies and encourage corporate action that enhances shareholder value and is in the best interest of their clients.

To assist JP Morgan investment professionals with public companies' proxy voting proposals, JP Morgan retains the services of ISS, a proxy voting services advisor. As part of this service, ISS makes recommendations on each board resolution requiring a shareholder vote. While JP Morgan take note of these recommendations, they are not obliged to follow them if they have a contrary view; portfolio managers vote according to JP Morgan's own Guidelines and their own research insights.

Abrdn

Abrdn has developed its own listed company stewardship guidelines that provide a framework for investment analysis, engagement and proxy voting for companies worldwide. Analysis is undertaken by a member of Abrdn's regional investment teams or their Active Ownership team and votes instructed following consideration of their policies, views of the company and investment insights. To enhance this analysis Abrdn may engage with a company prior to voting to understand additional context and explanations, particularly where there is deviation from what Abrdn believe to be best practice.

Abrdn employ ISS as voting service provider to deliver their voting decisions efficiently to companies. ISS is a reputable provider of proxy voting platform Proxy Exchange, which is used to monitor upcoming meetings, instruct vote decisions and provide reporting on their voting activities. ISS provides general meeting research, analysis and voting recommendations based on its own policies. Abrdn have also implemented their own customised regional voting policies which reflect their guidelines and expectations. When reviewing general meeting proposals, Abrdn make use of the ISS research and recommendations alongside their custom recommendations and own analysis.

When analysing UK companies, Abrdn also access the research provided by the Institutional Voting Information Service (IVIS) which uses the guidelines of the Investment Association (IA) as the basis of their research.

3.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the Plan Year is provided in the table below.

	JP Morgan Emerging Markets Fund	Abrdn Diversified Growth Fund	BlackRock ACS World Low Carbon Equity Tracker Fund*
Total size of fund at end of the Plan Year	£22.5bn	£0.6bn	£6.1bn
Value of Plan assets at end of the Plan Year (£ / % of total assets)	£9.3m / 2.6%	-	£50.5m / 14.0%*

	JP Morgan Emerging Markets Fund	Abrdn Diversified Growth Fund	BlackRock ACS World Low Carbon Equity Tracker Fund*
Number of equity holdings at end of the Plan Year	71	496	862
Number of meetings eligible to vote	96	631	940
Number of resolutions eligible to vote	887	8,858	13,761
% of resolutions voted	97	97	98
Of the resolutions on which voted, % voted with management	94	87	96
Of the resolutions on which voted, % voted against management	5	13	3
Of the resolutions on which voted, % abstained from voting	0	1	0
Of the meetings in which the manager voted, % with at least one vote against management	22	58	22
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	1	9	0

**BlackRock voting data reflects the GBP Hedged version of the BlackRock ACS World Low Carbon Equity Tracker Fund. Our understanding is that the voting data for both the unhedged and GBP hedged version of the fund is identical. The value of the Plan assets invested in this fund represents the combined value across the unhedged and GBP hedged versions.*

How to interpret these statistics:

1. *The managers voted in the vast majority of situations where they had the opportunity to vote (>90%). It would not be considered good stewardship if managers were failing to exercise a significant proportion of the votes.*
2. *The managers abstained rarely. It is consistent with good stewardship to take a clear view on one side of an issue or another.*
3. *The managers were prepared to vote against management to varying degrees, with Abrdn the most vocal in voting against management (13% of the time), with JP Morgan (5%) and Blackrock (3% of the time) less willing to vote against management.*
4. *It is difficult to set a clear benchmark for expectations for the proportion of votes at which a manager opposed management, as the details of the resolution matter and these vary greatly.*
5. *There was little change in the statistics compared to last year.*

3.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have retrospectively created a shortlist of most significant votes by requesting a minimum of ten most significant votes from each relevant investment manager, and suggested the managers could use the PLSA's criteria for creating this shortlist.

The Trustees have then used their discretion to choose a selection of "most significant vote" resolutions from those provided by each manager, aiming to provide a broad range of example resolutions that the Plan's investment managers voted on during the Plan Year. In particular the Trustees have sought to include at least one resolution from each fund related to Climate Change, in line with their decision to set this as the key stewardship priority for the Plan. The Trustees have reported on two / three of these significant votes per fund only as the most significant votes.

Please note that the managers were unable to provide certain voting information, including whether their voting intention was communicated to management ahead of each vote and the size of the holding within the fund. The Trustees will engage with the managers to try and ensure complete voting data is available for inclusion in future statements.

BlackRock

BlackRock Investment Stewardship team periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that BlackRock consider, based on their Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. These bulletins are intended to explain each voting decision, including the analysis underpinning it and relevant engagement history when applicable, on certain high-profile proposals at company shareholder meetings. BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of its vote determination when it is most relevant to them. The vote bulletins contain explanations of the most significant votes for the purposes of evolving regulatory requirements. Further information on BlackRock’s voting can be found here.

The Goldman Sachs Group Inc, April 2023

- **Summary of the resolution:** Shareholder Proposal Regarding Disclosure of 2030 Absolute GHG Reduction Targets Associated with Lending and Underwriting
- **Fund manager vote:** Against
- **Management recommendation:** Against
- **Rationale:** BlackRock believed the request was not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.
- **Stewardship priority:** Climate Change
- **Outcome of vote:** Failed

YUM! Brands Inc, May 2023

- **Summary of the resolution:** Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use
- **Fund manager vote:** Against
- **Management recommendation:** Against
- **Rationale:** BlackRock did not support this proposal, which requested Yum! to issue a report detailing the company’s efforts to reduce plastics use. In BlackRock’s analysis, Yum!’s existing disclosures on plastics use – particularly their new packaging policy and reduction goals – are comprehensive and provide sufficient information to allow investors to understand the company’s approach to managing the risks of plastics use.
- **Stewardship priority:** n/a
- **Outcome of vote:** Failed

Restaurant Brands International, May 2023

- **Summary of the resolution:** Shareholder Proposal Regarding Annual Glidepath ESG Disclosure
- **Fund manager vote:** Against
- **Management recommendation:** Against
- **Rationale:** The shareholder proposal requested RBI to "disclose any annual glidepath benchmarks it may have established for reaching its animal welfare goals,"3within six months of the 2023 AGM. BlackRock did not support this shareholder proposal in recognition of RBI's existing disclosure which includes targets as well as the company’s progress against their strategy on the issue of animal welfare demonstrated to date.
- **Stewardship priority:** n/a
- **Outcome of vote:** Failed

Abrdn

Abrdn view all votes as significant and vote all shares globally for which they have voting authority unless there are significant voting obstacles such as shareblocking. Abrdn have identified five categories they consider as most significant. In order of importance, these categories are: High Profile Votes, Shareholder and Environmental & Social Resolutions, Engagement, Corporate Transactions, and votes contrary to custom policy. Members of their Central ESG Investment Function carry out monthly reviews to identify and categorise significant votes.

GSK Plc, May 2023

- **Summary of the resolution:** Approve Remuneration Report
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Rationale:** Abrdn believed the long-term incentive scheme used by the company allows high levels of vesting for the achievement of threshold performance.
- **Stewardship priority:** n/a
- **Outcome of vote:** Passed

National Australia Bank Limited, December 2023

- **Summary of the resolution:** Approve Transition Plan Assessments
- **Fund manager vote:** Against
- **Management recommendation:** Against
- **Rationale:** Abrdn believed a vote against the resolution is appropriate as the company has already committed to and publicly disclosed its climate transition plan. This includes but is not limited to joining the Net-Zero Banking Alliance, committing to achieving net zero by 2050 and setting interim targets for its lending portfolio with the most significant carbon exposure.
- **Stewardship priority:** Climate Change
- **Outcome of vote:** Failed

JP Morgan

JP Morgan define "significant" votes where they are a major shareholder in its portfolios, where the vote is likely to be close or contentious or where there may be potential material consequences for clients.

Delivery Hero SE, June 2023

- **Summary of the resolution:** Approve Creation of EUR 13.3 million Pool of Authorized Capital 2023/I with or without Exclusion of Pre-emptive Rights
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Rationale:** JP Morgan believed that any new issue of equity should first be offered to existing shareholders on a pre-emptive basis, and therefore vote against increases in capital, without pre-emptive rights, where the increase would dilute shareholder value in the long-term.
- **Stewardship priority:** n/a
- **Outcome of vote:** Passed

NetEase, Inc, June 2023

- **Summary of the resolution:** Elect Alice Yu-Fen Cheng as Director
- **Fund manager vote:** Against

- **Management recommendation:** For
- **Rationale:** JP Morgan voted against the director selection as a non-executive director who has served more than three terms (or nine years) in the same capacity is no longer, normally, deemed to be independent. Their policy suggests directors staying on beyond this term would require the fullest explanation to shareholders.
- **Stewardship priority:** n/a
- **Outcome of vote:** Passed

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Plan's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Plan Year:

Alcentra

Concerning the Strategic Credit fund (Alcentra Strategic Credit Fund II), Alcentra responded that "voting is not material" within the context of the fund's activities. Given the nature of the asset class the number of occasions of proxy voting will be limited. Alcentra may hold voting rights by exception, for example as a consequence of converting debt to equity instruments through a restructuring process.

As outlined in the manager's Responsible Investment policy, when it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so and factors in any conflicts of interest.

Loan and bond investments generally do not confer creditors voting rights unlike for equity holders. Where Alcentra has minority equity interests in deals it frequently isn't asked to vote as the corporate documents are set-up so that the sponsor can pass any shareholder resolutions needed without its participation in any event. Alcentra's rights are also usually limited to certain minority protections. Where Alcentra owns companies it exercises control by including language in the deal documentation requiring the board to seek investor consent for matters that it wants to approve as the manager. This is usually done via the Alcentra investor representative on the board (where relevant) rather than having a formal shareholder vote.

Where voting rights exist, Alcentra will utilise these to demonstrate its support for initiatives that benefit its end investors in accordance with a firm-wide commitment to furthering the development of ESG and honouring its position as signatories to bodies such as UN PRI and TCFD.

IFM

The primary focus of the IFM Global Infrastructure Fund ("GIF") is to provide investors with exposure to a diversified portfolio of unlisted infrastructure assets, rather than public market listed equities. IFM's influence on such investments is made directly by IFM through IFM's Board representation on the underlying portfolio companies rather than through any form of proxy voting.

IFM does however currently hold listed exposures in Atlas Arteria, Vienna Airport and Naturgy Energy. These represent three out of a total of 23 portfolio as at 31 December 2023.

IFM has provided the following response when asked whether it is working towards providing information on most significant votes given that it holds listed assets.

"Even for the listed assets in our infrastructure funds, we hold board seats. Consequently, we do not need to vote our shares to influence the board; a senior executive in IFM's Infrastructure Team is on the board. This ensures we follow an active ownership style. By way of example, IFM has two board seats on the Vienna Airport Supervisory Board – Lars Bespolka (Executive Director, IFM Infrastructure Team) and Boris Schucht (IFM nominee, CEO of 50Hertz). Jaime Siles Fernandez-Palacios (Investment Director, IFM Infrastructure Team) serves on the Board of Naturgy and Ken Daley (IFM Adviser) serves on the Board of Atlas Arteria."