British Beer & Pub Association Group Pension Fund - Implementation Statement for the year ended 30 September 2024

## Purpose

This Implementation Statement (“Statement”) has been prepared by the Trustees of the British Beer & Pub Association Group Pension Fund (the “Fund”). It reports on how, and the extent to which, the voting and stewardship, conflicts of interest and engagement policies set out in the Fund’s Statement of Investment Principles (“SIP”) have been complied with during the year ended 30 September 2024. This review has been conducted by the Fund’s investment adviser and the Trustees have reviewed and approved the conclusions within this statement. The Statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

This Statement has been prepared by the Trustees, with the assistance of its Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Fund year end.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out by either the Trustees, or the Investment Adviser on the Trustees’ behalf.

## Executive summary

Over the Fund year:

* The Trustees’ Investment Adviser reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are satisfied with their Investment Adviser’s conclusion that the Fund’s investment managers have appropriately carried out their stewardship duties.
* The Trustees are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.
* The Trustees have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

Funds that do not hold equities do not have voting rights. However, the general stewardship practices of these funds have been reviewed to ensure the managers actively engage with their investments.

## Voting, stewardship policies and activity

**Trustees’ voting and stewardship policies**

The Trustees consider how stewardship factors are integrated into the investment processes when:   
(i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustees are unable to direct how votes are exercised and have not used proxy voting services over the year. The Trustees have selected their investment managers with their attitude to Responsible Investment in mind and having considered their ESG processes and hence they have given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustees, with the assistance of their Investment Adviser, have reviewed the voting activities and stewardship policies of the funds.

The Trustees do not currently have any stewardship priorities in place.

Over the Fund year, the voting activities of the following funds have been reviewed by Quantum Advisory on behalf of the Trustees:

* BNY Mellon Multi Asset Diversified Return Fund (which is managed by Newton Investment Management)
* Fundsmith Equity Fund

The Trustees have reported on the funds that were held at the year-end date.

Furthermore, the general stewardship policies of the above funds and the funds listed below have also been reviewed by Quantum Advisory on behalf of the Trustees:

* M&G Total Return Credit Investment Fund
* Insight UK Corporate Long Maturities Fund
* Insight LDI Partially Funded Gilts and Index-Linked Gilts Fund range
* Insight LDI Solutions Plus Fully Funded Gilts and Index-Linked Gilts Fund range

**Manager’s voting and stewardship policies and procedures**

Details of the managers voting and stewardship policies can be found in Appendix 1. In this Statement, Quantum Advisory has noted the investment managers stewardship policies and the extent to which the investment managers make use of any proxy advisory and voting services. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are reasonable and consistent with industry practice. Quantum Advisory are also satisfied that the general stewardship policies of all the investment managers are reasonable and consistent with industry practice. This includes investments in bonds and other instruments. The Trustees have approved of these conclusions.

### 

### Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year.

|  |  |  |
| --- | --- | --- |
| Statistics | BNY Mellon Multi Asset Diversified Return Fund | Fundsmith Equity Fund |
| Number of equity holdings | 93 | 28 |
| Meetings eligible to vote at | 116 | 24 |
| Resolutions eligible to vote on | 1,612 | 427 |
| Proportion of eligible resolutions voted on (%) | 100 | 100 |
| Votes with management (%) | 96 | 91 |
| Votes against management (%) | 5 | 9 |
| Votes abstained from (%) | 0 | 0 |
| Meetings where at least one vote was against management (%) | 27 | 79 |
| Votes contrary to the recommendation of the proxy adviser (%) | 3 | N/A1 |

Source: BNY Mellon/Newton and Fundsmith. Note: Totals may not sum due to rounding.   
1 Fundsmith do not use proxy adviser recommendations.

Quantum Advisory has noted that, the manager will continue to support such measures at future AGMs. As a whole, the voting activity meets expectations and Trustees are satisfied with the voting activity that has been undertaken within the invested funds during the Fund year.

**Significant votes over the reporting year**

Quantum Advisory have reviewed the most significant votes cast by the investment managers on behalf of the Trustees and, as a whole, are satisfied that these are generally as expected.

The Trustees have interpreted the most significant votes to mean their choice of votes from an extended list of significant votes provided by each of the investment managers in accordance with the PLSA guidance.

The significant votes provided by investment managers are determined by the stewardship policies they have in place. As the Fund has not set any stewardship priorities at the end of the Fund year, significant votes have been classified according to these manager policies. However, the Trustees have reviewed and are satisfied with the managers’ classifications of significant votes during the Fund year.

A cross section of the most significant votes cast is contained in Appendix 2.

## Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed. These conflicts are not specific to the Fund and relate to the general conflicts of interest within the investment managers.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm’s stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

### BNY Mellon/Newton

Newton Investment Management (“Newton”) have confirmed that over the twelve months to 30 September 2024 they were not affected by the above conflicts. Newton’s voting policies state that if a potential material conflict of interest between Newton, an investee company, and/or a client is identified, it is their policy that the recommendation of their external voting service provider will be followed.

### Fundsmith

Fundsmith have confirmed that they were not affected by the above conflicts over the twelve months to the 30 September 2024.

Fundsmith strive to avoid any conflicts of interest in their investment activities, should any potential or actual conflicts of interest be identified across their stewardship activities, they will be recorded in the firms internal Conflicts of Interest Register. Fundsmith maintains and operates organisational and administrative arrangements designed to identify, prevent, manage and monitor conflicts of interest in order to reduce the potential impact of conflicts that may affect the interests of its clients and to ensure that any conflicts of interest are managed in such a way so as to put the interests of clients first.

The Trustees have reviewed the conflicts of interest policy.

This is available here: <https://www.fundsmith.com/conflicts-of-interest-statement/>

## Appendix 1 - Investment manager voting policies and procedures

**BNY Mellon/ Newton**

Newton have a proven track-record of being active owners, striving to use their scale to ensure that the companies in which they invest are acting responsibly. In addition to actively engaging with companies, Newton considers ESG risks and opportunities when conducting its research process.

Newton’s head of responsible investment (“RI”) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. They do not maintain a strict proxy voting policy. Instead, Newton prefer to consider a company's individual circumstances, their investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices. Contentious issues may be referred to the appropriate industry analyst for comment and, where relevant, they may confer with the company or other interested parties for further clarification, to reach a compromise, or to achieve a commitment from the company.

Newton employ a variety of research providers that aid in the vote decision-making process, including proxy advisors such as ISS. They utilise ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings.

For the avoidance of doubt, all voting decisions are made by Newton. It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (ISS) will take precedence. It is also only in these circumstances when they may register an abstention given their stance of either voting in favour or against any proposed resolutions.

**Fundsmith**

Fundsmith was set up to be a long-term shareholder in high-quality companies that can and will sustain their operations indefinitely. As long term buy-and-hold investors, Fundsmith’s fundamental approach to investing means that stewardship is not a “bolt-on” concern but a crucial aspect in ensuring the success of our value proposition to clients, putting emphasis on the importance of responsible investment in their investment strategy. Reflecting their dedication to this, Fundsmith was among the first cohort of applicants to gain signatory status to the UK Stewardship Code in 2021 and has remained as a signatory since. Fundsmith prioritises transparency, integrity, and conviction across all activities as an asset management firm, including their responsibilities as stewards of their investors’ capital.

## Appendix 2 – Most significant votes cast

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Fund. Information on further significant votes undertaken by the Fund’s investment managers has been reviewed by the Trustees through their investment adviser.

## Significant vote definitions

### BNY Mellon/ Newton

Newton’s significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. Newton draws significant votes from this universe and defines significant votes as those that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.

### Fundsmith

In determining significant votes, Fundsmith considers the listed below criteria;

* Size of holding in the company;
* Weighting of company in the portfolio;
* Removal from typical voting behaviour;
* If the vote/issue avoids or generates and material impact on performance; and
* Key issues for Fundsmith.

## Significant votes

**BNY Mellon Multi Asset Diversified Return Fund**

|  |  |  |
| --- | --- | --- |
| Company name | AstraZeneca PLC | Shell Plc |
| **Date of vote** | April 2024 | May 2024 |
| **Summary of the resolution** | Approve Remuneration Report | Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement |
| **Size of the holding (% of portfolio)** | 0.4 | 1.1 |
| **How the firm voted** | For | Against |
| **Where the vote was against management was this communicated beforehand?** | No | No |
| **On which criteria has the vote been deemed as ‘significant’?** | The vote was deemed significant due to its strategic importance, impact on shareholder value, risk of leadership disruption, industry benchmarking, and strong shareholder support. It aligns with the investment case, emphasizing the need to retain and compensate effective leadership. | Shareholders have signalled a significant buy-in to management’s strategy. While there are some merits to the proponent's asks and legitimate concerns, aligning Scope 3 targets at Shell to a 1.5-degree scenario would mean a significant loss of customers to competitors. Such a decision is best in the hands of management, and the disclosure of a partial Scope 3 target shows some responsiveness from the company with concerns, tackling mainly the emissions it directly has control of. |
| **Outcome of the vote** | The vote passed | The vote did not pass. |
| **Do the Trustees/ asset manager intend to escalate stewardship efforts?** | Manager will continue to monitor performance to ensure it aligns with the interests of shareholders. | Manager will continue to monitor performance to ensure it aligns with the interests of shareholders. |

Source: BNY Mellon/Newton

**Fundsmith Equity Fund**

|  |  |  |
| --- | --- | --- |
| Company name | Visa | Fortinet |
| **Date of vote** | Jan 2024 | June 2024 |
| **Summary of the resolution** | Shareholder proposal - to limit golden parachute payments. | Advisory vote to approve named executive officer compensation, as disclosed in the Proxy Statement. |
| **Size of the holding (% of portfolio)** | 4.5 | 1.5 |
| **How the firm voted** | For | Against |
| **Where the vote was against management was this communicated beforehand?** | No | No |
| **On which criteria has the vote been deemed as ‘significant’?** | Fundsmith feel this vote is significant as good governance practices are crucial. | Fundsmith feel that remuneration is a key driver of the long-term sustainability of a business. |
| **Outcome of the vote** | The vote did not pass. | The vote passed. |
| **Does the Trustees/ asset manager intend to escalate stewardship efforts?** | The manager will continue to support such measures at future AGMs. | The manager will continue to support such measures at future AGMs. |

Source: Fundsmith