

The Police Federation of England and Wales Retirement Benefits Scheme

Implementation Statement for year to 31 December 2024

This Implementation Statement has been prepared by the Trustee of the Police Federation of England and Wales Retirement Benefits Scheme ("the Scheme") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement policies have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 December 2024.

Stewardship policy

Over the year to 31 December 2024, the Trustee has acknowledged that the Scheme has exposure to multiple systemic risks and have agreed to set climate change as their current stewardship priority. The Trustee believes that this is an area that it can meaningfully monitor progress and engage with their asset managers over time, with the expectation that their asset managers are able to evidence their stewardship activities in this area. The Trustee will periodically review the stewardship priorities of the Scheme to ensure they remain appropriate.

How voting and engagement/stewardship policies have been followed

The Scheme invests its assets entirely in pooled funds, and delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

Investment rights (including voting rights) have been exercised by the investment manager in line with their general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustee from time to time, taking into account the financial interests of the beneficiaries. The Trustee also expects the investment manager to have engaged with the companies in relation to ESG matters where appropriate.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund manager is in alignment with the Scheme's stewardship policies, as set out in the Scheme's Statement of Investment Principles ("SIP").

Further details on how policies relating to financially material considerations (including ESG factors which include climate change), how members' views on non-financial matters are taken into account, and how the Trustee monitors the Scheme's investments are covered in the Scheme's Statement of Investment Principles made available at the following link (along with this implementation statement) <https://www.zedra.com/statement-of-investment-principles/>.

The SIP was updated in March 2024 to reflect the setting of stewardship priorities for the Scheme, in addition to the change in Trustee structure with Zedra as the sole Trustee. There were no changes in investment strategy over the year and there were no significant departures from the stated principles relating to voting and engagement principles during the year. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

**Adopted by the Trustee of the Police Federation of England and Wales Retirement Benefits Scheme
June 2025**

Voting data

Voting only applies to funds that hold equities in their portfolio. Only the LGIM Dynamic Diversified Fund has exposure to equity assets, following the disinvestment from the global equity funds in December 2022.

The table below provides a summary of the voting activity undertaken by the investment manager over the year to 31 December 2024, together with information on any key voting priorities and information on the use of proxy voting advisors by the manager.

Voting Data

Manager	Legal and General Investment Management (LGIM)
Fund name	Dynamic 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.
Number of company meetings the manager was eligible to vote at over the year	10,177
Number of resolutions the manager was eligible to vote on over the year	102,973
Percentage of resolutions the manager voted on	99.8%
Percentage of resolutions the manager abstained from¹	0.7%
Percentage of resolutions voted <i>with</i> management¹	76.7%
Percentage of resolutions voted <i>against</i> management¹	22.6%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	14.1%

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 2022 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. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. Due to the Scheme having climate change as their current stewardship priority, where possible the Trustee has included votes related to this theme as 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. In future, the Trustee will continue to consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided a selection of votes which they believe to be significant. The Trustee has selected 3 votes from the given selection, that align with the Scheme's stewardship priority of climate change.

Fund level engagement

Manager	Legal and General Investment Management
Fund name	Dynamic Diversified Fund Absolute Return Bond Fund Sterling Liquidity Fund Investment Grade Corporate Bond All Stocks Index Fund Matching Core Fund series
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year*	Dynamic Diversified Fund: 3,482 Absolute Return Bond Fund: 392 Investment Grade Corporate Bond All Stocks Index Fund: 410
Number of engagements undertaken at a firm level in the year	4,060 engagements with 3,808 companies

Engagement examples

Manager	Engagement example
LGIM	<p>Arcelor Mittal – LGIM have been engaging with Arcelor Mittal on climate change since 2020 and have been in regular contact with the company regarding the steps they are taking to decarbonise their business. A member of LGIM’s Investment Stewardship team attended a site visit to Arcelor Mittal’s Sestao steel plant alongside other investors. The purpose of this visit was to learn about and observe their decarbonisation technologies, and gain a deeper understanding of the steps they are taking, and the challenges they face as a company and as part of the steel industry as a whole in reaching net zero. The plant produces low-carbon-emissions steel, which has a significantly lower CO₂ footprint than traditional steelmaking and uses the Electric Arc Furnace processes. LGIM noted that seeing this scale of engineering in person puts a company’s decarbonisation efforts, and the challenges they face into perspective. One of their key take-aways was the role of policy and demand creation in shaping decarbonisation efforts, which emphasises for LGIM the importance of continuing to broaden their engagement across value chains, and of continuing to use their influence as an asset manager to encourage effective decarbonisation at the policy level.</p> <p>APA – APA is Australia’s largest energy infrastructure business. LGIM have been engaging directly with the company since 2022 as they believe it has the scale and influence across its industry and value chain for its actions to have positive reverberations beyond its direct corporate sphere. The company was identified as lagging LGIM’s expectations on climate-related lobbying activities. In early 2022, LGIM set out their expectations for management-proposed ‘Say on Climate’ votes and the criteria they consider in assessing whether to support them. LGIM expect companies to introduce credible transition plans, consistent with Paris goals of limiting the global average temperature increase to 1.5C. This includes the disclosure of Scope 1,2 and material Scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5C goal. Therefore, when APA Group brought its transition plan to a vote, LGIM were unable to support it as, although the plan presented Scope 1 and 2 goals for the medium and long-term on a path to achieving net zero emissions by 2050, no Scope 3 targets were included. The company noted that these would be finalized no later than 2025. LGIM initiated engagement with the company after this vote, and met with them for the first time in early 2023 as part of their Climate Impact Pledge engagement, and they have continued to build the relationship, setting out their expectations as per their net zero guide, and working with the company to understand the hurdles it faces and the challenges to meeting these expectations. LGIM were very pleased that, in their meeting with them in early 2024, APA confirmed they will include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, and they outlined their proposed Scope 3 reduction pathway. The company noted that feedback from the 29% of investors, including LGIM, who voted against their proposed Climate Transition Plan in 2022, had solidified their decision to commit to a Scope 3 target. This demonstrates the effect of LGIM’s engagement strategy, fully aligned with their voting policy, to encourage progress towards decarbonization. LGIM look forward to continuing their engagement with the company on their decarbonization pathway and journey to net zero.</p>

Appendix – Significant votes data

LGIM, Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Unilever Plc	National Grid Plc
Date of vote	21 May 2024	1 May 2024	10 July 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.3%	0.2%
Summary of the resolution	Approve the Shell Energy Transition Strategy	Approve Climate Transition Action Plan	Approve Climate Transition Plan
How the manager voted	Against	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	<p>LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.</p>		
Rationale for the voting decision	<p>LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and they view 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. 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 expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. LGIM seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels</p>	<p>A vote for the CTAP is applied as LGIM understand it to meet their minimum expectations. This includes the disclosure of scope 1,2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5C Paris goal. Despite the Science Based Targets initiative (SBTi) recently removing their approval of the company's long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p>	<p>LGIM voted in favour of the National Grid Climate Transition plan. They commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035' report and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.</p>

against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.

Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.		
Criteria on which the vote is considered "significant"	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.		