

# The Greggs plc 1978 Retirement and Death Benefit Scheme – Implementation Statement

## Statement of Compliance with the Greggs plc 1978 Retirement and Death Benefit Scheme’s Stewardship Policy for the year ending 5 April 2024.

### Introduction

This is the Trustee’s statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme’s Stewardship Policy (as set out in the Statement of Investment Principles) during the period from 6 April 2023 to 5 April 2024.

### Stewardship policy

The Trustee’s Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme’s assets which includes the Trustee’s approach to;

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Trustee’s Stewardship Policy is reviewed on a periodic basis in line with the Scheme’s Statement of Investment Principles (SIP) review which was last completed in December 2023. You can review the Scheme Stewardship Policy which can be found within the Scheme’s Statement of Investment Principles, at <https://www.greggspensions.co.uk/greggs-final-salary-scheme>.

The Trustee has delegated voting and engagement activity in respect of the underlying assets to the Scheme’s investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect a company’s financial performance.

The Trustee’s own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. The Trustee meets periodically with the Scheme’s investment managers and considers managers’ exercise of their stewardship both during these meetings and through reporting provided by the Trustee’s investment adviser.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that it has complied with the Scheme’s Stewardship Policy over the last year.

### Voting activity

The Trustee seeks to ensure that its managers are exercising voting rights and, where appropriate, to monitor managers' voting patterns. The Trustee also monitors investment managers' voting on particular companies, or issues that affect more than one company.

During the year, the Trustee invested in equity assets through several different funds managed by Legal and General Investment Management Limited ('LGIM') and a global equity fund managed by Baillie Gifford & Co ("Baillie Gifford"). In March 2024 the Trustee sold down all of the Scheme's equity holdings with both LGIM and Baillie Gifford. The Trustee's investment managers have reported how votes were cast in each of these mandates as set out in the tables below.

#### Baillie Gifford<sup>1</sup>

| Baillie Gifford   | Global Alpha Fund |
|---|-------------------|
| Proportion of Scheme's assets (as at 5 March 2024)      | 4.9%              |
| No. of meetings eligible to vote at during the year     | 95                |
| No. of resolutions eligible to vote on during the year  | 1,290             |
| % of resolutions voted                                  | 94.4%             |
| % of resolutions voted with management                  | 95.1%             |
| % of resolutions voted against management               | 3.5%              |
| % of resolutions abstained                              | 1.4%              |
| % of meetings with at least one vote against management | 22.1%             |

#### LGIM<sup>2</sup>

| LGIM Index Fund   | UK Equity | Future World UK Equity | Future World Global Equity |
|---|-----------|------------------------|----------------------------|
| Proportion of Scheme's assets (as at 1 March 2024)      | 2.2%      | 2.0%                   | 3.3%                       |
| No. of meetings eligible to vote at during the year     | 709       | 381                    | 5,134                      |
| No. of resolutions eligible to vote on during the year  | 10,462    | 6,310                  | 52,212                     |
| % of resolutions voted                                  | 99.8%     | 99.9%                  | 99.9%                      |
| % of resolutions voted with management                  | 94.4%     | 94.1%                  | 80.3%                      |
| % of resolutions voted against management               | 5.6%      | 6.0%                   | 19.5%                      |
| % of resolutions abstained                              | 0.0%      | 0.0%                   | 0.3%                       |
| % of meetings with at least one vote against management | 40.0%     | 44.0%                  | 63.3%                      |

### Significant votes

The Trustee has asked their managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. Managers were asked to explain the reasons why votes were deemed significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company, and the outcome of the vote. From the managers' reports, the Trustee has identified the following votes as being of particular relevance to the Scheme.

<sup>1</sup> Voting data for the year end 31 March 2024. The mandate was terminated on 5 March 2024.

<sup>2</sup> Voting data for the year end 31 March 2024. The mandate was terminated on 8 March 2024.

## Baillie Gifford Global Alpha

| Date       | Company                         | Subject  | Manager's vote and rationale   | Outcome  |
|------------|---------------------------------|--|--|--|
| 27/06/2023 | Mastercard Incorporated         | Governance – Lobbying policies and disclosures | <b>Against</b> - Baillie Gifford opposed a shareholder resolution requesting a report on lobbying payments and policy. They believe that the company's existing disclosures on this topic are sufficient. They also note that the company is regarded as a leader in political disclosure and accountability in the CPA Zicklin Index, issued by an independent not-for-profit organisation. | <b>Vote Failed</b> – Baillie Gifford will be monitoring the progress in the disclosures of the company's peer group and have relevant conversations if the company does not show continued progress. However, as of now, they are satisfied with the level of disclosure.  |
| 17/11/2023 | The Estee Lauder Companies Inc. | Governance – Executive Remuneration            | <b>Against</b> – Baillie Gifford continue to oppose executive compensation due to the continued practice of granting sizable one-off awards.   | <b>Vote passed</b> – Baillie Gifford have been opposing management since 2016 and taking action against compensation committee members since 2018 due to continued granting of significant one-off awards. BG remain concerned with this practice and the lack of response to their concerns.  |
| 07/12/2023 | Microsoft Corporation           | Social – AI and Human Rights                   | <b>Against</b> – Baillie Gifford opposed a shareholder resolution requesting a report on risks relating to the spread of misinformation and disinformation due to the company's AI. They also opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns.  | <b>Both votes failed</b> – Baillie Gifford believe the company's disclosures are already extremely robust on AI, and it is unclear how this additional report would be additive. They also believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights. |

The resolutions which Baillie Gifford voted against management most frequently on over the scheme year were in relation to shareholder resolutions on governance and remuneration. They take an active role when engaging with companies to better understand the reasons behind a resolution and vote against any resolution where they believe a better outcome can be achieved.

## LGIM

| Date       | Company         | Fund                       | Subject   | Manager's vote and rationale   | Outcome  |
|------------|-----------------|----------------------------|---|--|--|
| 23/05/2023 | Shell Plc       | UK Equity                  | Environment – Approve the Shell Energy Transition Progress strategy | <b>Against</b> – against management recommendation   | <b>Vote passed</b> - LGIM continues to undertake extensive engagement with Shell on its climate transition plans.  |
| 24/5/2023  | Amazon.com Inc. | Future World Global Equity | Governance – Report on Gender/Racial Pay Gaps                       | <b>For</b> - against management recommendation   | <b>Vote Failed</b> - LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting. LGIM will continue to engage with the company and monitor progress.   |
| 19/07/2023 | Experian Plc    | Future World UK Equity     | Governance – Re-elect Mike Rogers as Director                       | <b>Against</b> – a vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female. | <b>Vote passed</b> - LGIM will continue to engage with investee companies on board diversity, publicly advocate their position on this issue and monitor company and market-level progress. LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. |

LGIM voted against management across a wide range of topics including environmental, governance and social aspects. They take an active role when engaging with companies to better understand the reasons behind a resolution and vote against any resolution where they believe a better outcome can be achieved.

### Engagement activity

The Trustee holds meetings with the Scheme's investment managers on a periodic basis where stewardship issues are discussed in further detail. Over the last 12 months, the Trustee met with LGIM, with the last meeting with Baillie Gifford taking place in February 2023.

Baillie Gifford and LGIM both produce reports on their wider stewardship activity over the year detailing their engagement activity across their entire range of funds. The following table summarises the key engagement activity for the 12-month period ending 31 March 2024.

#### Baillie Gifford

| Topic engaged on | Number of times topic was engaged |
|------------------|-----------------------------------|
| Environmental    | 289                               |
| Social           | 296                               |
| Governance       | 556                               |
| Strategy         | 179                               |

#### LGIM

| Topic engaged on | Number of times topic was engaged |
|------------------|-----------------------------------|
| Environmental    | 1,820                             |
| Social           | 274                               |
| Governance       | 528                               |
| Other            | 119                               |

Of the topics the managers engaged with companies on over 2023/24, both Baillie Gifford and LGIM frequently engaged on topics surrounding climate change, board composition and executive remuneration. The main methods of engagement were management meetings, shareholder calls and AGMs.

### Use of a proxy adviser

The Trustee's managers have made use of the services of the following proxy voting advisors over the period:

| Manager         | Proxy Advisor used  |
|-----------------|---|
| Baillie Gifford | Do not use proxy advisor. All voting decisions are made in-house aligned with own policies. |
| LGIM            | In-house custom voting policy in conjunction with ISS 'ProxyExchange' platform.             |

### Review of policies

The Trustee has committed to reviewing the managers' Responsible Investment (RI) policies on a regular basis. The most recent review was undertaken in December 2022. The Trustee's investment advisors provided the Trustee with an assessment of the managers' RI capabilities.

The Trustee and its advisors remain satisfied that the responsible investment policies of the managers and, where appropriate, the voting policies remain suitable for the Scheme and are aligned to the Trustee's own views in this area.