

Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025 (the “Scheme Year”)

The Trustee of the Selfridges Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

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

In preparing the Statement, the Trustee has 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.

1. Introduction

The voting and engagement policies in the SIP were reviewed during the Scheme Year in June 2024 to reflect the Trustee’s agreed stewardship priorities, as per DWP’s guidance. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

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

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priorities for the Scheme (Climate Change, Human Rights and Biodiversity Loss) at the March 2023 meeting, noting that these priorities align with the sponsoring employer’s own sustainability priorities. The Trustee communicated these priorities to its managers in April 2023, explaining that the priorities were selected as key market-wide risks and areas where the Trustee believe that good stewardship and engagement can improve long-term financial outcomes for the Scheme’s members.

In June 2024, the Trustee received training on various aspects of responsible investment (“RI”) including stewardship. The session primarily focused on introducing the concept of systemic risks and its importance to the Scheme, reviewing the RI characteristics of the Scheme’s invested funds and managers, and exploring how the Scheme’s LDI investment manager, Columbia Threadneedle Investments (“CTI”), is approaching policy advocacy on climate change.

In November 2024, the Trustee reviewed LCP’s latest RI scores for the Scheme’s existing managers, alongside LCP’s qualitative assessments and any red flags highlighting areas of concern. These scores reflect each manager’s approach to ESG factors, voting, and engagement, and are based on LCP’s ongoing manager research. It is these assessments that directly inform LCP’s manager and fund recommendations. The manager scores and red flags specifically draw on findings from LCP’s 2024 Responsible Investment Survey.

LCP recommended the Trustee prioritise engagement with CTI, BlackRock, and LGIM, given these are expected to remain long-term holdings within the portfolio. Following this, LCP contacted the managers to reiterate the Trustee’s stewardship priorities. Over the coming reporting year, the Trustee plans to invite these managers to attend a Trustee Board meeting. As part of ongoing oversight, the Trustee also reviews LCP’s qualitative RI assessments each quarter through the Scheme’s performance monitoring updates.

The Trustee is 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 Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

The SIP notes that the Scheme's DB investments are all units of pooled funds and therefore the Trustee does not have any direct voting rights and has not used proxy voting services during the Scheme Year; the voting rights are indirect as they pertain to the underlying investments within the pooled funds. Hence, in effect the Trustee has delegated the voting rights to the investment managers of the pooled funds.

The Trustee has communicated its stewardship priorities to its asset managers and had ongoing discussions with the managers on these. The Trustee informed its managers that the areas it deemed to be most significant to vote and engage on were those areas that related to the stewardship priorities or were otherwise expected to be financially material. The Trustee expects its managers to decide which votes are deemed to be most significant in line with these ongoing discussions.

Over the Scheme Year, the Scheme did not invest in any funds that held listed equities.

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

Alcentra European Direct Lending Fund III:

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 Global Infrastructure Fund:

While the primary focus of the IFM Global Infrastructure Fund (GIF) is to provide investors with exposure to a diversified portfolio of unlisted infrastructure assets, there are times where an opportunistic hold of a listed entity is an attractive complement to the unlisted portfolio. The acquisition of listed positions is generally motivated by gaining long-term strategic positions, with significant equity ownership, in attractive core infrastructure assets.

Currently listed exposures are confined to Atlas Arteria, Vienna Airport and Naturgy Energy, and these assets represent only three of out of a total of 23 portfolio investments as at 31 December 2024.

With regards to the voting and engagement activities between GIF and the underlying portfolio companies, the underlying holdings of GIF are private equity investments rather than public market listed equities. IFM's influence on such investments is made directly through IFM's Board representation on the underlying portfolio companies rather than through any form of proxy voting.

Even for the listed assets in GIF, IFM holds board seats. Consequently, IFM does not need to vote shares to influence the board; a senior executive in IFM's Infrastructure Team sits on the board. This ensures IFM follows an active ownership style. 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 FernandezPalacios (Investment Director, IFM Infrastructure Team) serves on the Board of Naturgy and Ken Daley (IFM Adviser) serves on the Board of Atlas Arteria.