

Currie Motors Retirement Benefits Plan – year to 5 April 2023

Implementation Statement

Overview

The Trustee of the Currie Motors Retirement Benefits Plan (“the Plan”) has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Trustee has followed the policy on voting, stewardship and engagement as set out in the Plan’s Statement of Investment Principles (“SIP”), dated April 2023. This statement covers the year to 5 April 2023.

The Plan’s assets are held in pooled investment funds (via the Mobius Life investment platform) and the day-to-day management of these investments (including the responsibility for voting and engaging with companies) is delegated to the Fund Managers of the pooled investment funds (the “Fund Managers”).

The Fund Managers of the pooled investment funds Legal & General Investment Management (“LGIM”), BNY Mellon Investment Management (‘BNYM’) and Columbia Threadneedle Investments (‘CT’).

As Trustee of the Plan’s assets, we are responsible for the selection and retention of the funds. Reviewing the voting and engagement activities, which we include details on below, is an important exercise to help us ensure they remain appropriate and are consistent with the Fund Managers’ stated policies in this regard. We are satisfied with the voting and engagement activities of the Fund Managers, and in particular, that the Fund Managers are using their position as stakeholder to engage constructively with investee companies. However, we will engage with them should we have any concerns about the voting and/or engagement activities carried out on our behalf. The Trustee had no cause to challenge the Fund Managers’ voting and/or engagement activities during the year to 5 April 2023.

The Trustee made minor changes to the wording in the SIP during the year to 5 April 2023. No changes to the investment strategy were made.

Reporting and oversight

The Trustee has regularly reviewed the performance of the funds over the year and performance information is set out elsewhere in this report. The Trustee is satisfied that the performance of the funds is consistent with their objectives. The Trustee, in conjunction with the sponsoring employer, continues to review the operational efficiency and ongoing management of the Plan, including potential alternatives to the current structure. The Trustee continues to engage with its advisors in this regard.

Voting and engagement

The Trustee’s policy, as set out in the SIP, is to consider only factors that are expected to have a financial impact on the Plan’s investments. Details on significant voting and engagement activities provided by LGIM, BNYN and CT are set out below. In order to produce this Statement, we have questioned the Fund Managers on their policies, actions and examples relating to their voting and engagement activities and in conjunction with our advisers, have identified significant voting and engagement activities (i.e.,

those most relevant to the Trustee's policy). We have then reviewed and summarised their responses for the purposes of this statement.

LGIM have provided information relating to the Global Equity (30:70) Index - 75% GBP Hedged Fund, the Diversified Fund, as these funds hold equities for which they have voting rights.

The BNYM Global Dynamic Bond Fund does not hold equities and, given that bonds do not confer voting rights, there was no voting carried out in relation to this fund. However, BNYM do undertake engagement activities in respect of their bond holdings, and we have included examples below.

The CT LDI Funds do not hold equities and given that these investments do not confer voting rights, there was no voting carried out in relation to these funds. However, CT does undertake engagement activities with counterparty banks on relevant issues, where applicable, and we have included examples below.

LGIM voting and engagement activities

The following information is based on the responses LGIM have provided in answer to our questions and provides an illustration as to how they co-ordinate their voting and engagement activities with companies.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA).

LGIM Global Equity (30:70) Index – 75% GBP Hedged Fund

LGIM were eligible to vote on 76,499 resolutions. Votes: For 80%, Against 19%, Abstained 1%.

LGIM provided the following examples in response to our request to provide details. In conjunction with their adviser, Cartwright, the Trustees has identified the following as the most significant votes from the perspective that they potentially have the biggest financial impact on the Plan, as set out in the SIP.

1. Royal Dutch Shell Plc

Date: 24/05/2022

Resolution: Approve the Shell Energy Transition Progress Update

Vote: Against

***Rationale:** A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.*

2. BP Plc

Date: 12/05/2022

Resolution: Approve Net Zero - From Ambition to Action Report

Vote: For

***Rationale:** A vote for is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.*

LGIM Diversified Fund

LGIM were eligible to vote on 99,252 resolutions. Votes: For 78%, Against 21%, Abstained 1%.

LGIM provided the following examples in response to our request to provide details. Cartwright, on the Trustees' behalf, has identified the following as the most significant votes with consideration that they potentially have the biggest financial impact on the Plan as set out in the SIP.

1. Royal Dutch Shell Plc

Date: 24/05/2022

Resolution: Approve the Shell Energy Transition Progress Update

Vote: Against

Rationale: *A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.*

2. Prologis, Inc.

Date: 05/04/2022

Resolution: Elect Director Hamid R. Moghadam

Vote: Against

Rationale: *A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.*

BNYM - engagement activities

The following is based on the information that BNYM have provided in response to our questions on voting and engagement and provides an illustration as to how they co-ordinate their voting and engagement activities with companies. Newton are a subsidiary of BNYM and are the entity that manage the Global Dynamic Bond Fund.

We believe the value of our clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Our understanding of a company's fundamental business enables us to assess the appropriate balance between the strict application of corporate governance policies and taking into account a company's unique situation.

We do not maintain a strict proxy voting policy. Instead, we prefer to take into account a company's individual circumstances, our investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices. 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 (Institutional Shareholder Services, or the ISS) will take precedence. It is also only in these circumstances when we may register an abstention given our stance of either voting in favour or against any proposed resolutions. The discipline of having to reach a position of voting in favour or against management ensures we do not provide confusing messages to companies.

Voting decisions take into account local market best practice, rules and regulations while also supporting our investment rationale. For example, when voting on the election of directors in Japan, we are unlikely to vote against a board chair should the board not be majority independent given that only recently the corporate governance code has recommended boards appoint independent directors. However, in the UK, where majority independent boards are well established and expected by investors, we are likely to vote against the chair and non-independent directors. This being said, we frequently vote against executive pay at US companies despite it being accepted US market practice of granting significant awards of free shares, as we believe executive pay should be aligned with performance.

BNYM Global Dynamic Bond Fund

The fund does not hold equities and therefore does not have the same voting rights as some other funds. However, Newton's engagement activities are undertaken for all the companies that they hold and so they also engage with the companies whose bonds are held in this fund, for example:

Volkswagen

"We joined an investor call urgently convened by the company following a downgrade from MSCI, which now deems it to breach the UN Global Compact (UNGC). The downgrade was triggered in response to MSCI's evaluation methodology which considers the company to have exposure to China's Xinjiang region, leading to concerns of forced labour. The company very clearly articulated its disagreement with MSCI's decision, explaining that its exposure to this plant in question is through a joint venture rather than directly owned by the company. While the company is correct on this nuance, we found the company to be defensive towards investors and feel it failed to engage on the heart of this sensitive and complex subject. Its responses were extremely disappointing. We had a follow up meeting with the company following MSCI deeming it to be in breach of the UNGC. While we acknowledge the company's clarification that it has exposure to the plant in question via a joint venture, rather than direct ownership, we shared our view that this argument was technical in nature and appeared defensive. Instead, the company needs to better communicate its approach to supply chain audits and risk management, particularly in sensitive regions. Furthermore, while the company's exposure is via a joint venture, it still has accountability on expectations placed on the practices of its joint venture partner. Despite this follow up discussion, our concerns remain regarding how the company is properly managing this risk, particularly as it appears committed to continuing with the partnership, which is important for the company to be able to sell vehicles into this market. We do acknowledge the challenges of maintaining supply chains in this region and note that there is a lesser chance of this being a high risk exposure for the company given the skilled nature of the roles and the smaller size of the plant. Furthermore, the company does not use intermediaries to manage this risk better. We participated in a discussion with the company on its new green bond framework. We asked the company its reasons for updating its framework and whether it plans

to issue other labelled bonds. In addition, we engaged with the company on the selection and governance of green projects.”

CT - engagement activities

The Dynamic LDI funds contain investments that provide exposure to long dated interest rates / inflation. They do not hold any physical equity investments and are therefore not eligible to vote. However, CT encourages the counterparty banks to obtain membership of the UN Principles for Responsible Banking and also engages with counterparty banks on relevant issues, for example:

Barclays PLC

“At the Q3 investor update, the company announced that it was accelerating its timeline to phase out the financing of thermal coal power in the US from 2035 to 2030, in line with its approach in the UK and EU. The decision was taken as a result of engagement with shareholders and the introduction of the Inflation Reduction Act in the US. HSBC Holdings PLC HSBC has updated its energy policy to include the ending of funding for new oil and gas projects. In particular it states: HSBC will not provide new finance, or new advisory services, to any client for the specific purposes of O&G exploration, appraisal, development, and production pertaining to:

- *Ultra-deepwater offshore O&G projects;*
- *shale oil projects; extra heavy oil projects;*
- *projects in environmentally and socially critical areas;*
- *infrastructure whose primary use is in conjunction with the above activities.*