

JMGUK Pension Scheme Implementation Statement – 05 April 2024

Why have we produced this Statement?

The Trustee of the JMGUK Pension Scheme have prepared this statement to comply 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 voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy. It also explains how and why the Trustee delegates certain responsibilities to third parties and the risks the Scheme faces and the mitigated responses.

A copy of this implementation statement has been made available on the following website: <https://www.jardinemotors.co.uk/site/important-information/>

The Trustee last reviewed the SIP in June 2023.

What is the purpose of this Statement?

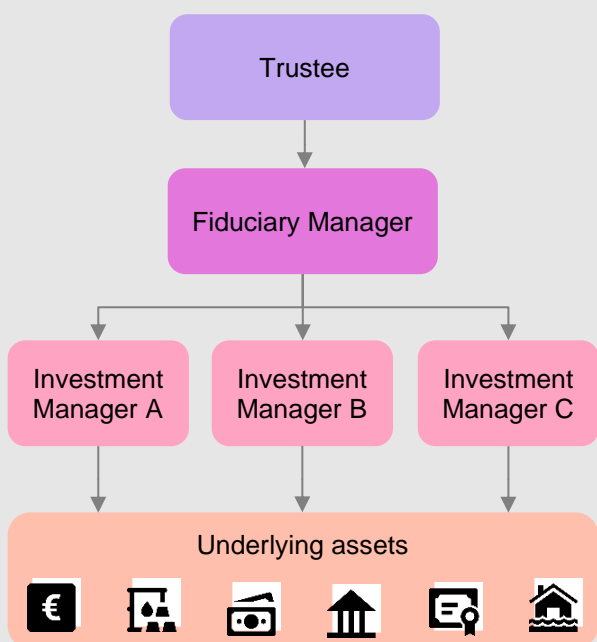
1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe the voting rights attached to the Scheme's assets that have been exercised over the year.

What changes have we made to the SIP?

The Trustee have made the following changes to the SIP over the year ending 5 April 2024:

- Reduced the target return to Gilts+1.3% pa (net of fees)
- Following the de-risking activity, target asset allocation has been updated
- Update concerning appointment and termination of investment managers

How are the Scheme's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retains overall responsibility for the Scheme's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Fiduciary Manager (WTW) – The Trustee employs a Fiduciary Manager to implement the Trustee's investment strategy. The Fiduciary Manager allocates the Scheme's assets between asset class and investment managers.

Investment managers – The Fiduciary Manager appoints underlying investment managers either using a pooled vehicle or a segregated mandate where the assets are held directly in the Scheme's name. The Fiduciary Manager will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Fiduciary Manager who shares this view and has embedded the consideration of ESG factors, voting and engagement in its processes.

The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship including engagement and voting,

the Trustee expects investment managers to address broad ESG considerations, but has identified climate and human and labour rights as key areas of focus for the Trustee. As such, examples overleaf of engagement and voting over the year have been selected with a focus on these areas.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital.

Where ESG factors are considered to be particularly influential to outcomes, the Trustee expects the Fiduciary Manager to engage with investment managers to improve their processes.

What training have the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement the Trustee received an ESG update on biodiversity in March 2024.

What are the Fiduciary Manager's policies?

Climate change and net zero pledge

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Fiduciary Manager has committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Scheme's.

Public policy and corporate engagement

The Fiduciary Manager partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Fiduciary Manager engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

How does the Fiduciary Manager assess the investment managers?

Investment manager appointment - The Fiduciary Manager considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2023 the Fiduciary manager conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all our asset managers.

Investment manager monitoring - The Fiduciary Manager produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis..

Investment manager termination - The Fiduciary Manager engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Fiduciary Manager may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagement carried out over the year

Multi-asset – Emerging Market Debt manager

Environment - Climate issue

Issue: Given their strategy, the manager's portfolio is heavily weighted towards high emitters. The Fiduciary Manager wanted to explore ways the manager could bring down the emissions of the portfolio over time, whilst still recognising the challenges from their opportunity set.

The Fiduciary Manager engaged with the portfolio managers and ESG team within the strategy, including outlining their view that as distressed names are a part of this opportunity set, the manager was in a privileged position to negotiate better ESG policies and approaches with their borrowers moving forward as part of workout situations.

Outcome: The manager took feedback on board positively and as one example, has negotiated with a company to develop a plan to shut down a part of its coal fired plants in the coming years, managing risk for investors in the company given regulations in the country.

The manager is looking for opportunities to enhance the ESG policies and approaches with borrowers. We continue to engage with the manager on its reporting and ESG integration.

Multi Asset – Global manager

General ESG - issue

Issue: As has been typical historically for private equity exposures, this manager wasn't measuring or providing ESG metrics to investors including carbon emissions at a Fund level. We have worked directly with private markets managers more broadly to increase data collection across the portfolio, to improve data coverage of metrics such as carbon emissions, reducing the need to use public market proxies in estimating the climate exposures of these strategies.

Outcome: The manager took our engagement on board positively and their annual sustainable investment report for 2023 now includes carbon emissions reporting, while they also now have impact KPIs for the underlying portfolio companies. We have reflected this positive development in a higher sustainable investment rating of the manager (now High).

Infrastructure manager

Environment - Climate issue

Issue: Global Real Estate Sustainability Benchmark (GRESB) score for fund not provided due to concerns over peer group size and lack of consistency as infra-assessment not tailored towards renewable generating assets.

No carbon reduction policy in place at firm and fund level setting carbon targets at group level, where Task Force on Climate-Related Financial Disclosures (TCFD) consider both firm and portfolio emissions together.

Outcome: Currently exploring biodiversity related actions for the Fund.

Currently also pushing the underlying operations and maintenance providers to see how they can reduce carbon (e.g. converting the vehicles to electric vehicles).

What are the voting statistics we provide?

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- Trustee stewardship priorities (climate and human and labour rights)
- Financial outcome for members, including size of holding
- High profile vote

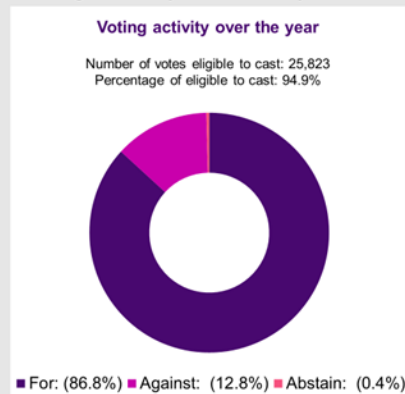
The Scheme is invested in both active (trying to outperform the market) and passive (aiming to perform in line with the market) equity funds. The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

In conclusion...

...The Trustee is satisfied that over the year, all SIP policies and principles were adhered to and in particular, those relating to voting and engagement.

Towers Watson Investment Management – Towers Watson Partners Fund

Voting activity over the year



Significant vote

Company: Berkshire Hathaway

% Fund: 0.3%

Vote topic: Climate risk disclosure

Issue: The manager voted in support of audit committee responsible for climate risk disclosure, believing the significance of leadership on this issue overridden the minor cost and inconvenience of compliance

Voting instruction: For ISS resolution, against management recommendation

Outcome: Failed the resolution

Why a significant vote? The reluctance of Warren Buffett to be more assertive on this topic is a significant challenge to climate risk transparency and more broadly to Environmental stewardship

Next steps: The manager wrote to the CEO expressing their view on climate risk transparency and encouraged the company to take a lead than wait for policy guidance. The manager will vote for similar proposals in the future

Significant vote

Company: TotalEnergies SE

% Fund: 0.2%

Vote topic: Approve the company's sustainable development and energy transition plan

Issue: The manager assessed the current targets as reasonable in the context of a global energy transition

Voting instruction: For shareholder resolution, against management recommendation

Outcome: Passed the resolution

Why a significant vote? Climate Change, which includes engaging with companies on the quality of their disclosures, the credibility of their emission reduction plans, and the progress thereof, is one of the manager's key identified engagement priorities

Next steps: They will continue to engage with company behind-the-scenes. However, if the manager is not able to achieve the desired results on important issues, they will use other public means available, else reassess their investment case and take the appropriate investment action in their portfolio

Significant vote

Company: Alphabet

% Fund: 1.6%

Vote topic: Report on risks of doing business in countries with significant human rights concerns

Issue: The proposal was regarding greater transparency related to business conducted in places with significant human rights concerns. The siting of cloud datacenters and strategy for mitigating related country risk seems like appropriate and material topics for disclosure.

Voting instruction: For management resolution

Outcome: Failed the resolution

Why a significant vote? The manager believes that transparency on country risk is a noncontroversial proposal and serves both social and governance interests

Next steps: The manager will vote for similar measures in the future

Significant vote

Company: Amazon

% Fund: 0.9%

Vote topic: Commission a third party audit on working conditions

Issue: Promotes transparency on warehouse working conditions

Voting instruction: For management resolution

Outcome: Failed the resolution

Why a significant vote? The manager considers worker safety to be an important element of company performance as well as reputation

Next steps: Continue to consider proposals on worker safety

Significant vote

Company: Glencore Xstrata Plc

% Fund: 0.2%

Vote topic: Approve the company's sustainable development and energy transition plan

Issue: Shareholder resolution in respect of the next climate action transition plan

Voting instruction: Against shareholder resolution, for management recommendation

Outcome: Failed the resolution

Why a significant vote? The manager is happy with Glencore's managed transition plan and disclosure. Climate Change, which includes engaging with companies on the quality of their disclosures; the credibility of their emission reduction plans; and the progress thereof, is one of the manager's key identified engagement priorities.

Next steps: They will continue to engage with company behind-the-scenes. However, if the manager is not able to achieve the desired results on important issues, they will use other public means available, else reassess their investment case and take the appropriate investment action in their portfolio

Voting policy: As TWIM manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of their underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of their clients. In addition, EOS is expanding the remit of engagement activity they perform on the manager's behalf beyond public equity markets, which will enhance stewardship practices over time.