

JMGUK Pension Scheme

Implementation Statement – 5 April 2025

Why have we produced this Statement?

The Trustee of the JMGUK Pension Scheme has 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://members.pensionpal.co.uk/JMGUKPensionScheme>

The Trustee last reviewed the SIP in November 2024.

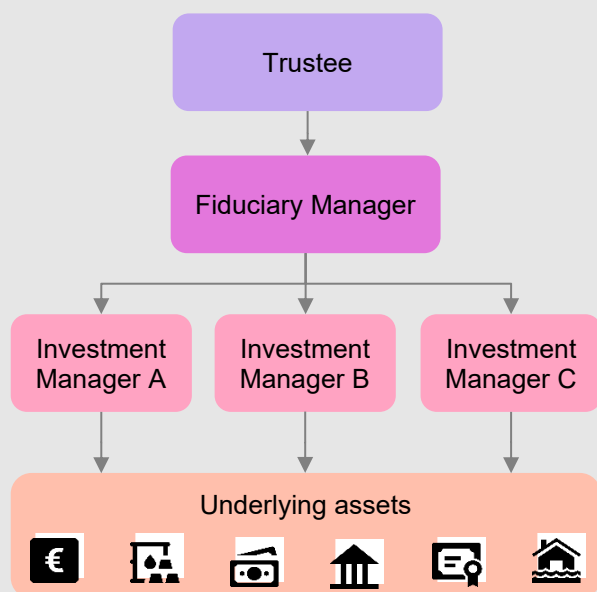
What is the purpose of this Statement?

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

What changes have we made to the SIP?

The SIP was amended in November 2024 to better reflect the Scheme's preparations for buyout.

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 these 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 considers and integrates 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 change and human and labour rights as key areas of focus for the Trustee.

The day-to-day integration of ESG considerations, voting and engagement is 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 expect the Fiduciary Manager to engage with investment managers to improve their processes.

What are the Fiduciary Manager's policies?

Climate change and net zero goal

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

The Fiduciary Manager has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

Public policy and corporate engagement

The Fiduciary Manager employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2024 include:

- 994 companies engaged across regions on 4,267 issues and objectives
- 62 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 143,075 resolutions at 14,701 meetings, including recommended votes against 25,070 resolutions
- Participation in a range of global stewardship initiatives.

Industry initiatives

The Fiduciary Manager participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information: <https://www.wtewco.com/en-gb/solutions/services/sustainable-investment>.

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 2024 the Fiduciary manager conducted engagements with over 70 managers across asset classes. They also engaged over 100 products on sustainability and stewardship. In addition, over 150 sustainability-theme strategies were researched.

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

Infrastructure manager General ESG issue

Issue: The Fiduciary Manager provided feedback on the Sustainable Investment (SI) report, highlighting key areas for improvement. These include the need to set a firm-level net zero target, incorporate ESG considerations at the exit stage of investments, deliver ESG training to employees, and enhance the measurement of physical and other climate-related risks.

Outcome: A discussion was held to review peer best practices and clarify the timeline for setting a net zero target and improving ESG reporting. The manager has not yet set interim net zero targets, as they are currently assessing their baseline. Physical climate risks are now integrated into the investment process with exclusion thresholds, and scenario analysis is used, though not across varying degrees.

The manager is committed to enhancing ESG disclosures to better communicate performance and initiatives to investors. However, we will continue to monitor any developments.

Secure Income manager General ESG issue

Issue: As part of the annual ESG review, the manager focused on addressing key deficiencies identified during the previous engagement. These deficiencies included the lack of a dedicated Inclusion and Diversity (I&D) resource, the absence of climate scenario and Climate Value-at-Risk (CTVaR) analysis for underlying assets, and the lack of disclosure for carbon emissions at both the firm and fund levels.

Outcome: The manager has made significant strides in addressing key areas of improvement. The lack of a dedicated I&D resource has been mitigated by establishing a management committee specifically responsible for Diversity, Equity, and Inclusion (DEI). Additionally, a separate workstream has been initiated to develop a comprehensive DEI strategy, which includes a thorough review of current policies.

While there has been no disclosure of firm or fund-level carbon emissions previously, the manager has now reported firm-level emissions. Although Scope 3 emissions are still pending, efforts are actively underway to address this gap.

Emerging Market Debt manager Environment – Climate Issue

Issue: Anecdotally the manager is engaging robustly with certain issuers, but the Fiduciary Manager has asked for regular and consistent engagement reporting to evidence this and ensure the engagement is not selective/ad-hoc. The manager has been asked to start producing alignment data for the fund in line with the Net Zero Investment Framework (NZIF). This is expected to be completed by the second half of 2025.

Outcome: The manager is agreeing on a template that they believe provides sufficient evidence of ongoing actions and follow-ups. This template will be included in the quarterly reporting packs for the Fiduciary Manager. The manager has pushed for the production of alignment data, knowing that the necessary processes are already in place to gather this information.

What are the voting statistics we provide?

The Scheme has been 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 held over the year.

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

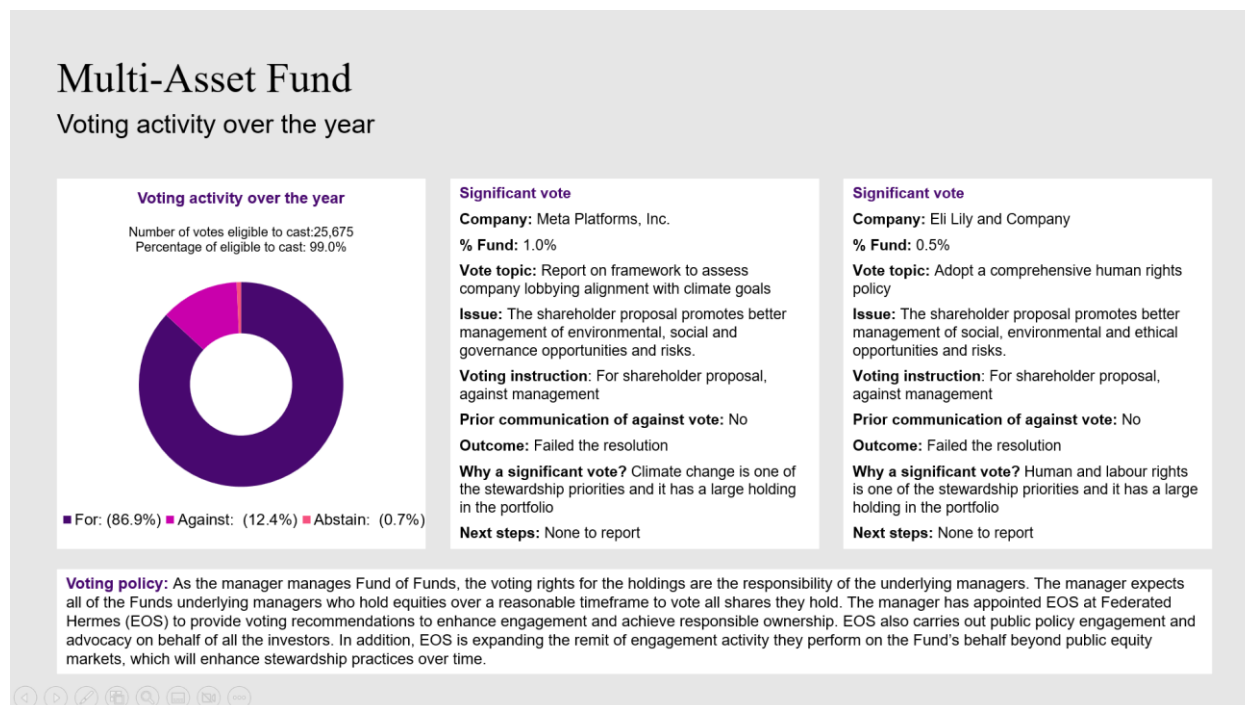
- Trustee stewardship priorities (climate change, human and labour rights)
- Financial outcome for members, including size of holding
- High profile vote, including votes not supporting company management

Over the year, the Scheme was 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 and in particular, those relating to voting and engagement.

Voting data – Q4 2024



The Scheme's equity exposures were liquidated on 2 January 2025 as part of the transition to a buyout ready portfolio. Thus, Q4 2024 is the latest voting data applicable for the Scheme.