



# Implementation Statement

## Pendragon Group Pension Scheme

### Purpose of this statement

This implementation statement has been produced by the Trustee of the Pendragon Group Pension Scheme ("the Scheme") to set out the following information over the year to 31 December 2023:

- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and
- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

### Trustee policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at 31 December 2023 describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

*"The Trustee delegates responsibility for stewardship activities attaching to the Scheme's investments to its investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.*

*The Trustee periodically reviews engagement activity undertaken by their investment managers to ensure that the policies outlined above are being met and may explore these issues with its investment managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers."*

The Trustee's SIP was last reviewed in June 2023. The SIP has been made available online here:

<https://members.pensionpal.co.uk/pendragonpensions>



## How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees undertook an initial review of the stewardship and engagement activities of the current managers at a Development Day in 2020 and were satisfied that their policies were reasonable and no remedial action was required at that time.
- Annually the Trustee receives a Sustainability monitoring report on the Scheme's investment managers (which includes data on voting and engagement) from their investment advisors. This was discussed at the Trustee meeting on 4 September 2023.
- Annually the Trustee receives and reviews voting and engagement data from the Scheme's investment managers which they review and report in their annual implementation statement.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

**Prepared by the Trustees of the Pendragon Group Pension Scheme  
April 2024**



## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Portfolio on behalf of the Trustee over the year to **31 December 2023**. Please note, voting data for the Artemis Global Select Fund and The Partners Fund and has not been included in the table below as the Scheme disinvested from these funds in May and July 2023 respectively.

Manager	BlackRock	Lindsell Train	Hamilton Lane
<b>Fund name</b>	Dynamic Diversified Growth Fund	Global Equity Fund	Global Private Assets Fund
<b>Structure</b>	Pooled		
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.		
<b>Number of company meetings the manager was eligible to vote at over the year</b>	575	24	Data not provided
<b>Number of resolutions the manager was eligible to vote on over the year</b>	7,491	353	Data not provided
<b>Percentage of resolutions the manager voted on</b>	93%	100%	Data not provided
<b>Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on</b>	1%	1%	Data not provided
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	94%	96%	Data not provided
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	5%	3%	Data not provided



<b>Proxy voting advisor employed</b>	BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform BlackRock's voting decision.	Lindsell Train use Glass Lewis to aid the administration of proxy voting and provide additional support in this area. Their portfolio managers maintain final decision-making responsibility, which is based on their detailed knowledge of invested companies.	Data not provided
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	0%	N/A	Data not provided

There are no voting rights attached to the other assets held by the Scheme, which include the Liability Driven Investment ("LDI") funds, property and bonds, as these funds do not hold equities.

Data has not been provided by Hamilton Lane, as most of their investments are in limited partnerships that do not have annual shareholder meetings.



## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities / themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Some managers have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show 3 of these votes for each fund. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. However, this was difficult with Lindsell Train, given that the vast majority of the significant votes they have provided are on executive compensation. Hamilton Lane have not provided any significant votes, as most of their investments are in limited partnerships that do not hold annual shareholder meetings.

A summary of the significant votes provided is set out below.

### Lindsell Train Global Equity Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Intuit	FICO	Walt Disney
<b>Date of vote</b>	19 January 2023	01 March 2023	03 April 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	4.19%	4.82%	4.23%
<b>Summary of the resolution</b>	Advisory vote on Executive compensation/Amendment for Employee Stock Purchase Plan	Advisory Vote on Executive Compensation	Advisory vote on Executive compensation
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes	Yes	Yes
<b>Rationale for the voting decision</b>	During 2020 - 2022 Lindsell Train escalated their engagement relating to matters of remuneration. They wrote to	Lindsell Train pays careful consideration to the compensation policies of the companies in which they invest	Lindsell Train pays careful consideration to the compensation policies of the companies in which they invest.



	Vote 1	Vote 2	Vote 3
	the management outlining their reasons for voting against the resolutions concerning compensation at their 2020, 2021 and 2022 AGMs. Lindsell Train have engaged with the company on a number of occasions to share their views regarding compensation best practice and continue to believe that Intuit could foster greater shareholder alignment through improved compensation structures.	and in the case of FICO they had several concerns. In the case for FICO, executive incentives were proposed in the form of equity linked awards that may be influenced by factors unrelated to the performance of the company/individual. Additionally, the period over which management is being assessed is shorter than Lindsell Train would like, and they also believe that executives should buy shares with cash in the same way as investors. Lindsell Train wrote to the management of FICO, outlining the reasons for voting against the resolutions concerning compensation at their upcoming AGM.	In the case for Walt Disney, Lindsell Train do not believe that the company's compensation policy is aligned with the long-term best interests of the shareholders and have been engaging with the company on this matter over a number of years to share their views regarding compensation best practice. Lindsell Train continue to believe that Disney could foster greater shareholder alignment through improved compensation structures.
<b>Outcome of the vote</b>	Approved/For	Approved/For	Approved/For
<b>Implications of the outcome</b>	Lindsell Train will continue to engage with the company on this matter		
<b>Criteria on which the vote is considered "significant"</b>	Lindsell Train engaged with Intuit's management before the vote to signal the intention to vote Against.	Lindsell Train engaged with the remuneration committee on this matter and signalled the intention to vote Against.	Lindsell Train wrote to the management of Walt Disney, outlining the reasons for the votes, and encouraging them to review their compensation structures.

## BlackRock Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Broadcom Inc.	Santos Limited	Amazon.com, Inc.
<b>Date of vote</b>	03 Apr 2023	06 Apr 2023	24 May 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	Data not provided	Data not provided	Data not provided
<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve the Amendments to the Company's Constitution	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining
<b>How the manager voted</b>	Against	Against	Against



	Vote 1	Vote 2	Vote 3
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	BlackRock Endeavours to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. Their voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.		
<b>Rationale for the voting decision</b>	Pay is not aligned with performance and peers.	Shareholder proposals best facilitated through regulatory changes.	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
<b>Outcome of the vote</b>	Fail	Fail	Fail
<b>Implications of the outcome</b>	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. Their Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, they monitor developments and assess whether the company has addressed their concerns.		
<b>Criteria on which the vote is considered "significant"</b>	Vote Bulletin	Vote Bulletin	Vote Bulletin

## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. As with the voting data, no engagement data has been included for the Scheme's previous holdings in the Artemis Global Select Strategy Fund and Partners Fund, as the Scheme disinvested from these funds in May and July 2023 respectively.



Manager	BlackRock	Hamilton Lane**	Lindsell Train	M&G	Schroders	TwentyFour	Aviva*
<b>Fund name</b>	Dynamic Diversified Growth Fund	Hamilton Lane Global Private Assets	Lindsell Train Global Equity Fund	M&G Alpha Opportunities	Sterling Liquidity Plus Fund	Strategic Income Fund	Lime Property Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	427	15	27	9	57	107	Data not provided
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	247	N/A	14	7	10	c.100	Data not provided
<b>Number of engagements undertaken at a firm level in the year</b>	Data not provided	27	40	Data not provided	6,724	330	11,784

\*Aviva have not provided data on engagements because, due to the nature of the assets, this data will not be available until June 2024.

\*\*Hamilton Lane is not a General Partner and therefore typically take a minority position alongside a high-quality general partner. As a result, they are generally not engaging directly with the underlying portfolio company. However, they will occasionally engage with the General Partner.



## Examples of engagement activity undertaken over the year to 31 December 2023

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the fund
<b>Lindsell Train</b> Global Equity Fund	<p>Lindsell Train have provided examples of engagement at a firm level, rather than engagements specific to the Global Equity Fund. In 2023, Lindsell Train engaged across a number of themes including remuneration (governance), climate change (environmental) and human and labour rights (social).</p> <p>Specific to Climate Change, Lindsell Train believes the risks associated with climate change represent the great issue of our era and the transition to a low-carbon economy will affect all businesses, irrespective of their size, sector or geographic location. Therefore, no company's revenues are immune and the assessment of such risks must be considered within any effective investment approach, particularly one like theirs that seeks to protect their clients' capital for decades to come.</p> <p>The objective of the engagement efforts is to assess the preparedness of their companies to transition to net zero. As public supporters of TCFD and SASB, Lindsell Train also encourages their portfolio companies to report in line with these, or similar (if more relevant to their business) frameworks, and also to report on positive impact goals and progress. During Q3 2023 they engaged proactively with 20 laggard companies that they had identified in August 2023 as "not aligned" with the Lindsell Train interim Net Zero targets.</p>
<b>TwentyFour</b> Strategic Income Fund	<p>TwentyFour have provided examples of engagement at a firm level, rather than engagements specific to the Strategic Income Fund. TwentyFour engaged across various topics including, but not limited to, climate change (environment), public health (social) and leadership, Chair/CEO governance).</p> <p>TwentyFour's Carbon Emissions Engagement Policy that was launched in Q1 2021 aims to target their significant holdings which perform relatively poorly in carbon emissions versus their peers and engage with them on improving their carbon emissions and producing a demonstrable plan for such improvements. This is aligned to the 'Climate Action' SDG.</p> <p>They have conducted specific engagement projects with 6 companies during 2022/23, 3 which were ongoing from 2021 and 3 new ones: Virgin Money, Heimstaden, Paragon, Santander, Together and Yorkshire Building Society. This firmwide project shows the collaboration between the different investment teams, as they particularly choose companies that are held by all or most of the strategies, as they feel as a smaller investment manager, that they have most impact with the small and medium sized companies where they have large holdings.</p> <p>The issues with each company were slightly different but all related to carbon emissions data - one of the specific themes on a number of these engagements was provision of Scope 3 carbon emissions in addition to Scope 1 and 2.</p> <p>Those companies they had previously engaged with showed good progress since their previous significant engagement and the new engagements were also useful and gave us comfort that progress was being made in various areas in relation to carbon emissions and that in all cases they were investable.</p>
<b>Schroders</b> Sterling Liquidity Plus Fund	<p>Schroders engaged with Toronto-Dominion Bank over the year. All companies have the potential to affect the environment and this engagement depicts the impacts of physical capital of a big company on the environment. There is increasing recognition of the role that businesses can and should play to respect human rights without causing harm. Businesses involved in climate-related risks could face higher operational and financial risks and could suffer damages to their reputation. Respect for this management is also an important foundation in building resilient supply chains and forging business stability.</p> <p>Schroders Sustainable Investment Team presented to the bank on their approach to voting at the AGM, including their views on shareholder resolutions relating to financing policy guidelines for sensitive sectors, Say on Climate votes, and transition planning. Their objective is to see the company develop interim milestones and science-based targets relating to the bank's Net Zero commitment.</p>



Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the fund
	<p>Schroders are seeing continual progress in the bank's target setting and measurement of financed emissions. The bank has also set out its client engagement strategy and goals, which they've been pushing for. There is still progress to be made regarding the bank's policies and absolute emissions targets but they are pleased that they have addressed some of their concerns. For these reasons, they shared that they would not be recommending they vote against a director this year.</p>
<b>Aviva</b> Lime Property Fund	<p>Aviva have provided examples of engagement at a firm level, rather than engagements specific to the Lime Property Fund.</p> <p>In 2023, Aviva expanded their flagship Climate Engagement Escalation Programme (CEEP) to cover other hard-to-abate sectors to reflect the interlocking nature of supply and demand. They began with the aviation sector, which currently accounts for around 2.5% of global carbon dioxide (CO2) emissions from fossil fuel and is behind in preparing for a net zero future.</p> <p>To catalyse the systemic change necessary for decarbonising the aviation sector, Aviva have evolved their engagement from direct to a more holistic sector/value chain approach. They conducted a holistic, 'value chain' roundtable discussion, bringing together key actors from across the aviation value chain – including airlines, engine manufacturers and biofuel producers. Recognising that the energy transition for the aviation sector will be a long/complicated road. They identified concrete areas for policy to step up efforts to enable a sector-wide, viable energy transition.</p> <p>Aviva applaud each company's openness in discussing their respective decarbonisation challenges and responsiveness to their feedback. They found that stakeholders are keen to support the roll out of SAF, however policy uncertainties around sustainable classification schemes and certification persist. Insights are also materially shaping the direction of their Macro Stewardship Team's campaign work. In 2024, they look to replicate this approach across other hard-to-abate sectors.</p>
<b>BlackRock</b>	<p>BlackRock's main engagement topics include:</p> <ul style="list-style-type: none"><li>• <b>Board Quality &amp; Effectiveness</b> - Quality leadership is essential to performance. Board composition, effectiveness, diversity and accountability remain top priorities.</li><li>• <b>Climate &amp; Natural Capital Strategy</b> - Climate action plans with targets advance the transition to a low carbon economy. Managing natural capital dependencies and impacts through sustainable business practices.</li><li>• <b>Strategy Purpose &amp; Financial Resilience</b> - A purpose driven long-term strategy, underpinned by sound capital management, supports financial resilience.</li><li>• <b>Incentives Aligned with Value Creation</b> - Appropriate incentives reward executives for delivering sustainable long-term value creation.</li><li>• <b>Company Impacts on People</b> - Sustainable business practices create enduring value for all key stakeholders.</li></ul> <p>An example is BlackRock's engagement with Shell Plc, a major integrated oil and gas company that operates through Integrated Gas, Upstream, Downstream and Corporate segments. The company was formerly based in the Netherlands and has recently moved their headquarters to the United Kingdom.</p> <p>BlackRock has engaged regularly with Shell over the last several years to discuss a range of corporate governance and sustainable business matters that they believe contribute to a company's ability to deliver durable and long-term shareholder returns. This has included conversations about climate risk and opportunities, which BlackRock believes can be a defining factor in companies' long-term prospects.</p>