

# *Implementation Statement, covering 1 January 2021 to 31 December 2021*

The Trustee of the Unipart Group Joint Venture Pension Scheme (the “Scheme”) has decided to produce a 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 year. This is provided in Section 1 below.

The Trustee understands that there is no legal requirement to produce a Statement, given there are fewer than 100 members in the Scheme. This Statement aims to comply with the “spirit” of the requirement, but the Trustee has taken a pragmatic approach given the Scheme’s size and not produced more costly / time consuming analysis that would be required to produce a “fully compliant” statement.

## **1. Introduction**

No changes were made to the voting and engagement policies in the SIP during the year. The last time these policies were formally reviewed was August 2019.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took a number of steps to review the Scheme’s existing managers and funds over the period.

## **2. Voting and engagement**

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.

During the period covered by this Statement, the Trustee reviewed information from its investment managers on their approaches to managing ESG risks and stewardship of assets, in line with statements in the Scheme’s SIP on stewardship and ESG issues. The Trustee remains comfortable with the approach taken by its managers.

Furthermore, as part of the Trustee’s wider management of ESG risks, in November 2021, the Trustee agreed to switch the Scheme’s equity portfolio to a low carbon passive global equity fund, to tilt the Scheme’s equity assets away from stocks that are more exposed to climate-change risks. This was implemented in January 2022, ie after the Scheme’s 2021 year-end.

## **3. Description of voting processes**

The majority of the Scheme’s assets are invested in pooled funds managed by Legal & General Investment Management (“LGIM”) and the Trustee has delegated to LGIM exercising of voting rights for equity investments. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the year. A minority of Scheme assets are invested in a pooled global property fund managed by CBRE Global Investors; however, this investment does not generally have voting rights.

### **LGIM’s voting process:**

Voting decisions are based on LGIM’s voting policies and undertaken by the Corporate Governance team. LGIM’s Global Principles document sets out minimum standards for governance across all companies globally. LGIM provides supplemental regional policies where markets are subject to stricter guidelines. These may be found on its website.

The priority of the voting policies is to cover key issues which are essential for the protection of companies, shareholders, and stakeholders; these include board structure and composition, remuneration and protection of shareholder rights. These policies are regularly reviewed to ensure that its engagement activities are reflected and feedback from external stakeholders is integrated. In addition, LGIM remains cognisant of the evolving regulatory and corporate landscape, best practice, and emerging issues.

LGIM acknowledges that, in giving it their mandate, its clients require LGIM to vote with their shares on their behalf. Given the scale of LGIM’s holdings, LGIM cannot be physically present at every company shareholder meeting to cast its votes. Instead, LGIM vote by proxy through the ISS voting platform ‘Proxyexchange’.

All decisions made are by LGIM's Corporate Governance Team and in accordance with its Global Principles document. Each member of the team is allocated a specific sector and/or region so that the voting is undertaken by the same individuals who engage with the company. This ensures its stewardship approach flows smoothly throughout the engagement and voting process and engagement is fully integrated into the vote decision process and that LGIM sends consistent messaging to companies.