

Implementation Statement, covering 1 January 2024 to 31 December 2024

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

The SIP was last updated in March 2023 to reflect the Scheme’s investment in the LGIM Low Carbon Transition Global Equity Index (GBP Hedged), a higher strategic allocation to LDI in light of lower leverage limits and a lower overall allocation to equities. As part of this SIP update, the employer was consulted.

No changes were made to the voting and engagement policies in the SIP during the year.

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.

Specifically, LCP assesses the Scheme’s managers and funds by reviewing their responsible investment (RI) practices, conducting qualitative assessments, and assigning scores. These scores cover the manager’s approach to ESG factors, voting, and engagement. The fund scores and assessments are based on LCP’s manager research programme, and it is these that directly affect LCP’s manager and fund recommendations. The manager scores and red flags are based on LCP’s Responsible Investment Survey 2024.

The Trustee was satisfied with the review process and no further action was taken in the Scheme Year.

In line with DWP’s guidance on stewardship, the Trustee has selected priority ESG themes to provide a focus for ongoing monitoring of the investment managers’ voting and engagement activities. The Trustee’s current priorities are climate change and human rights.

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.

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:

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with LGIM's 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 their 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 they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their 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 they receive from ISS for UK companies when making specific voting decisions.

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

LGIM retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.