

## Implementation Statement

### Pendragon Group Pension Scheme

#### How voting and engagement policies have been followed

The Scheme invests primarily in pooled funds and delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers. The Scheme has an additional holding with Pendragon Scottish Limited Liability Partnership through a segregated mandate.

The Trustee undertook a review of the stewardship and engagement activities of the current managers at a Development Day on 22 September 2020, and was satisfied that their stewardship and engagement was reasonable and aligned with their policies. No remedial action was required at that time.

The Scheme appointed Artemis Fund Managers Limited ("Artemis"), Hamilton Lane, Lindsell Train and Partners Group ("Partners") over the year, as well as investing in a new fund with the previously appointed Aviva Investors, and stewardship was considered as part of all of these manager selection exercises, alongside all other material factors. The Trustee is comfortable that the managers are suitable across all criteria considered.

## Voting Data

Manager	BlackRock					
<b>Fund name</b>	Aquila Life Currency Hedged Global Equity Index Fund	iShares Edge EM Fundamental Weighted Index Fund	iShares Emerging Market Index Fund	Aquila Life MSCI World Fund	Aquila Life Global Developed Fundamental Weighted Index Fund	Aquila Life Currency Hedged Global Developed Fundamental Weighted Index 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>	data not provided	656	2,417	1,072	632	data not provided
<b>Number of resolutions the manager was eligible to vote on over the year</b>	data not provided	6,147	22,849	15,334	9819	data not provided
<b>Percentage of resolutions the manager voted on</b>	data not provided	91.0%	97.1%	91.4%	91.6%	data not provided
<b>Percentage of resolutions the manager abstained from</b>	data not provided	4.9%	3.0%	0.6%	0.7%	data not provided
<b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>	data not provided	90.5%	91.3%	93.0%	94.2%	data not provided
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	data not provided	9.5%	8.7%	7.0%	5.8%	data not provided
<b>Percentage of resolutions voted <i>contrary</i> to the recommendation of the proxy advisor</b>	data not provided	n/a	n/a	n/a	n/a	data not provided

## Voting Data (continued)

Manager	BlackRock	Lindsell Train	Artemis	Hamilton Lane	Partners Group
<b>Fund name</b>	Dynamic Diversified Growth Fund	Global Equity Fund	Global Select Strategy	Global Private Assets Fund	The Partners 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>	984	28	68	data not provided	58
<b>Number of resolutions the manager was eligible to vote on over the year</b>	12,609	351	907	data not provided	763
<b>Percentage of resolutions the manager voted on</b>	96.8%	100%	100%	data not provided	99.0%
<b>Percentage of resolutions the manager abstained from</b>	0.9%	1.1%	1.2%	data not provided	1.1%
<b>Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on</b>	93.5%	97.7%	90.9%	data not provided	92.4%
<b>Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on</b>	5.6%	1.1%	7.9%	data not provided	6.5%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	n/a	n/a	n/a	data not provided	1.8%

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.

## Significant votes

For the first year of implementation statements, we have delegated to the investment managers to define what a “significant vote” is. Data on significant votes was requested from the Scheme’s investment managers. However, this has not been provided in a usable format from the majority of investment managers. The Trustee’s investment consultant is liaising with the managers to improve delivery of the data in the future, and we understand that the managers are working to improve their disclosures. A summary of the data they have provided is set out below.

### Lindsell Train Global Equity Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Mondelez	Unilever	PayPal
<b>Date of vote</b>	13 May 2020	10 December 2020	21 May 2020
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	9.00%	9.70%	4.90%
<b>Summary of the resolution</b>	Advisory vote on Executive compensation	Cross border merger	Advisory vote on Executive compensation
<b>How the manager voted</b>	Abstained	For	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	n/a	n/a	Yes, Lindsell Train have engaged regularly with PayPal regarding remuneration matters in past years.
<b>Rationale for the voting decision</b>	Lindsell Train did not believe that the Mondelez's compensation policy was aligned with the long term best interests of the shareholders.	In 2018 Lindsell Train engaged extensively with management and other institutions regarding a proposed modification to Unilever's corporate structure. The proposed plans were abandoned at the time. During Q2 2020 Unilever announced an about-face on the 2018 plan to move its headquarters to Rotterdam, naming London as its proposed new home. Lindsell Train support the concept of a single parent company that makes share-based acquisitions and demergers easier to undertake and also allows greater flexibility at a time when we are looking to management to use their balance sheet to capitalise on post-pandemic opportunities.	Lindsell Train opposed the use of non-GAAP figures, believe 3-year performance periods are too short; and prefer to see some form of return on capital/investment metric utilised.
<b>Outcome of the vote</b>	Approved/for	Approved/for	Approved/for
<b>Implications of the outcome</b>	n/a	n/a	Lindsell Train will continue to engage with PayPal on this matter, as they firmly

	Vote 1	Vote 2	Vote 3
			believe that 3 years is too short a period to fully appreciate the outcome of certain capital allocation decisions.
<b>Criteria on which the vote is considered "significant"</b>	Lindell Train engaged with Mondelez's compensation committee before the vote to signal their intentions to Abstain.	The vote signals the end to an engagement that has dated back to 2018 and has demonstrated the power of shareholders to protect their rights.	Lindell Train engaged with Paypal's compensation committee before the vote to signal their intentions to vote Against.

## Partners Group The Partners Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Ferrovial	Techem	USIC
<b>Date of vote</b>	16/04/2020	n/a	n/a
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	~2%	n/a	n/a
<b>Summary of the resolution</b>	Remuneration report, intending to provide shareholders information and a voice on the implementation of the remuneration policy.	Amendment of subcontractor's contracts, GDPR compliance, sustainability improvement initiative.	Establishment of a zero-tolerance safety program, launch employee retention initiative and optimization of driving routes.
<b>How the manager voted</b>	Against	Control of board	Control of board
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	n/a	n/a
<b>Rationale for the voting decision</b>	There was inadequate disclosure of performance targets linked to remuneration, no deferral of annual bonus to management and sizeable equity rewards to controlling shareholder/executive chair.	Techem completed the amendment of contracts with subcontractors in Germany, Poland and France in 2020 to ensure adherence with health and safety standards.  In terms of GDPR compliance, Techem designed a dashboard which includes the 24 most important tasks for implementation, the progress made on each and the potential risks related to them. In addition, Techem has successfully implemented the	USIC established a zero-tolerance safety program for the entire company to ensure that USIC employees are safe on the road and in the field.  Additionally, another strategic initiative launched in 2020 was increasing employee retention. Several positive changes were announced, including paid time-off for first year technicians, providing pay for employees while on call, and

	Vote 1	Vote 2	Vote 3
		<p>GDPR compliance-related tasks in 2020. Techem manages energy consumption data and billing information for over 11 million apartments across Europe.</p>	<p>covering the cost of employees' work boots.</p> <p>Further, the company launched an effort to optimize driving routes, which not only creates operational efficiency but also reduces fuel usage and emissions.</p> <p>Since 2019, USIC has reduced motor vehicle collisions per million miles from 7.4 to 5.3 year to date (YTD), which means almost 28% fewer collisions. The company also decreased its lost time incident rate from 0.68 at the end of 2019 to 0.43 YTD.</p>
<b>Outcome of the vote</b>	In favour of management	n/a	n/a
<b>Implications of the outcome</b>	<p>The % of against votes for this proposal increased from 24% in 2019 to 35% in 2020. Management already made a few improvements to the remuneration plan, but these were insufficient. Partners will continue to vote against this proposal until they believe there is a reasonable remuneration policy in place.</p>	<p>As part of its commitment to promote and improve sustainability, Techem initiated a new program across the company led by a newly hired sustainability communication professional. As for the initiative to improve sustainability, the initial focus was to engage with key stakeholders within and outside the organization with the goal of defining priority topics. These topics will form the basis of Techem's sustainability management program, which the company will start to report on from 2021.</p>	No data provided.
<b>Criteria on which the vote is considered "significant"</b>	Size of holding in the fund	Size of holding in the fund	Size of holding in the fund

## Fund level engagement

Manager	BlackRock					
Fund name	Aquila Life Currency Hedged Global Equity Index Fund	iShares Edge EM Fundamental Weighted Index Fund	iShares Emerging Market Index Fund	Aquila Life MSCI World Fund	Aquila Life Global Developed Fundamental Weighted Index Fund	Aquila Life Currency Hedged Global Developed Fundamental Weighted Index Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	data not provided	Yes	Yes	Yes	Yes	data not provided
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	data not provided	Yes	Yes	Yes	Yes	data not provided
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	data not provided	221	397	1,530	1,353	data not provided

## Fund level engagement (continued)

Manager	BlackRock	Lindsell Train	Artemis	M&G
<b>Fund name</b>	Dynamic Diversified Growth Fund	Global Equity Fund	Global Select Strategy	Alpha Opportunities Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	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
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	897	7	221	6
<b>Number of engagements undertaken at a firm level in the year</b>	data not provided	13	1,228	data not provided

## Fund level engagement (continued)

Manager	TwentyFour	Aviva	Hamilton Lane*	Partners
<b>Fund name</b>	Strategic Income Fund	Lime Property Fund	Global Private Assets Fund	The Partners Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	n/a	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	n/a	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	21	n/a	n/a	data not provided
<b>Number of engagements undertaken at a firm level in the year</b>	182	4,401	n/a	data not provided

\*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.

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the fund
<p><b>Lindsell Train</b> Global Equity Fund</p>	<p>In 2019, Lindsell Train engaged with Prada. The work included looking at Prada’s handling of certain ESG themes and issues, both in isolation and in comparison to its peers. Such factors are increasingly relevant to the survival and success of a fashion company and are therefore a critical part of the initial and ongoing investment case. During the initial assessment of the company there were multiple examples of positive initiatives and behaviours within Prada. During 2020, the engagement centred on ensuring that they stay ahead of the curve, whilst always offering the highest quality products. Increased connectivity, via a more digitally engaged customer base, offers an opportunity for fashion houses to communicate with their customers, but it also brings with it transparency on a newfound scale. This leads to an increasingly informed shopper with a growing interest in environmental and social issues, including but not limited to: slave labour in supply chains, animal cruelty, water use, climate change and plastic pollution.</p> <p>During their engagement, management drew attention to the acceleration in demand for ‘green’ products and the positive positioning of Prada’s ‘Re-Nylon’ project, in which 30% of its iconic nylon handbag collection is now made from fully recycled plastic taken from the ocean. Over time, Prada expects that its entire collection will be made from recycled nylon – there has already been a very positive consumer response to these products, with several models selling out. Additionally, the company has responded to calls for increased attention to animal cruelty: in May 2019 Prada pledged that it will stop using fur in its designs or products from spring/summer 2020.</p> <p>This increased focus on environmental and social factors is a demonstration of how Prada is working to ensure its durability. Lindsell Train plan to continue to monitor the sustainability practices of all the companies in which they invest. They have not felt it necessary to vote against any environmental resolutions, nor to sell any stocks on environmental grounds. Prada’s impressive handling of certain ESG themes and issues contributed to their decision to purchase the stock.</p>
<p><b>TwentyFour</b> Strategic Income Fund</p>	<p>In 2020, TwentyFour engaged with Royal Friesland. This work involved investigating Human and labour rights (eg supply chain rights, community relations). The company is the 5th largest dairy product manufacturer globally, operating in over 100 countries. It came to attention after a story about suspected child labour in the company’s supply chain (at farms in a town in Nigeria that supply the company with milk) was unearthed. TwentyFour wanted to verify the details before deciding on investment. This engagement was aligned to a number of SDGs, including No Poverty, Zero Hunger and Reduced Inequalities.</p> <p>They sought further information from the company; whether they were investigating the claim, what procedures they had in place to prevent this happening and what steps they would take to ensure it didn’t happen again if found to be true. They received a very thorough, detailed and prompt response from the company showing they were taking the allegations very seriously and they had partnered with an NGO to investigate and the NGO found these allegations to be false. Nevertheless, the NGO made suggestions on improvement which Royal Friesland are reviewing. TwentyFour will continue to monitor the company and maintain regular correspondence with the management.</p>
<p><b>Artemis</b> Global Select Strategy</p>	<p>In 2019, Artemis engaged with Barclays to better manage the risks and opportunities associated with climate change. Artemis were keen to ensure that they engaged at a strategic level rather than just focus on the AGM vote alone.</p> <p>They participated in a collaborative engagement co-ordinated by the Investor Forum ahead of the 2020 AGM at Barclays plc. in light of the shareholder resolution proposed by ShareAction. They supported engagement alongside 21 other members asking Barclays to improve disclosure, and set out their approach to managing the risks and opportunities associated with climate change. Barclays has now significantly increased its stated ambition in particular on strategy and targets, relating to lending and financing for the energy sector and supporting “green” initiatives. An indication of the direction of travel has been provided in their ESG report published in April 2020.</p> <p>Artemis has continued to engage with the company following the AGM vote in May and have met Sasha Wiggins (virtually), who is a new appointment to the Executive Committee. Sasha is tasked with leading Barclays’ efforts in tackling climate change, and for integrating our ambition and commitments to help</p>

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accelerate the transition to a low-carbon economy into the business – driving the evolution and operational implementation of the Group's extensive new Climate Policy.

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In 2020, M&G engaged with BP following the company's net zero strategy announcement back in February. M&G wanted clarity that its reported ambitions to become an integrated, sustainable energy company were viable, and that its overall strategy was in line with their investment expectations. As part of an ongoing Climate Action 100+ engagement, M&G and other members of the collaborative engagement group met BP's chief executive and members of his management team, to gain further understanding on the three core elements of BP's strategic plan.

**M&G**  
Alpha Opportunities

BP described the strategy as significantly informed and improved by engagement with investors, notably CA100+. It also noted the CA100+ group's public statement of support after the net zero announcement (the AGM statement co-signed by M&G), was much appreciated in getting support for its ambition, but holding them to add further detail; it also said the subsequent letter from the CA100+ group informed this latest strategy update. M&G are supportive of the BP's ambitious plans, although realise they are not without difficulties from both a climate and financial perspective. They will continue to engage actively in pushing for further clarity and progress around the company's long-term decarbonisation strategy.