

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 2021:

- 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 2021 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 September 2020 to comply with regulations that came into force on 1 October 2020. The SIP has been made available online here:

<https://www.pendragonplc.com/investors/corporate-responsibility/>

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 their Development Day on 22 September 2020 meeting and were satisfied that their policies were reasonable and no remedial action was required at that time.
- Annually the Trustee receives an ESG monitoring report on the Scheme's investment managers (which includes data on voting and engagement) from their investment advisors. This was discussed at their Development Day on 7 October 2021.
- 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
March 2022**

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 2021**.

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	Dynamic Diversified Growth Fund
Structure	Pooled					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.					
Number of company meetings the manager was eligible to vote at over the year	3,037	718	2,501	973	595	965
Number of resolutions the manager was eligible to vote on over the year	36,686	6,989	22,106	13,094	8,666	12,082
Percentage of resolutions the manager voted on	99%	100%	100%	99%	100%	100%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	1%	6%	3%	0%	0%	1%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	92%	90%	89%	91%	92%	93%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	7%	9%	10%	8%	7%	6%

Proxy voting advisor employed

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.

Percentage of resolutions voted contrary to the recommendation of the proxy advisor

0% 0% 1% 0% 0% 0%

Manager	Artemis	Lindsell Train	Partners Group	Hamilton Lane
Fund name	Global Select Fund	Global Equity Fund	The Partners Fund	Global Private Assets Fund
Structure	Pooled			
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.			
Number of company meetings the manager was eligible to vote at over the year	65	23	63	data not provided
Number of resolutions the manager was eligible to vote on over the year	898	365	811	data not provided
Percentage of resolutions the manager voted on	100%	100%	92%	data not provided
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	1%	1%	4%	data not provided
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	90%	98%	91%	data not provided
Percentage of resolutions voted	9%	1%	5%	data not provided

**against management,
as a percentage of the
total number of
resolutions voted on**

Proxy voting advisor employed	Artemis has their own proxy voting policy. Artemis uses ISS to facilitate the implementation of this policy but their recommendations do not make up part of Artemis' decision making process.	Lindsell Train has appointed Glass Lewis to aid the administration of proxy voting and provide additional support in this area. The portfolio managers maintain final decision-making responsibility, which is based on their detailed knowledge of invested companies.	Partners Group uses Glass Lewis but has their own proxy voting policy.	data not provided
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	Not applicable. Artemis do not take ISS's policy into consideration, whilst Artemis values their research. Artemis' fund managers make the final decision on how to vote.	n/a	2%	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, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”.

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. Artemis did not consider there to be any significant votes over the reporting period according to their criteria, which requires a significant vote to be a vote against management whereby Artemis held at least 1% of the voteable shares. Hamilton Lane have not provided any significant votes, as most of their investments are in limited partnerships that do not hold annual shareholder meetings.

For the Partners Fund, Partners Group control the board of many of the companies in which they invest. The examples provided by Partners Group are therefore examples of ESG efforts from the portfolio company over which Partners Group have control, rather than examples of significant votes.

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

Lindsell Train Global Equity Fund

	Vote 1	Vote 2	Vote 3
Company name	Intuit	Disney	Mondelez
Date of vote	21 January 2021	09 March 2021	19 May 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.60%	4.80%	6.96%
Summary of the resolution	Advisory vote on Executive compensation		
How the manager voted	Against	Against	Abstained
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	N/A

Rationale for the voting decision

Lindsell Train believes that Intuit's compensation structures can be improved to foster greater shareholder alignment.

Lindsell Train believes that Disney's compensation structures can be improved to foster greater shareholder alignment. More specifically, they would like to see a reduction in equity overhang. Another point of concern is the short performance period for the LTIP award.

Lindsell Train does not believe that the company's compensation policy is aligned with the long-term best interests of the shareholders. Prior to 2020, Lindsell Train has voted against Mondelez compensation resolutions. Over the recent years, Mondelez Management have made significant efforts to explain the rationale for their policies to Lindsell Train. The manager intends to support Mondelez

	Vote 1	Vote 2	Vote 3
			management in the event that Mondelez do amend their policy to align more closely with the manager's views.
Outcome of the vote	Approved/For	Approved/For	Approved/For
Implications of the outcome	Lindsell Train will continue to engage with Intuit on this matter.	Lindsell Train will continue to engage with Disney on this matter.	N/A
Criteria on which the vote is considered "significant"	Lindsell Train engaged with Intuit's compensation committee before the vote to signal their intentions to vote Against.	Lindsell Train engaged with Disney's compensation committee before the vote to signal their intentions to vote Against.	Lindsell Train engaged with Mondelez's compensation committee before the vote to signal their intention to Abstain.

Partners Group The Partners Fund

	Vote 1	Vote 2	Vote 3
Company name	VSB Renewables Platform	Hearthside Food Solutions	Foncia
Date of vote	n/a	n/a	n/a
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Sustainability initiative establishment and employee well-being promotion.	Implementation of new ESG governance structure and diversity and inclusion program.	Environmental and social improvements and commitments
How the manager voted	Control of board	Control of board	Control of board
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	n/a	n/a
Rationale for the voting decision	VSB initiated the "VSB Goes Green Initiative", which includes several ESG projects aimed at deepening the alignment of business units and employees with the climate friendly nature of the company. One of the initiatives include assessing Scope 1 and Scope 2 emissions with the support of an external advisor. VSB aims to reduce its carbon footprint. The company has also initiated a comprehensive health and	Hearthside hired a new operating director who will be responsible for increasing oversight on ESG topics regarding supply chain. Around 55% of Hearthside's facilities have a "World Class" safety rating, according to the Occupational Safety and Health Administration (OSHA) while all the facilities have an OSHA better than industry average incident rating. Safety trend has	Foncia made significant efforts to reduce the environmental impact of its residential properties, notably through energy refurbishment. The company is training more than 80% of its joint-property managers on energy efficiency topics before the end of the year, and re-trainings will be provided going forward. Foncia also has a plan to reduce its own emissions. Around 10%

	Vote 1	Vote 2	Vote 3
	safety review to promote the well-being of its employees.	improved every year for the last five years. Hearthside has several ongoing ESG initiatives but doesn't have a centralized ESG program. To address this, Partners Group implemented a new ESG governance structure in 2021, including a new operational contact. Additionally, the chief HR officer is building out a diversity and inclusion program, beginning with a framework and engagement survey in August 2021.	of the company's Scope 1 and 2 emissions are caused by its vehicle fleet. By switching to hybrid or electric vehicles, the footprint could be reduced from 112 to 60 CO2 grams/km. By the end of 2021, approximately 1,000 hybrid and electric vehicles will be ordered, which will gradually replace its current fleet in 2022.
Outcome of the vote	n/a	n/a	n/a
Implications of the outcome	VSB completed a detailed assessment of its IT and cyber security setup across offices with an external consultant. VSB will make the necessary improvements based on the outcome of this engagement.	In 2022, Hearthside will work on assessing its carbon footprint and potential measures to reduce it.	Foncia made a commitment to improve the diversity of its employee base. The core operations of the company scores 83 points in the French "Index d'égalité professionnelle entre les femmes et les hommes" (gender professional equality index), which is 8 points above the minimum required by the French government. The company is targeting a score of 90 within the next three years.
Criteria on which the vote is considered "significant"	Size of holding in fund	Size of holding in fund	Size of holding in fund

BlackRock Aquila Life Global Developed Fundamental Weighted Index Fund and Aquila Life MSCI World Fund*

	Vote 1	Vote 2	Vote 3
Company name	BP Plc	Danske Bank A/S	Canadian National Railway Company
Date of vote	12 May 2021	16 March 2021	27 April 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Shareholder resolution on climate change targets	Elect Topi Manner as Director	Institute a new safety-centred bonus system

	Vote 1	Vote 2	Vote 3
How the manager voted	For	Abstain	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	n/a	Data not provided
Rationale for the voting decision	BlackRock recognised the company's efforts to date but believes that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.	The nominee serves on an excessive number of public company boards, which BlackRock believes raises substantial concerns about the director's ability to exercise sufficient oversight on this board.	BlackRock believed executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	Data not provided	Data not provided	Data not provided
Criteria on which the vote is considered "significant"	Data not provided	Data not provided	Data not provided

*The same data for significant votes has been provided by BlackRock for Aquila Life Global Developed Fundamental Weighted Index Fund and Aquila Life MSCI World Fund.

BlackRock Aquila Life Currency Hedged Global Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Danske Bank A/S	Charter Communications, Inc	Chevron Corporation
Date of vote	16 March 2021	27 April 2021	26 May 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Guidelines for Incentive-Based Compensation for Executive Management and Board	Requirement for Independent Board Chair	Report on Impacts of Net Zero 2050 Scenario
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Data not provided	Data not provided	Data not provided
Rationale for the voting decision	BlackRock saw the remuneration arrangements as	The Company has a designated lead director who fulfils the	The Company already provides sufficient disclosure and/or

	Vote 1	Vote 2	Vote 3
	poorly structured. The disclosure does not provide sufficient understanding of the company's remuneration policies and the link between performance-based pay and company performance.	requirements appropriate to such role.	reporting regarding this issue or is already enhancing its relevant disclosures.
Outcome of the vote	Pass	Fail	Fail
Implications of the outcome	Data not provided	Data not provided	Data not provided
Criteria on which the vote is considered "significant"	Data not provided	Data not provided	Data not provided

BlackRock iShares Edge EM Fundamental Weighted Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Huadian Power International Corporation Limited	JBS SA	Vale SA
Date of vote	30 June 2021	28 April 2021	30 April 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Equity Acquisition Agreements and Related Transactions	Elect Wesley Mendonca Batista Filho as Director	Elect Roberto da Cunha Castello Branco as Board Chairman Appointed by Shareholders
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Data not provided	Data not provided	Data not provided
Rationale for the voting decision	BlackRock did not see the operation as in the interest of shareholders. The acquisition was propose by the controlling shareholder/management, and BlackRock considered it to be the best interest of shareholders to not support the proposal.	BlackRock voted against audit committee member because of substantial accounting irregularities for which the manager believes the audit committee bears some responsibility.	BlackRock voted against the resolution as they felt it was not in the Shareholders' best interests.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	Data not provided	Data not provided	Data not provided

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant"	Vote Bulletin	Vote Bulletin	Vote Bulletin

BlackRock iShares Emerging Market Index Fund			
	Vote 1	Vote 2	Vote 3
Company name	Top Glove Corporation Bhd	China Shenhua Energy Company Limited	Vedanta Limited
Date of vote	06 January 2021	25 June 2021	10 August 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Approval of Lim Han Boon to Continue Office as Independent Non-Executive Director	Elect Yang Rongming as Director	Re-election of individuals (Anil Kumar Agarwalas and Upendra Kumar Sinha) as Director
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Data not provided	n/a	Data not provided
Rationale for the voting decision	BlackRock chose to vote against management because the manager believed the Board has provided inadequate oversight over labour-related, and worker health and safety issues.	The Company needs to take climate voting action but no incumbent director was up for re-election at the AGM.	The Company does not meet BlackRock's governance expectations, and the manager believed the board would be more effective with a strong Lead Independent Director who has appropriate responsibilities and oversight.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	Data not provided	Data not provided	Data not provided
Criteria on which the vote is considered "significant"	Data not provided	Data not provided	Data not provided

BlackRock Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Berkshire Hathaway Inc.	Rio Tinto Limited	Chevron Corporation
Date of vote	01 May 2021	06 May 2021	26 May 2021

	Vote 1	Vote 2	Vote 3
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Elect Director Thomas S. Murphy	Remuneration Report for UK and Australian Law Purposes	Efforts to reduce Scope 3 Emissions
How the manager voted	Withhold	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	Data not provided	n/a
Rationale for the voting decision	<p>BlackRock believed the Company does not meet their expectations for oversight of climate-related risks. This includes having adequate climate risk disclosures against all 4 pillars of TCFD, having adequate reporting on scope 1 & 2 emissions, having adequate Scope 3 metrics and targets, and having adequate sustainability disclosures using SASB-aligned reporting.</p>	<p>BlackRock did not approve the Remuneration Report as remuneration committee discretion has been used poorly and termination payment shave the potential to be excessive.</p>	<p>BlackRock believed it is in the best interests of shareholders to have access to greater disclosure on this issue.</p>
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	Data not provided	Data not provided	Data not provided
Criteria on which the vote is considered "significant"	Data not provided	Data not provided	Data not provided

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. 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.

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	BIJF Dynamic Diversified Growth Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	3,177	263	455	1,735	1,450	749
Number of entities engaged on behalf of the holdings in this fund in the year	1,935	155	296	915	711	410
Number of engagements undertaken at a firm level in the year	Data not provided					

Manager	Artemis	Aviva*	Hamilton Lane**	Lindsell Train	M&G	Partners Group***	Schroders	TwentyFour
Fund name	Global Select Strategy	Lime Property Fund	Global Private Assets Fund	Global Equity Fund	Alpha Opportunities Fund	The Partners Fund	Sterling Liquidity Plus Fund	Strategic Income Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	n/a	Yes	Yes	n/a	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	n/a	Yes	Yes	n/a	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	145	data not provided	n/a	27	35	data not provided	>20	235
Number of entities engaged on behalf of the holdings in this fund in the year	26	data not provided	n/a	18	31	data not provided	>10	128
Number of engagements undertaken at a firm level in the year	2,279	2,959	n/a	52	data not provided	data not provided	1,654 entities engaged with	550

*Aviva have not provided data on engagements as they directly own the assets in the Fund, and therefore traditional engagements do not apply.

**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.

*** Partners do not provide data on engagements due to the fact that this focuses on listed investments, which are not the focus of the Partners Fund of which the majority of assets are private market investments

Examples of engagement activity undertaken over the year to 31 December 2021

Manager and Fund	Engagement themes and examples of engagements undertaken with holdings in the fund
Artemis Global Select Strategy	<p>In 2021, the Global Select team met with Sony's European Head of Investor Relations to better address risks and opportunities associated with human capital management.</p> <p>During the meeting, Artemis discussed how Sony manages and measures employee wellbeing and cultural risk within Sony's game development division. Cultural risk in game development studios has been highlighted by recent events at a large US game development company. Artemis recommended that Sony should consider sharing game development employee survey data more publicly, as other video game developers have taken steps to do, in order to increase transparency and accountability around employee wellbeing. Artemis does note however, that Sony's game development division has a strong reputation for employee satisfaction as evidenced by third party sources. The engagement made the Head of Investor Relations aware of concerns regarding employee wellbeing.</p>
Lindsell Train Global Equity Fund	<p>In 2021, Lindsell Train engaged with Heineken and Diageo on natural resource use and impact, more specifically, on energy and water efficiency. This relates to SDGs 6, 7, 11, 12, 13 and 14. During the year Lindsell Train's investment team hosted two calls with Diageo management (CEO/CFO) and one with Heineken management (CEO/CFO). This engagement has not yet influenced their voting actions.</p> <p>At Heineken environmental targets are now integrated into their operating framework, further propelling the environmental ambitions within their ESG strategy. However, there are of course headwinds and hurdles to contend with, and Lindsell Train were keen to better understand these challenges. Diageo are similarly actively pursuing ambitious sustainability goals to improve the efficiency of their overall business and integrating ESG metrics ever more strongly into business performance and long-term share rewards.</p> <p>Water stewardship is also a longstanding strategic priority for Diageo and Heineken. As of 2021, Heineken has already replenished 6bn litres of water and fully water balanced 12 of the 30 sites, without having compromised productivity. This is a small amount of Heineken's total water use, but Lindsell Train is pleased to see attention and resources being prioritised on the most water-stressed sites, within a larger programme of water efficiency improvements. Diageo commenced its Water Stewardship agenda in 2007. So far, between 2007 and 2020 Diageo has achieved 46% water use efficiency improvement (i.e., reducing the amount of water it takes to produce the end beverage) and is targeting a further 40% improvement in water stressed areas specifically, and 30% globally, by 2030.</p>
Partners Group The Partners Fund	<p>In 2021, through control of the Board, Partners Group engaged with Eyecare Partners on the company's ESG strategy. The strategy focuses on three areas: caring for employees, the patients and the community, as well as the environment.</p> <p>The company is making significant progress in the first pillar. The company created a career institute to support employee training and certification, in line with its goal to become a better employer and to increase retention of hard-to-fill roles. The program involves contracting with educational institutions to provide training and certifications and supporting staff with tuition payment and reimbursement programs. EyeCare Partners enhanced its employee benefits plan and developed a mobile application to promote employee engagement and recognition. The mobile app will be rolled out in 2022.</p>
TwentyFour Strategic Income Fund	<p>TwentyFour have provided examples of engagement at a firm level, rather than engagements specific to the Strategic Income Fund.</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>Their first engagement in line with our new Carbon Emissions Engagement Policy was Virgin Money, with whom they engaged on a range of environmental issues. As a large holder of Virgin Money bonds across all</p>

Manager and Fund

Engagement themes and examples of engagements undertaken with holdings in the fund

three of TwentyFour's business lines, they felt that this was a good company to engage with as they knew them well and were significant holders, therefore giving them a strong voice as an investor to make a difference. TwentyFour feel that at their size of AUM, this is a more powerful strategy than engaging with very large cap issuers where their size of holding is less meaningful.

TwentyFour emailed the Group Treasurer at Virgin Money and then also had subsequent correspondence with the investor relations team, with whom they already have a good relationship. They responded by email and there was no need to escalate as they received very positive responses.

Schroders Sterling Liquidity Plus Fund

In 2021, Schroders engaged with Barclays regarding the firm's climate strategy and policies. The active ownership team had a discussion with Chairman and Head of Public Policy & Corporate Responsibility about Barclays' fossil fuel policy, in particular the bank's approach to coal and tar sands. They also discussed the implications of the upcoming Market Forces resolution for Barclays' climate strategy, and the requests of the ShareAction letter that the bank received that day.

Schroders expressed concerns that the detail of the Market Forces resolution of "phasing out" the provision of financial services to fossil fuel projects did not distinguish adequately between fossil fuel companies that have embark on transition programmes (and therefore should be supported on that journey) and companies that have not. This "phasing out" provision of financial services to fossil fuel projects could hinder its climate transition plans.

As a result, Schroders voted against the resolution that referenced "fossil fuel phase out" and are continuing its engagement with Barclays. Schroders also note that ESG considerations such as engagements will have less of an impact on investment decisions than other types of Fixed Income strategies.

Aviva Lime Property Fund

As the Lime Property Fund directly owns the assets in which it invests, traditional engagement does not apply to this Fund. Aviva have therefore provided an example of how they, as owners of the assets, improve the ESG credentials of their portfolio through development, transaction and ongoing management.

In Q1 2021, the Fund saw the completion of an extension of Premier Inn Port Solent in Portsmouth. The works included a five-storey extension of the south wing of the hotel, providing an additional 48 bedrooms and over 60 more car parking spaces. This extension was financed by the Fund in exchange for extending the lease to 25 years, enabling Aviva to secure a more stable lease and create profitability within the Fund. Additionally, the sustainability credentials of the development has placed both the Fund and Aviva Investors in a strong position for achieving the goal of net zero emissions by 2040.

Under the planning conditions of the development, it is required to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) "Excellent" rating by June 2021. This rating is awarded to buildings that perform at the highest environmental standards throughout its lifecycle.

The asset is well positioned to achieve this due to measures implemented to minimise its environmental impact and support positive well-being of occupants. These include:

- Measures to optimise energy efficiency such as the installation of energy efficient equipment and lighting, use of lighting timers and onsite renewables. A building management system has also been installed to monitor the performance of the equipment and controls in order to optimise its performance.
- Measures to optimise water efficiency including installation of leak detection systems to minimise water waste and water meters to monitor and track consumption.
- Provision of minimum five additional cycle storage spaces alongside staff changing facilities and showers to encourage the use of more sustainable transport options whilst promoting healthier lifestyles.
- Measures to promote and protect biodiversity including tree and shrub planting.

Manager and Fund

Engagement themes and examples of engagements undertaken with holdings in the fund

BlackRock

BlackRock's main engagement topics include:

- **Board Quality & Effectiveness** - Quality leadership is essential to performance. Board composition, effectiveness, diversity and accountability remain top priorities
- **Climate & Natural Capital Strategy** - Climate action plans with targets advance the transition to a low carbon economy. Managing natural capital dependencies and impacts through sustainable business practices
- **Strategy Purpose & Financial Resilience** - A purpose driven long-term strategy, underpinned by sound capital management, supports financial resilience
- **Incentives Aligned with Value Creation** - Appropriate incentives reward executives for delivering sustainable long-term value creation
- **Human Capital** - Sustainable business practices create enduring value for all key stakeholders