

# **Marshall Motor Holdings Defined Contribution Pension Scheme**

## **Implementation Statement for the year ended 05 April 2022**

### **Introduction**

This implementation statement has been prepared by the Trustees of the Marshall Motor Holdings Defined Contribution Pension Scheme (the "Scheme"). The Scheme provides benefits on a defined contribution (DC) basis only.

The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (the SIP) have been followed during the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustees over the same period.

The Trustees' policies contained in the SIP have been developed in consultation with their investment consultant.

### **Trustee's overall assessment**

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ended 5 April 2022.

### **Review of the SIP**

The Trustees policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

The SIP was reviewed during the Scheme year to include the changes to the investment arrangements, which were agreed during the previous year.

### **Policy in relation to the kinds of investments to be held**

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Scheme invests in pooled funds to manage costs, diversify investments and improve liquidity.

The Trustees consider all of the types of assets used to be suitable to the circumstances of the Scheme.

## **Investment strategy and objectives**

### **Investment strategy**

The Scheme provides members with a range of options:

- there are four lifestyle strategies
- there is a range of 'self-select' fund options, including some Scheme-specific blended funds

The Trustees have selected one of the lifestyle options to be the default. Whilst the Trustees believe the chosen default option is a reasonable choice for a lot of the membership, ultimately each member should take into account their own personal circumstances when determining whether the default option or an alternative strategy would best meet their needs.

The objective of the default option is to provide a balanced investment strategy for members who do not make an active investment choice. The strategy aims to deliver a good level of return (net of fees) over the course of a member's working lifetime, while reducing the risk of them having income provision in retirement significantly below what may reasonably be expected. It gradually reduces risk in the final years before retirement, switching into a range of funds that is aimed to be broadly appropriate for a member who plans to take advantage of the pensions freedoms or has not decided what to do with their pension at retirement.

The objective of the alternative investment options available is to allow members to reflect their specific intentions at retirement. In the early years, the investment approach is the same as that for the default. In the run up to retirement, the investments are switched into appropriate combinations depending on the alternative lifestyle selected. There are three alternatives – one aimed at members who wish to take their pot entirely as a cash lump sum; one for those who wish to take a tax-free cash lump sum and buy an annuity; and one for those who wish to take a drawdown approach.

The range should assist members in achieving the following:

- a good level of growth over their period in the Scheme, to ensure a reasonable standard of living in retirement;
- protecting the value of benefits in the years approaching retirement against market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and
- tailoring their investments to meet their needs.

In considering these factors, the Trustees believe they have complied with the SIP regarding investment strategy considerations.

### **Policy in relation to the balance between various kinds of investments and the realisation of investments**

The investment managers maintain a diversified portfolio of securities within each of the funds offered to members under the Scheme (both within the lifestyles and self-select options). In addition, the design of the default strategy provides further diversification through the use of multiple funds throughout a member's working lifetime.

### **Policy in relation to the expected return on investments**

The default option is expected to provide an appropriate return on members' investments, based on the Trustees' understanding of the Scheme's membership and having taken into account the risk considerations set out in the SIP. The Trustees have also considered the return expectations of each of the alternative fund options offered.

## **Risk capacity and risk appetite**

### **Policy in relation to risks**

The Trustees have considered risk from a number of perspectives. These are the risks that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated tax free cash, or other cash lump sum benefit,
- the default option is not suitable for members who invest in it, and
- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

The investment strategy for the default option has been chosen with the aim of reducing these risks. The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves.

To help address these risks, the Trustees also review the default option used and the fund range offered at least every three years, taking into account changes to the membership profile, developments within DC markets (including both product development and trends in member behaviour) and changes to legislation.

## **Stewardship in relation to the Scheme assets**

### **Policies in relation to investment manager arrangements**

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

There have been no changes to the benchmark/objectives of the funds in which the Scheme invests over the year.

The Trustees, in conjunction with their investment consultant, are introducing a process to obtain and review the investment holding turnover costs incurred on the pooled funds used by the Scheme on an annual basis.

In addition, the Trustees receive information on any trading costs incurred as part of asset transfer work as and when these occur. Such an exercise would only be undertaken if the expected benefits outweigh the expected costs.

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the investment managers on behalf of the Trustees, including performance reviews and manager oversight meetings.

### **Investment manager monitoring and changes**

During the year the Trustees received four reports from the investment consultant examining the performance of the pooled funds used.

There have been no changes to the Scheme's existing investment manager arrangements. However, during the year the Trustees agreed to changes which are currently being implemented.

### **Stewardship of investments**

The Trustees have a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through the investment managers.

The Trustees expect their investment managers, where appropriate, to have taken account of financially material considerations, including environmental, social and governance (ESG) factors as part of their investment analysis and decision-making process.

Non-financial matters may be taken into account if the Trustees have good reason to think that the members would share the concern; and that the decision does not involve a risk of significant detriment to members' financial interests.

### **Stewardship - monitoring and engagement**

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

Since all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer to peer engagement in investee companies.

### **Investment manager engagement policies**

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

The latest available information provided by [the investment managers Standard Life](#) (for mandates that contain public equities) is as follows:

| Engagement |                            |   |  |
|------------|----------------------------|---|--|
|            | SL iShares UK Equity Index | SL iShares Emerging Markets Equity Index Pension Fund | SL HSBC Islamic Global Equity Index Pension Fund |

## Implementation Statement for the year ended 5 April 2022

| Period   | 01/04/2021 – 31/03/2022  | 01/04/2021 – 31/03/2022 | 01/04/2021 – 31/03/2022 |
|--|--|-------------------------|-------------------------|
| Engagement definition                          | Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement. |                         |                         |
| Number of companies engaged with over the year | 2,908  | 470                     | 2500+ securities        |
| Number of engagements over the year            | 1,829  | 301                     | Over 4500               |

|  | <b>SL Stewart Investors<br/>Global Emerging Markets<br/>Leaders Pension Fund</b>   | <b>SL Vanguard FTSE<br/>Developed World ex UK<br/>Pension Fund</b> | <b>SL Vanguard ESG<br/>Developed World<br/>All Cap Equity<br/>Index Pension Fund</b> |
|--|--|--|--|
| Period   | 01/04/2021 – 31/03/2022  | 01/04/2021 – 31/03/2022  | 01/04/2021 – 31/03/2022  |
| Engagement definition                          | Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement. |  |  |
| Number of companies engaged with over the year | N/A  | N/A  | N/A  |
| Number of engagements over the year            | N/A  | N/A  | N/A  |

\*N/A indicates the engagement data wasn't available

## Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The Trustees do not carry out a detailed review of the votes cast by or on

behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by ~~the investment managers~~ Standard Life (for mandates that contain public equities) is as follows:

| Voting behaviour                                   |                            |   |  |
|--|----------------------------|---|--|
|  | SL iShares UK Equity Index | SL iShares Emerging Markets Equity Index Pension Fund | SL HSBC Islamic Global Equity Index Pension Fund |
| Period   | 01/07/2021 – 30/06/2022    | 01/07/2021 – 30/06/2022                               | 01/04/2021 – 31/03/2022                          |
| Number of meetings eligible to vote at             | 1,159                      | 2,717   | 109  |
| Number of resolutions eligible to vote on          | 15,362                     | 23,848  | 1,642  |
| Proportion of votes cast                           | 96%                        | 98%   | 94.5%  |
| Proportion of votes for management                 | 94%                        | 88%   | 88.5%  |
| Proportion of votes against management             | 5%                         | 11%   | 11.5%  |
| Proportion of resolutions abstained from voting on | 1%                         | 3%  | 0.2%   |

| Voting behaviour                                   |   |   |   |
|--|---|---|---|
|  | SL Stewart Investors Global Emerging Markets Leaders Pension Fund | SL Vanguard FTSE Developed World ex UK Pension Fund | SL Vanguard ESG Developed World All Cap Equity Index Pension Fund |
| Period   | 01/04/2021 – 31/03/2022   | 01/04/2021 – 31/03/2022                             | 01/04/2021 – 31/03/2022   |
| Number of meetings eligible to vote at             | 74  | 2,197   | 4,679   |
| Number of resolutions eligible to vote on          | 786   | 27,060  | 52,637  |
| Proportion of votes cast                           | 100%  | 99%   | 99%   |
| Proportion of votes for management                 | 94.1%   | 96%   | 95%   |
| Proportion of votes against management             | 1.9%  | 3%  | 4%  |
| Proportion of resolutions abstained from voting on | 3.9%  | 0%  | 0%  |

Implementation Statement for the year ended 5 April 2022

During the period under review the Trustees have exercised their rights in relation to its holdings.

**Trustee engagement**

The Trustees have considered their investment manager's engagement policies including their policies in relation to financially material considerations.

## Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

| <b>Investment manager</b>       | <b>Engagement Policy (or suitable alternative)</b>  |
|---------------------------------|---|
| Aberdeen Standard Investments   | <a href="https://www.aberdeenstandard.com/en/responsible-investing">https://www.aberdeenstandard.com/en/responsible-investing</a>   |
| BlackRock Investment Management | <a href="https://www.blackrock.com/corporate/about-us/investment-stewardship">https://www.blackrock.com/corporate/about-us/investment-stewardship</a>   |
| Friends Life                    | <a href="https://www.avivainvestors.com/en-gb/about/responsible-investment/">https://www.avivainvestors.com/en-gb/about/responsible-investment/</a>   |
| HSBC                            | <a href="https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/resource-documents/engagement-policy-en.pdf">https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/resource-documents/engagement-policy-en.pdf</a>   |
| Newton Investment Management    | <a href="https://www.newtonim.com/uk-institutional/special-document/responsible-investment-policies-and-principles/">https://www.newtonim.com/uk-institutional/special-document/responsible-investment-policies-and-principles/</a>   |
| Stewart Investors               | <a href="https://www.stewartinvestors.com/content/dam/stewartinvestors/global-assets/company-policies/si-corporate-engagement-policy-sep-2020-final.pdf">https://www.stewartinvestors.com/content/dam/stewartinvestors/global-assets/company-policies/si-corporate-engagement-policy-sep-2020-final.pdf</a> |
| Vanguard                        | <a href="https://www.ie.vanguard/content/dam/intl/europe/documents/ucits/Vanguard-Engagement-Statement.pdf">https://www.ie.vanguard/content/dam/intl/europe/documents/ucits/Vanguard-Engagement-Statement.pdf</a>   |

Information **provided by Standard Life** on the most significant votes for each of the funds containing public equities is shown below.

| <b>SL iShares UK Equity Index</b>   | <b>Vote 1</b>         | <b>Vote 2</b> | <b>Vote 3</b> |
|---|-----------------------|---------------|---------------|
| Company name  | Royal Dutch Shell Plc | Glencore Plc  | Rio Tinto Plc |
| Date of Vote  | 24/05/2022            | 28/04/2022    | 08/04/2022    |
| 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   | Accept Financial Statements and Statutory Reports | Accept Financial Statements and Statutory Reports | Accept Financial Statements and Statutory Reports |
| How the fund manager voted  | For   | For   | For   |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | N/A   | N/A   | N/A   |
| Rationale for the voting decision   | N/A   | N/A   | N/A   |
| Outcome of the vote   | Pass  | Pass  | Pass  |
| Implications of the outcome   | N/A   | N/A   | N/A   |
| Criteria on which the vote is assessed to be "most significant"   | Vote Bulletin                                     | Vote Bulletin                                     | Vote Bulletin                                     |

|   |                                  |                                       |                              |
|---|----------------------------------|---------------------------------------|------------------------------|
| <b>SL iShares Emerging Markets Equity Index Pension Fund</b>                      | <b>Vote 1</b>                    | <b>Vote 2</b>                         | <b>Vote 3</b>                |
| Company name  | China Tower Corporation Limited  | Petroleo Brasileiro SA                | Grupo Mexico S.A.B. de C.V.  |
| Date of Vote  | 14/01/2022                       | 13/04/2022                            | 28/04/2022                   |
| 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   | Elect Deng Shiji as Director and | Amend Articles and Consolidate Bylaws | Approve Allocation of Income |

| Authorize Board to Fix His Remuneration   |  |               |               |
|---|--|---------------|---------------|
| How the fund manager voted  | Against  | For           | For           |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | N/A  | N/A           | N/A           |
| Rationale for the voting decision   | Vote AGAINST director due to concerns of gender-related diversity at the board level | N/A           | N/A           |
| Outcome of the vote   | Pass   | Withdrawn     | N/A           |
| Implications of the outcome   | N/A  | N/A           | N/A           |
| Criteria on which the vote is assessed to be "most significant"   | Vote Bulletin  | Vote Bulletin | Vote Bulletin |
| <b>SL HSBC Islamic Global Equity Index Pension Fund</b>   | <b>Vote 1</b>  | <b>Vote 2</b> | <b>Vote 3</b> |
| Company name  | Exxon Mobil Corporation  | Rio Tinto Plc | Alphabet Inc. |
| Date of Vote  | 26/05//2021  | 07/04/2021    | 02/06/2022    |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio)                                   | 1.4%   | 0.4%          | 7.2%          |

| Summary of the resolution   | Proxy contest - Management Proxy Vs Shareholder Proxy   | Approve Remuneration Report for UK Law Purposes   | Report on Takedown Requests  |
|---|---|---|--|
| How the fund manager voted  | Voted the shareholder proxy card  | Not supported the resolution (against management recommendation)  | Supported the resolution (against management recommendation)   |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | Yes   | Yes   | We have not on this instance, but we plan to communicate this in due course  |
| Rationale for the voting decision   | We were concerned by the lack of substantial improvement in Exxon's commitment and strategy with regards to climate change. | We were concerned that the out-going CEO received £5.7 million from vesting of 2016 LTIP. The Remuneration Committee had reduced vesting by £1 million and he had received no bonus due to destruction of Juukan Gorge historic site. Total pay exceeded previous year; we believe committee should have exercised further discretion in light of the severity of the incident. | We favour transparency around the company's response to requests from governments to limit access to content. These and related issues are significant risks which need to be managed transparently. |
| Outcome of the vote   | Shareholders have not supported the management proxy  | Shareholders have not supported the management  | Shareholders have supported the management   |
| Implications of the outcome   | We engaged previously with Exxon in 2020 as member of the Climate Action 100+ investor group. Before the meeting,           | The Juukan Gorge incident represented a major failing of governance for the company. Although it had taken a number   | This issue has arisen in shareholder engagement with the company. We will continue to encourage transparency around  |

|   |   |   |   |
|---|---|---|---|
|   | we had a call with Exxon's representatives to express our concerns and communicate our inclination to support the shareholders' proxy card. After the meeting we confirmed our vote to the Exxon's representatives we met | of actions to address these failings, the remuneration outcome had not been appropriate. We shall continue to engage with the company on these issues and trust that the strong signal sent by the negative remuneration vote will keep it focused on the right course. | the company's response to pressure it faces to manage and limit access to content. We will contact the company to explain our rationale. We will request the opportunity to discuss this further and will explain that if the issue covered by this resolution is not resolved we will vote similarly at future AGM when this issue arises again. |
| Criteria on which the vote is assessed to be "most significant"                   | We voted against the management and selected a range of issues that are representative of our voting guidelines.  | We voted against the management and selected a range of issues that are representative of our voting guidelines.  | We voted against the management and selected a range of issues that are representative of our voting guidelines.  |
| <b>SL Stewart Investors Global Emerging Markets Leaders Pension Fund</b>          |   |   |   |
|   | <b>Vote 1</b>   | <b>Vote 2</b>   | <b>Vote 3</b>   |
| Company name  | Kotak Mahindra Bank Ltd.  | Tata Consultancy Services   | Spar Group Ltd.   |
| Date of Vote  | 19/01//2022   | 12/02/2022  | 15/02/2022  |
| 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   | Elect Ashu Suyash   | Authority to Repurchase Shares  | Elect Sundeep Tribhovandas Naran  |
| How the fund manager voted  | For   | For   | For   |

|   |      |      |      |
|---|------|------|------|
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | N/A  | N/A  | N/A  |
| Rationale for the voting decision   | N/A  | N/A  | N/A  |
| Outcome of the vote   | Pass | Pass | Pass |
| Implications of the outcome   | N/A  | N/A  | N/A  |
| Criteria on which the vote is assessed to be “most significant”   | N/A  | N/A  | N/A  |

| <b>SL Vanguard ESG Developed World All Cap Equity Index Pension Fund</b>          | <b>Vote 1</b>   | <b>Vote 2</b>                                   | <b>Vote 3</b>  |
|---|---|---|--|
| Company name  | Activision Blizzard, Inc.                                       | Aena S.M.E. SA                                  | Alarm.com Holdings, Inc.                               |
| Date of Vote  | 21/06//2021   | 27/04/2021                                      | 09/06/2022   |
| 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   | Advisory vote to ratify named executive officers' compensation. | Advisory vote on company's climate action plan. | Require a majority vote for the election of directors. |
| How the fund manager voted  | For   | For   | For  |
| Where the fund manager voted against management,                                  | N/A   | N/A   | N/A  |

|   |   |   |   |
|---|---|---|---|
| did they communicate their intent to the company ahead of the vote                |   |   |   |
| Rationale for the voting decision   | Determined to be reasonable.                                    | Addresses material risk(s), action or change is warranted, and terms determined to be in the best long-term interest of shareholders. | Supports long-term shareholder interests.                               |
| Outcome of the vote   | Pass  | Pass  | Pass  |
| Implications of the outcome   | N/A   | N/A   | N/A   |
| Criteria on which the vote is assessed to be "most significant"                   | N/A   | N/A   | N/A   |
| <b>SL Vanguard FTSE Developed World ex UK Pension Fund</b>                        |   |   |   |
|   | <b>Vote 1</b>   | <b>Vote 2</b>   | <b>Vote 3</b>   |
| Company name  | Activision Blizzard, Inc.                                       | Aena S.M.E. SA  | Alphabet Inc.   |
| Date of Vote  | 21/06/2021  | 27/04/2021  | 02/06/2021  |
| 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   | Advisory vote to ratify named executive officers' compensation. | Advisory vote on company's climate action plan.   | Approve recapitalization plan for all stock to have one-vote per share. |
| How the fund manager voted  | For   | For   | For   |
| Where the fund manager voted  | N/A   | N/A   | N/A   |

|  |                              |   |   |
|--|------------------------------|---|---|
| against management, did they communicate their intent to the company ahead of the vote |                              |   |   |
| Rationale for the voting decision  | Determined to be reasonable. | Addresses material risk(s), action or change is warranted, and terms determined to be in the best long-term interest of shareholders. | Supports long-term shareholder interests. |
| Outcome of the vote  | Pass                         | Pass  | Fail                                      |
| Implications of the outcome  | N/A                          | N/A   | N/A                                       |
| Criteria on which the vote is assessed to be “most significant”                        | N/A                          | N/A   | N/A                                       |

Information on the most significant engagement case studies for each of the funds/managers containing public equities or bonds is shown below.

| <b>SL HSBC Islamic Global Equity Index Pension Fund</b> | <b>Case Study 1</b>   | <b>Case Study 2</b>   | <b>Case Study 3</b>  |
|---|---|---|--|
| Name of entity engaged with                             | Toyota (Japan)  | Apple Inc., Cisco Systems Inc., Samsung Electronics Co Ltd and Nintendo Company Ltd | IndiaMART  |
| Topic   | Risk management: Article 8 – EV and climate risk management (TFCD risk management pillar) | Environment - Pollution, Waste  | Governance – Banned Weapons  |
| Rationale   | Toyota has been slow in EV development, while it has been a                               | Despite the vast majority of the global population being covered by e-waste         | IndiaMart was red-listed by HSBC Asset Management’s Compliance and |

|                                      |  |   |  |
|--------------------------------------|--|---|--|
|                                      | <p>leader in hybrid vehicles.</p> <p>The company's public policy positions have raised questions – including lobbying and CEO's open scepticism about EV shift.</p>  | <p>recycling schemes, only around 20% of E-waste is recycled. Due to IoT product growth and Moore's law, the waste stream is growing 5% a year.</p> <p>Our research suggests longer device use and product repair and reuse are more sustainable solutions. At present, we believe regulators and companies are overly-focused on low quality recycling, which is highly energy intensive.</p> <p>There are also risks that products are shipped to low regulation geographies where the world's poorest conduct dangerous informal device recycling.</p> | <p>Investment Restrictions under our Banned Weapons Policy. As such, the stock had to be divested / screened out.</p> <p>In India, antipersonnel mines and other controversial weapons are not illegal as it has not signed related international conventions or treaties. Since IndiaMart publishes government tenders on its website without screening them, this was deemed to be proactive assistance in production or acquisition of antipersonnel mines. Our data provider does not apply a materiality threshold in their assessment.</p> |
| What the investment manager has done | <p>We discussed how its new EV strategy is aligned with the 1.5C climate scenario. Toyota has increased the global BEV sales target and plans to only sell zero emission vehicles in Western Europe by 2035.</p> <p>But it remains unambitious in Japan, blaming the slow development of renewable energy in the country. We</p> | <p>We had calls with Apple to investigate how they are trying to improve their e-waste footprint. Whilst we were not completely satisfied by the replies, Apple highlighted some of the commendable initiative they have in place e.g. encouraging trade-in for new purchase and using more recycled materials.</p>   | <p>Through our engagement we discovered that IndiaMart does not derive revenue from republishing government tenders – this is part of a wider subscription package for its customers. If they wish to respond to or liaise on a tender, this is done outside of IndiaMart platforms.</p> <p>For the score/risk to be changed, our data</p>   |



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|                         | <p>challenged this as evidence suggests that BEVs will have less lifecycle CO2 emissions than ICEs after a few years of use, although the timing will depend on the source of electricity.</p> <p>We suggested that the company disclose current performance and targets for average fleet emissions in an internationally comparable manner.</p> <p>We welcomed the inaugural report on its lobbying activities but suggested that it should acknowledge the negative influence of the industry bodies under review. We also discussed how CEO Toyoda is often seen as being against a rapid take up of BEVs and how the board sees it.</p> <p>We shared our new and enhanced 2022 voting policy, which may result in a vote against the chair due to issues related to climate change and board composition.</p> | <p>Cisco System products mostly have long use lives (5 years +), and the company actively seeks to take back products so it can refurbish and recycle them. Cisco also started working on product design to include circular design principles so in future products should be more modular.</p> <p>Nintendo and Samsung replied to our letter in detail and constructively, but a meeting has yet to be arranged.</p> <p>We have sent an engagement research feedback document to all target companies, outlining our findings from the engagement process, and setting expectations for change.</p> | <p>provider would need confirmation that IndiaMart has put measures in place to ensure that they will not put out tenders relating to banned weapons.</p> <p>IndiaMart agreed to provide written confirmation that it would actively screen out tenders that fall awry of the weapons conventions in our policy. This allowed us to discuss next steps with our data provider. Since IndiaMart had no expertise in this area, we also provided them with a list of banned items for screening.</p> |
| Outcomes and next steps | <p>Toyota responded to our request and organised the first meeting with a non-independent director on 21 April. We</p>   | <p>We had calls with Apple to investigate how they are trying to improve their e-waste footprint. Whilst we were not completely</p>   | <p>Our initial engagement efforts with the company led to the implementation of a manual screening of controversial</p>  |

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| <p>discussed board oversight of its climate transition and lobbying activities. This is a big step for a Japanese company of its size and influence.</p> | <p>satisfied by the replies, Apple highlighted some of the commendable initiative they have in place e.g. encouraging trade-in for new purchase and using more recycled materials.</p> <p>Cisco System products mostly have long use lives (5 years +), and the company actively seeks to take back products so it can refurbish and recycle them. Cisco also started working on product design to include circular design principles so in future products should be more modular.</p> <p>Nintendo and Samsung replied to our letter in detail and constructively, but a meeting has yet to be arranged.</p> <p>We have sent an engagement research feedback document to all target companies, outlining our findings from the engagement process, and setting expectations for change.</p> | <p>weapons – on a best-efforts basis. Initially, this added step was not sufficient for a re-rating by our data provider and the company remained on our restrictions list. But since, the company has included additional steps in their screening process and has been upgraded to 'green' in January 2022</p> |
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