

Groupama UK Pension Scheme

Implementation Statement



cardano

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Introduction

This implementation statement (“Statement”) is produced alongside the Trustee Report and Accounts and is required by pensions regulations¹. Groupama UK Pension Trustees Limited (the “Trustee”, “we” or “our”) has prepared this Statement to provide stakeholders with a transparent and accurate review of how it has acted in line with the stewardship and engagement policies set out in the Statement of Investment Principles (the “SIP”) for the Groupama UK Pension Scheme (the “Scheme”) during the accounting year.

This Statement includes details of:

- Compliance against the stewardship and voting policies;
- Any changes made to the stewardship and voting policies (“Stewardship Policy”) during the year; and
- Specifically, how the Scheme’s investment managers voted and engaged on our behalf

This Statement has been prepared by the Trustee to cover the period 1 January 2024 to 31 December 2024.

The statement is publicly available at <https://pensioninformation.aon.com/groupama/documents.aspx>.

Executive summary

The day-to-day management of the Scheme’s assets is delegated to Cardano Risk Management Limited (the “Fiduciary Manager”). In advance of the appointment, the Trustee took steps to ensure that the management of the Scheme’s assets and the Fiduciary Manager’s policies were aligned with the Trustee’s own policies. The Trustee continues to monitor the Fiduciary Manager, as part of their regular interactions with them.

We monitor the voting and engagement activity of the Scheme’s investment managers, and, through our Fiduciary Manager, challenge their decisions.

The Trustee focuses its efforts on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered by this Statement. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustee is comfortable that our Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers, and we receive a summary of their assessments once a quarter.

¹ The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended)

1. Our Stewardship Policy

1.1. What is Stewardship?

“Stewardship” is the responsible allocation, management, and oversight of capital to create long-term value for our members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is affected through exercising the right to vote on any shares which are owned by the Scheme and engaging with the management of any companies or properties where an investment has been made.

1.2. What is our Stewardship Policy?

The Stewardship Policy in force during the financial year was:

“The Trustee’s policy is to require the Fiduciary Manager to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers, in accordance with the policies in this Statement. The Fiduciary Manager encourages the Scheme’s investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council, and to carry out other appropriate engagement activities.”

In terms of implementing our policy we considered investment managers’ compliance, in accordance with the latest code.

Engagement

The Fiduciary Manager is responsible on an ongoing basis for engaging with the Scheme’s investment managers. For managers where it is expected to have a meaningful impact, the Fiduciary Manager monitors voting records and the level of engagement with underlying investments.

The Trustee has selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals with an international endeavour in mind, and aim to improve sustainability within the portfolio and have a direct real world impact to our members’ current and future landscape. The Trustee’s three stewardship priorities are:

- **Climate Crisis** (with a focus on climate change and net zero greenhouse gas emissions)
- **Environmental Impact** (with a focus on biodiversity, deforestation and water)
- **Human Rights** (with a focus on living wages gender equality and health & nutrition)

On behalf of the Trustee, the Fiduciary Manager has written to the Scheme’s investment managers reaffirming and expanding on the Trustee’s policy and expectations which align with our stewardship priorities. The Trustee expects the investment managers to incorporate these themes into their future voting practices and the Fiduciary Manager will monitor future manager disclosures to ensure alignment against our priorities.

1.3. How have we implemented our Stewardship Policy?

Fund structuring

The Trustee does not hold any investments directly. All of the shares, bonds and other assets that we own are held through pooled vehicles that are managed by investment managers appointed by our Fiduciary Manager. The reason we do this is:

- It provides a broader range of investment opportunities than would be possible if we were to own the assets directly, particularly given our size;
- This can improve the overall diversification of our investments and help manage risk;
- Fixed costs are shared amongst other investors, thereby reducing our overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing overall governance burden both on the Trustee and the Sponsor.

Where investments are made in pooled funds the Trustee follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers and our Fiduciary Manager act consistently with the Scheme's Stewardship Policy.

For example, in 2023 our Fiduciary Manager replaced some of our equity market exposures with a global fund that included explicit sustainability (as well as financial) performance targets. This enhanced the level of engagement possible with the companies we invest in and more actively aligned these efforts to our specific priorities.

External engagements

The Trustee assesses that the Fiduciary Manager has been aligned with our Stewardship Policy throughout the year. The Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations, including those noted below.



Engagement beliefs

The development of engagement beliefs is an important responsibility for the Trustee. We have delegated the day-to-day implementation of our beliefs to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with our own. The beliefs driving the Fiduciary Manager's approach to engagement are as follows.

Quality over quantity

- The Fiduciary Manager is interested in a few meaningful quality engagements, with strong reporting (rather than, being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagements, perhaps even most engagements, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

Innovation

- The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with our Stewardship Policy. The Fiduciary Manager monitors our investment managers on an ongoing basis; ensuring their activities align with our Stewardship Policy and engaging with our investment managers to help them improve their stewardship approach.

The Fiduciary Manager closely monitors investment managers who do not meet our stewardship standards and actively works with them to improve their policies, processes, and reporting.

The Trustee monitors voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. We categorise our managers according to how material voting and

engagement is in their mandate. The Trustee focuses its efforts on any managers where voting and engagement is material.

Compliance statement

To the best of our knowledge, the Trustee has complied with the Stewardship Policy over the year.

2. Voting Activity

The Shareholder Rights Directive (SRD II) and the UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest. They stress the importance of exercising shareholder voting rights effectively. Voting only applies to equities held by the Scheme and given the use of pooled funds, there is limited scope for the Trustee to directly influence voting. Voting is carried out by the investment managers on behalf of the Trustee.

2.1. How did our managers vote?

The tables below provide a summary of the voting activity undertaken by our managers during the year.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments we have the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Scheme invests with, directly or indirectly, are subject to the Scheme's engagement policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations.

Note: Figures in the table below may not sum up to 100% due to rounding.

BlackRock Global Event Partners Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	106
Number of resolutions the manager was eligible to vote on over the year	900
% of eligible resolutions the manager voted on	99%
% of votes with management	90%
% of votes against management	10%
% of resolutions the manager abstained from	0%

Cardano Global Sustainable Equity Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	1,955
Number of resolutions the manager was eligible to vote on over the year	25,878
% of eligible resolutions the manager voted on	100%
% of votes with management	74%
% of votes against management	23%
% of resolutions the manager abstained from	1%

Egerton Capital Equity Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	32
Number of resolutions the manager was eligible to vote on over the year	549
% of eligible resolutions the manager voted on	96%
% of votes with management	95%
% of votes against management	4%
% of resolutions the manager abstained from	1%

ES AllianceBernstein Sustainable Global Equity Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	57
Number of resolutions the manager was eligible to vote on over the year	796
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	5%
% of resolutions the manager abstained from	0%

Kadensa Capital Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	115
Number of resolutions the manager was eligible to vote on over the year	1,036
% of eligible resolutions the manager voted on	100%
% of votes with management	86%
% of votes against management	14%
% of resolutions the manager abstained from	0%

MI Metropolis Value Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	25

Number of resolutions the manager was eligible to vote on over the year	414
% of eligible resolutions the manager voted on	100%
% of votes with management	96%
% of votes against management	4%
% of resolutions the manager abstained from	0%

Polar Capital Biotechnology Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	56
Number of resolutions the manager was eligible to vote on over the year	515
% of eligible resolutions the manager voted on	100%
% of votes with management	86%
% of votes against management	14%
% of resolutions the manager abstained from	0%

Sands Emerging Markets Growth Fund

	Manager response
Number of meetings the manager was eligible to vote at over the year	68
Number of resolutions the manager was eligible to vote on over the year	526
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	4%
% of resolutions the manager abstained from	1%

Sunriver Fund Ltd

	Manager response
Number of meetings the manager was eligible to vote at over the year	19
Number of resolutions the manager was eligible to vote on over the year	174
% of eligible resolutions the manager voted on	90%
% of votes with management	87%
% of votes against management	3%

% of resolutions the manager abstained from	10%
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2.2. Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using proxy voting services could include:

The investment manager lacks the resource to research each vote and submit votes
The investment manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.

We recognise that by having a suitable Stewardship Policy in place and using our Fiduciary Manager to monitor voting activity, investment managers can create more engagement over time; particularly smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Scheme's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
BlackRock Global Partners	Institutional Shareholder Services (ISS) and Glass Lewis
Cardano (Cardano Global Sustainable Equity Fund)	Glass Lewis
Egerton	Utilise Broadridge Proxy Edge and Proxy Vote tools to cast votes
ES AllianceBernstein	Use ISS online voting platform
Kadensa	Appointed proxy adviser
MI Metropolis	ISS
Polar	ISS
Sands	ISS, Glass Lewis and SES (for India holdings)
Sunriver	ISS

2.3. Examples of significant votes

When collating voting statistics for our managers, we also asked our managers to provide examples of significant votes cast. The tables below outline a sample of responses received.

BlackRock Global Event Partners Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Where the manager voted against management, did the manager communicate their intent ahead of the vote?	Rationale / Outcome
Boeing	17/05/2024	1. Executive compensation 2. Report on GHG Emissions	1. Against 2. For	N/A	Rationale: 1. Failure to perform and appropriately align incentives 2. Key to assessing environmental risk and technological obsolescence risk as light weighting is key to fuel efficiency and customer cost containment initiatives Outcome: 1. For 2. Against

Cardano Global Sustainable Equity Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Where the manager voted against management, did the manager communicate their intent ahead of the vote?	Rationale / Outcome
Amazon	22/05/2024	Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology	For	Yes, a letter was sent to Amazon	Rationale: There are human rights risks linked to the use of facial recognition technology Outcome: 18.92% of shareholders supported the resolution

Yara International ASA.	28/05/2024	Shareholder Proposal Regarding Science-Based Scope 3 Targets	For (Against Management)	As a co-filer of the resolution, Cardano did not explicitly communicate to the company, but this was implied as one of the investors which filed it. Cardano also pre-declared their vote to other investors using the PRI resolution database.	<p>Rationale: Yara is one of the companies in the chemical sector being engaged on their decarbonisation efforts by Cardano and other investors in a coalition led by Share Action. Yara is one of the companies engaged where progress has been lagging, particularly on setting a comprehensive scope 3 target. Cardano alongside other investors, therefore decided to escalate the engagement through a multifold strategy, including filing a shareholder resolution asking the company to set a scope 3 target. As a co-filer, we supported the resolution.</p> <p>Outcome: 7.54% of shareholders supported the resolution</p>
Procter & Gamble Co.	10/08/2024	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	For (Against Management)	No	<p>Rationale: While Cardano recognise that Procter & Gamble is making efforts on the topic of Diversity, Equality and Inclusion to assess and close pay gaps, it has not yet committed to disclosing median, adjusted, and unadjusted gender and racial pay gaps as requested in the proposal. Cardano believe such level of reporting will strengthen the company's diversity and inclusion efforts and represents an important step towards ensuring pay equity.</p> <p>Outcome: 30% of shareholders supported the resolution</p>

ES Alliance Bernstein Sustainable Global Equity Fund

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Where the manager voted against management, did the manager communicate their intent ahead of the vote?	Rationale / Outcome
Microsoft Corporation	10/12/2024	Report on AI Data Sourcing Accountability	For	No	<p>Rationale: The proposal appeared to add value to shareholders by increasing transparency and mitigating some reputational and regulatory risks that are associated with AI data sourcing. While the company does publish an AI transparency report, it includes limited information about data sourcing accountability and additional information would be value additive.</p> <p>Outcome: Failed to pass</p>

Egerton

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Where the manager voted against management, did the manager communicate their intent ahead of the vote?	Rationale / Outcome
Meta	May 2024	Voted with shareholder proposals (and against management recommendation) for the following reports on: lobbying alignment with climate goals, political advertising and election cycle enhanced actions, advisory vote on minimum age for social media, child safety impacts and actual harm reduction to children, human	For	No	<p>Outcome: Failed</p>

		rights impact assessment on AI systems driving targeted advertising, human rights risks in non-US markets, generative AI misinformation risks. In addition, voted with shareholder proposals and against management for dual class capital structure, disclosure of voting results bases on class of shares and on the amendment of Corporate Governance Guidelines.			
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MI Metropolis

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Where the manager voted against management, did the manager communicate their intent ahead of the vote?	Voting Rationale/Outcome
Alphabet Inc.	07/06/2024	Adopt targets evaluating YouTube child safety policies	For	The voting decision was communicated to management either before or after the meeting.	Outcome: Failed to pass with 14.24% FOR

3. Engagement Activity

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship. The Fiduciary Manager is passionate about active engagement, as opposed to disinvestment or exclusions practices, in order create positive real-world change. Through engagement, asset managers can build relationships with the companies in which they invest, helping to steward companies on a range of topics, including sustainability.

The tables overleaf provide examples of engagement activity of the Scheme's investment managers where engagement should be a material activity in the management of the assets.

Barings

Key points	Engagement activity
Engagement Theme: Climate Crisis Industry: Maritime Outcome: <ul style="list-style-type: none"> Company is planning to incorporate an environmental strategy with KPIs on issues raised through engagement in their 2024 sustainability report 	Barings holds an investment in a global tugboats business with a large fleet operating from a network of ports. Due diligence on the issuer by their investment analyst highlighted areas of potential improvement on environmental topics. Environmental standards are expected to become increasingly important for port tender renewals requiring a leading environmental profile to reduce operational and financial risk. Barings undertook an engagement with the CEO and CFO at a conference event regarding emissions reduction. It requested that (i) the company continues to work with port authorities to install electric charging points across the port network to reduce idling emissions (ii) the company explores options for use of lower emissions fuel types on new vessels and its existing fleet. This is viewed as a multi-year engagement request with regular semi-annual interactions with senior management expected.

BlackRock Global Event Partners Fund

Key points	Engagement activity
Engagement Theme: Climate Crisis Industry: Metals Outcome: <ul style="list-style-type: none"> Improved water usage and carbon emissions through higher quality materials 	The company is a leading specialty metals producer servicing primarily the commercial aerospace market. It has pursued multi-year transformation through the exit of low quality, margin dilutive, carbon intensive, commodity steel business to higher quality specialty titanium aerospace business. The manager has successfully worked with management to improve business mix, quality and cost, which in turn has improved water usage, carbon emissions, health and safety standards--translating to an improved MSCI rating of A and material value creation from enhanced margins, top line growth and business durability.

Cardano Global Sustainable Equity Fund

Key points	Engagement activity
<p>Engagement Theme: Climate Crisis</p> <p>Industry: Chemical Sector</p> <p>Outcome:</p> <ul style="list-style-type: none"> Following the shareholder resolution, a dialogue was held with the company CEO, and the Norwegian government was engaged on the companies scope 3 emissions as the Norwegian government holds a significant share of the company. We continue to actively engage the company in the ShareAction-led coalition and consider further escalation. 	<p>A company in the chemical sector is being engaged on their decarbonisation efforts by Cardano and other investors in a coalition led by ShareAction.</p> <p>The company is one of the companies engaged where progress has been lagging, particularly on setting a comprehensive scope 3 target.</p> <p>Cardano alongside other investors, therefore decided to escalate the engagement through a multifold strategy, including filing a shareholder resolution asking the company to set a scope 3 target. As a co-filer, we supported the resolution.</p>

ES AllianceBernstein Sustainable Global Equity Fund

Key points	Engagement activity
<p>Engagement Theme: Human Rights</p> <p>Industry: Healthcare</p> <p>Outcome:</p> <ul style="list-style-type: none"> Company disclosed that it will provide 91.5 million doses of the vaccine, improving accessibility to developing nations 	<p>Engaged with a company to understand its approach to increasing access to a cervical cancer vaccine, where much of the growth is coming from sales outside of developed countries, like China. The company has been building out manufacturing to expand supply, which should allow increased access to the vaccine by low- and middle- income countries. In AllianceBernstein's most recent engagement with management, they confirmed it is likely that the drug is not reaching higher-need/lower-income population. The company recently disclosed that it promises to provide 91.5 million doses between 2021 and 2025 and will be more accessible to low- to middle-income markets. They also disclosed an intent to explore alternative manufacturing strategies to try and fill the gap and reach these developing nations.</p>

Kadensa

Key points	Engagement activity
<p>Engagement Theme: Climate Crisis</p> <p>Industry: Consumer Discretionary</p> <p>Outcome:</p> <ul style="list-style-type: none"> Company has committed to targets to improve recycling and reduce water usage 	<p>Kadensa has engaged with the company with an aim to improve their ESG practices with a particular focus around (i) packaging material and waste; (ii) water stress; and (iii) health/nutrition (high sugar content drinks).</p> <p>The company has shared targets on plastics recycling (well developed in Japan and Europe, greatly lags in Southeast Asia), and water reduction targets for 2030, and has provided updated metrics on a semi-annual basis. Kadensa will continue to engage and track progress.</p>

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