



# JPMorgan Cazenove (1987) Pension Scheme (the 'Scheme')

5 April 2024 Implementation  
Statement

August 2024



# 1. Introduction

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The Trustee is required to make publicly available online a statement (“the Implementation Statement”) covering the JPMorgan Cazenove (1987) Pension Scheme (the “Scheme”) in relation to the Scheme’s Statement of Investment Principles (the “SIP”).

The SIP was amended one during the year ending 5 April 2024 – coming into effect in July 2023. The change was predominantly to provide the Trustee with the scope to significantly de-risk the investment strategy for the Scheme.

A copy of the current SIP signed and dated July 2023 can be found here

<https://pensioninformation.aon.com/jpmorgancazenove/fileviewer.aspx?FileID=14287&FileName=Updated%20SIP%20July%202023.pdf>.

This Implementation Statement covers the Scheme year from 6 April 2023 to 5 April 2024 (the “Scheme Year”). It sets out:

- How the Trustee’s policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

New guidance (“the Guidance”) from the Department for Work and Pensions (“DWP”) has been issued with a series of statutory & non-statutory guidance points. They aim to encourage the Trustee of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme’s SIP. This Implementation Statement has been prepared to provide details on how the Trustee of the Scheme, with the help of Schroders Solutions (“the Scheme’s Investment Adviser”), has complied with the new statutory guidance set by DWP.

A copy of this Implementation Statement is available on the following website:

<https://pensioninformation.aon.com/jpmorgancazenove>

## 2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year

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The Scheme's SIP sets out the Trustee's policies on stewardship which includes both voting and engagement. The Scheme invests in assets with voting rights attached. However, these investments are generally made via pooled investment funds with the Investment Managers, where the Scheme's investments are pooled with other investors. Direct control of the process of engaging with the companies that issue the underlying securities, whether for corporate governance purposes or other financially material considerations, is generally delegated to those underlying Investment Managers.

Following the new DWP Guidance, the Trustee of the Scheme received training on the Investment Adviser's Engagement Blueprint which sets out the six engagement themes the Scheme's Investment Adviser believes to be most financially material. The Trustee has aligned its stewardship priorities with the Investment Advisers Engagement Blueprint (detailed below), given the Trustee believes that these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value added to the Scheme's investment, and hence benefit the Scheme's members and beneficiaries. Therefore, the Trustee believes that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme

Although the Trustee has yet to make changes to their voting and engagement policies contained in the SIP during the Scheme Year, it will update them in the new Scheme year to set out the agreed engagement priorities and how the Trustee will exercise their stewardship policy.

The Trustee acknowledges that the Trustee board owns and is responsible for setting its voting and engagement policies. However, due to the nature of the investment, voting and engagements decisions were generally carried out by the Investment Managers according to their stewardship policies. The Trustee has, however, communicated to its Investment Managers the Scheme's stewardship policy including engagement priorities and routinely monitors their voting and engagement activity.

The Trustee continues to review the voting and engagement records of its Investment Managers annually, this was last completed at the March 2024 Trustee meeting where the Trustee agreed to review again during the 2024/25 Scheme Year. Due to the significant de-risking of the Scheme's investment strategy, there is only one remaining manager who invest in assets carrying voting rights. Over the Scheme year to 5 April 2024 the Trustee invited Legal and General Investment Managers ("LGIM") (the Scheme's equity Investment Manager) to present at the July 2023 meeting. When LGIM came to the Trustee meeting this gave the Trustee opportunity to consider LGIM have approached ESG and stewardship on behalf of the Trustee in line with their expectations; and if not, what action the Trustee might wish to take. As part of the review, The Trustee concluded that it continued to be satisfied with LGIM's voting and engagement behaviour and has therefore not sought to set its own voting policy. Although the Trustee does not intend to change its position at this time, it will continue to monitor the Investment Managers' voting and engagement records on an ongoing basis.

During the Scheme year the Trustee has carried out the following activity in relation to these policies:

- the Trustee received training on the Investment Adviser's Engagement Blueprint which sets out the six engagement themes that the Investment Adviser, Schroders, as an organisation, focuses their engagement effort on. The Trustee aligned their engagement priorities to these six themes which are set out below:
  - **Climate:** Climate risk and oversight, Climate alignment including decarbonising and minimising emissions, climate adaptation and carbon capture and removal

- **Natural Capital and Biodiversity:** Nature-related risk and management, circular economy, pollution and waste, sustainable food and water, deforestation
  - **Human Rights:** Overarching approach to human rights, work and communities, customers and consumers
  - **Human Capital Management:** Corporate culture and oversight, investment in the workforce, engagement and representation, health, safety and wellbeing
  - **Diversity and Inclusion:** Board diversity and inclusion, executive & workforce diversity and inclusion
  - **Corporate Governance:** Board and management, executive remuneration, relationship with shareholders
- The Trustee believes these engagement themes are issues which are considered to be material to the long-term value of the investments and hence engagement in these areas is in the members' best interests. The Trustee has set out in the appendix a set of engagement examples which are in line with the Trustee's engagement priorities over the Scheme Year.
  - The Trustee will discuss its engagement themes further with its Investment Adviser and seek to identify what themes are the most important to the Trustee such that it can focus its engagement activities with the Investment Managers going forward.
  - On behalf of the Trustee, monitoring of the Investment Managers' ESG and stewardship policies was carried out through regular investment and operational due diligence reviews and meetings by the Trustee's Investment Adviser with any important updates communicated to the Trustee over the Scheme Year.
  - The Trustee, with the help of the Investment Adviser, reviewed the portfolio's ESG metrics and considered where it could add value as stewards.
  - The Trustee with the help of its Investment Adviser, monitored the performance of the Investment Managers against their agreed performance objectives at each of the quarterly Trustee meetings during the Scheme Year.
  - The Trustee reviewed the regulatory developments with regards to ESG and climate change disclosures and received relevant training.
  - The Trustee has reviewed the voting and engagement activity carried out by its Investment Managers during the Scheme Year; a summary is provided in the next section.

**The Trustee has determined its engagement priorities, in addition, the Trustee believes prioritising those themes will improve the long-term value of the Scheme's investments. In addition to the other activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the SIP, in particular the Stewardship policy, over the Scheme Year.**

### 3. Voting and Engagement Summary

#### Summary Voting Statistics

This statement includes information on the underlying Investment Managers investing in securities. Where proxy voting agents have been used, this has been included in the voting information. The statistics provided below on the votes provided by the underlying managers, have been deemed most significant by the Trustee as they align with the Trustee's engagement priorities and are a material holding. Over the scheme year, 34 votes were defined as 'Significant' by the underlying Investment Managers, as they were:

- Defined by the manager as a significant vote;
- aligned with the Trustee's stewardship priority themes described above, and;
- where a single stock has a material holding of greater than 1.0% of the underlying managers stock (where this data was provided by the Investment Manager)

and were therefore considered the most significant votes.

The Trustee uses two underlying managers; however, the equity holdings are the only asset class with voting rights attached. The voting statistics are set out below for the only equity fund held on behalf of the Trustee that had voting rights during the period.

The Scheme de-risked significantly over the year to 31 March 2024. At the beginning of the Scheme year, the Scheme held c. 15% of its assets in funds with regular voting activity. The Trustee reduced its equity holdings over the year, and as at the Scheme year end, held c. 10% of the Scheme's assets within Equity, all of which are held with one Investment Manager (LGIM). The table below and the voting and engagement summaries below include data on assets held by the Scheme for the majority of the Scheme year.

#### Summary of voting activity – relevant mandates (31 March 2024)

	LGIM All World Equity Index Fund
Asset allocation as at 31.03.2024	10%
(31.03.2023)*	(15.0%)
<b>Voting Stats</b>	
Total meetings eligible to vote	6,557
Total resolutions eligible to vote	64,058
% of resolutions did you vote on for which you were eligible?	99.9%
% did vote with management?	79.3%
% vote against management?	20.2%
% abstained	0.5%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	11.4%

Source: All data in this section has been provided by the investment managers. Voting statistics provided on the Scheme's equity holdings in both the outright equity managers and the equity held within the Dynamic Asset Allocation managers. \*Asset allocation shown in brackets is Scheme's strategic allocation as at the start of the Scheme Year.

#### Note:

- LGIM use Institutional Shareholder Services, "ISS", for proxy voting services.
- The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

- Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.
- Holdings shown as at 31 March 2024.
- Voting data provided for funds held over the majority of the Scheme year (to 31 March 2024).

## Trustee’s conclusions on voting and engagement

The Trustee has considered the voting behaviour along with engagement activity that took place on its behalf during the Scheme Year within the Growth portfolio and the Matching portfolio and is pleased to report that the Investment Managers have demonstrated high levels of voting activity, challenges to management and active engagement on a range of relevant topics.

Specifically, the Trustee noted that:

- LGIM demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Investment Manager showed they carried out a good level of engagement activities over the Scheme Year.
- Challenge to management was demonstrated through votes by the Investment Managers against management.
- LGIM demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Investment Manager showed they carried out a good level of engagement activities over the Scheme Year.
- General themes of the voting and engagement activity were in relation to environmental issues and climate strategy in particular. Executive pay, board diversity and improving social outcomes were the other main themes identified.
- LGIM have shown market leading capabilities in their ability to engage with underlying companies. They have significant in-house capacity and have in place a custom voting policy encompassing their own views rather than deferring decisions solely to their proxy adviser.
- LGIM’s Investment Stewardship team makes voting decisions and LGIM do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.
- In relation to the liability hedging mandate with Schroders, the Trustee noted that the choice of counterparty (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) is driven by a number of factors including credit ratings which take into account ESG factors and ESG scores for counterparties are regularly monitored.

**The Trustee is satisfied that the voting and engagement activities undertaken by the Investment Managers are in line with the engagement priorities the Trustee has determined and communicated to the Investment Managers during the Scheme Year. The Trustee is looking to update the SIP next year to include the enhanced stewardship policy it has developed under the DWP Guidance.**

## Appendix 1 – Examples of most significant votes and engagement carried out by the Investment Managers

LGIM's Investment Stewardship team uses Institutional Shareholder Services' "ProxyExchange" electronic voting platform to electronically vote client's shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Company name	Skandinaviska Enskilda Banken AB*
ISIN	SE0000120784, SE0000148884
Market cap	US\$29 billion (Source: <a href="#">Skandinaviska Enskilda Banken (SEB-A.ST) - Market capitalization (companiesmarketcap.com)</a> 08 April 2024)
Sector	Banks
Issue identified	The banking sector has a significant role to play in the global transition to net zero, given its position in financing not only those activities which may worsen climate change, but also those which stand to mitigate its effects.
Summary of the resolution	Resolution 23: Instruct Board of Directors to Revise SEB Overall Strategy to be in Line with the Paris Agreement Goals AGM date: 19 March 2024
How LGIM voted	Against the resolution (i.e. in line with management)
Rationale for the vote decision	A vote against this proposal was applied following detailed consideration and internal discussion. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 greenhouse gas ('GHG') emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. We consider the principles of the proposal to be broadly supportable. However, the drafting of the proposal and demand for a climate strategy that seeks to immediately halt new fossil fuel extraction is too vague and does not consider the nuances in an orderly transition to a net-zero emissions economy.
Outcome	LGIM will continue to monitor the bank's activities and progress against its published targets. <sup>9</sup>
Why is this vote 'significant'?	This vote is significant due to its subject matter of climate (one of our global stewardship themes), and how we consider shareholder resolutions. We would also direct readers towards our 2024 pre-declaration <a href="#">blog for more information about our voting on climate change</a> .

Company name	DR Horton Inc*
ISIN	US23331A1097
Market cap	US\$51.66 billion (source: <a href="https://companiesmarketcap.com/dr-horton/marketcap/">https://companiesmarketcap.com/dr-horton/marketcap/</a> 02 April 2024)
Sector	Consumer, cyclical: Home builders
Issue identified	A lack of gender diversity on the executive committee. LGIM's diversity policy for UK FTSE100 companies and US S&P500 companies includes gender diversity expectations for the executive committee, as well as the company board: <a href="#">LGIM's diversity approach and expectations - policy document - categorisation</a> .
Summary of the resolution	Resolution 1f: Elect Director Benjamin S. Carson, Sr. AGM date: 17 January 2024
How LGIM voted	We voted AGAINST resolution 1f (i.e. against management recommendation).
Rationale for the vote decision	As part of our campaign on gender diversity at executive leadership team level, we had written to DR Horton in 2023, setting out our expectations and the vote escalation we would apply against the chair of the board, should our expectations not be met. Since 2022, our policy has stated that we will vote against FTSE 100 and S&P 500 companies that have all-male executive leadership teams.  Therefore, a vote against was applied due to the lack of gender diversity on the company's executive leadership team, which LGIM expects to include at least one woman.
Outcome	86% of shareholders voted for the resolution. LGIM will continue to engage with companies on gender diversity, and to implement our global and regional voting policies on this issue.
Why is this vote 'significant'?	This vote is significant as it relates to the escalation of our activities on one of our core stewardship themes, gender diversity, more information can be found in our <a href="#">diversity policy</a> .



<b>Company name</b>	<b>Apple Inc.*</b>
<b>ISIN</b>	US0378331005
<b>Market cap</b>	US\$2.6 trillion (Source: <a href="https://companiesmarketcap.com/apple/marketcap/">https://companiesmarketcap.com/apple/marketcap/</a> 08 April 2024)
<b>Sector</b>	Technology
<b>Issue identified</b>	In line with our published <a href="#">expectations</a> , we believe companies like Apple should be transparent in their uses of AI and their risk management processes.
<b>Summary of the resolution</b>	Resolution 7 – Report on Use of AI AGM date: 28 February 2024
<b>How LGIM voted</b>	For resolution 7 (against management recommendation)
<b>Rationale for the vote decision</b>	<p>We met with the company to discuss these topics, and it did not commit to increasing transparency and disclosures around AI at this time. Apple is among several companies that have outsized influence on the integration of AI into our economy.</p> <p>We pre-declared out vote intention on our <a href="#">2024 pre-declaration blog</a>.</p> <p>Our rationale for the vote decision was that a vote in favour of the proposal was warranted, as we believe investors would benefit from further disclosure and transparency on the company's use of and internal governance over artificial intelligence.</p>
<b>Outcome</b>	37.5% shareholders voted in favour of this proposal.
<b>Why is this vote 'significant'?</b>	This vote is significant as it relates directly to one of our six global stewardship themes: Digitisation. We published our <a href="#">expectations of companies regarding governance of AI</a> on our blog last year.

## Appendix 2 – ESG, Voting and Engagement Policies

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Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions	The voting and engagement policies have been provided to the Trustee separately
Legal and General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/document-library/responsible-investing/active-ownership-report-2023---full-report.pdf">https://www.lgim.com/landg-assets/lgim/document-library/responsible-investing/active-ownership-report-2023---full-report.pdf</a>