

TM Group Pension Scheme - Implementation Statement for the year ended 31 March 2024

Welcome to the Trustee's Statement of how they implemented the policies and practices in the Scheme's Statement of Investment Principles (SIP) during the year ended 31 March 2024.

Introduction

This is the Trustee's statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme's Stewardship Policy during the period from 1 April 2023 to 31 March 2024 and other policies and practices within the Statement of Investment Principles.

What is the Statement of Investment Principles ('SIP')?

The SIP sets out the investment principles and practices the Trustee follows when governing the Scheme's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used and the Trustee's approach to responsible investing (including climate change).

Stewardship policy

The Trustee's stewardship (voting and engagement) policy sets out how the Trustee will behave as an active owner of the Scheme's assets, which includes the Trustee's approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with their investment managers and any other stakeholders.

The Scheme's Stewardship Policy is reviewed in line with the Scheme's Statement of Investment Principles (SIP). The SIP was last reviewed in October 2023.

The majority of the Scheme's assets are invested in liability-hedging assets, bonds and other debt-based investments, with no allocation to equities. As such, the Trustee recognises the importance of stewardship activity in relation to the engagement activity of non-equity investment managers.

You can review the Scheme's stewardship policy, which can be found within the Scheme's Statement of Investment Principles, at: <https://www.tmpensions.co.uk/media/gzxjds35/231013-tm-group-pension-scheme-statement-of-investment-principles-website-version.pdf>

How the Scheme's investments are governed

The Trustee has delegated engagement activity in respect of the underlying assets to the Scheme's investment managers. The Trustee believes it is important that their investment managers take an active role in the supervision of the companies in which they invest by engaging with the management on issues which affect a company's financial performance.

The Trustee's own engagement activity is focused on their dialogue with their investment managers which is undertaken in conjunction with their investment advisers. The Trustee regularly meets with their managers and the Trustee considers managers exercise of their stewardship both during these meetings and through reporting provided by their investment adviser.

The Trustee also monitors their compliance with their stewardship policy on a regular basis and is satisfied that they have complied with the Scheme's stewardship policy over the last year.

Voting activity

The Trustee seeks to ensure that their managers are exercising voting rights and where appropriate, to monitor managers' voting patterns.

Over the year, the Scheme was not invested in equities and therefore there are no associated direct voting rights. Therefore, this statement does not include details on any votes cast on the assets on the Trustee's behalf.

Trustee's engagement activity

The Trustee holds meetings with their investment managers on a regular basis where stewardship issues are discussed in further detail. The Trustee met all their investment managers on 16 August 2023 as part of a dedicated manager engagement day. The following topics were discussed during the manager engagement sessions:

- How does the current market backdrop impact the manager's ability to achieve the stated investment objective?
- What proportion of engagement discussions are centred around responsible investment?
- How are engagement escalation policies enforced and provision of case studies?
- What collaborative initiatives are the investment managers signatories to and what is the rationale for signing up to these specific initiatives?
- Are sustainability linked loans or green gilts considered for inclusion within the Scheme's investment portfolios?
- How are ESG considerations integrated into different stages of the investment process?
- What plans do the managers have to enhance reporting of climate-related risks and opportunities?
- How do the managers engage with industry bodies to establish best practice on climate reporting?
- What steps are being taken to improve data quality from an emissions perspective?
- How does the manager overcome ESG limitations within certain segments of the market?

Manager engagement activity

The following table summarises the key engagement activity for the managers over the 12-month period ended 31 March 2024.

Fund	Number of engagements	Topics engaged on
Insight Global ABS Fund	Between 60 and 70 engagements	ESG considerations in loan origination and underwriting, and improving ESG data provided by originators.
Partners MAC III fund ¹	4 engagements	Corporate restructuring and maximising value of remaining investments.
Fidelity Short Dated Corporate Bond Fund	32 engagements	Climate change, biodiversity, human rights / modern slavery, business strategy, board structure and executive remuneration.

¹This information represents engagement activity between 1 January 2023 and 31 December 2023. Given the private markets nature of its investments, Partners Group produce engagement data on a semi-annual basis in June and December each year.

The Scheme also has a Liability Driven Investment (“LDI”) mandate with Schroders. Integrating ESG considerations into LDI portfolios is centred around the inclusion of green gilts and embedding ESG factors into counterparty reviews and engaging with counterparties to drive positive change.

Review of policies

The Trustee has committed to reviewing the managers’ Responsible Investment (RI) policies on an annual basis. A review was carried out in Q3 2023 which involved managers’ broader approach to responsible investment issues in addition to considering any change in approach by the manager over the year.

Additional Voluntary Contributions (AVCs)

The Trustee has been able to obtain voting data for the period 1 April 2023 to 31 March 2024 for the following AVC self-select funds. This is reflective of the data available at the point of submission.

	Aegon Mixed Fund	Utmost JP Morgan Multi-Asset Cautious	Utmost JP Morgan Multi-Asset Moderate
Meetings eligible to vote at	428	1	1
Resolutions eligible to vote on	5,969	6	6
% resolutions voted on	55.45%	100.0%	100.0%
% voted with management	95.77%	100.0%	100.0%
% voted against management	3.26%	0.0%	0.0%
% abstained from	0.97%	0.0%	0.0%
% of meetings voted at least once against management	14.25%	0.0%	0.0%
% of resolutions voted contrary to recommendation of proxy advisor	3.66%	0.0%	0.0%

More information

The Trustee hopes that this Statement helps you understand how the Scheme's investments have been managed over the year.

Overall, for the year ended 31 March 2024, the Trustee is satisfied that:

- **The investments have been managed in accordance with the Scheme's SIP; and**
- **The provisions in the SIP remain suitable for the Scheme's members.**

If you want any more information on how the Scheme is run, please contact:

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