

Implementation Statement for the Year to 31 March 2024
The Motability Defined Benefit Pension Scheme ('the Scheme')

Introduction

In June 2022, the Department for Work and Pensions (DWP) issued guidance for trustees of pension schemes to produce an annual Implementation Statement to meet pension disclosure requirements.

This Implementation Statement describes the voting and engagement policies of the Trustees of the Motability Defined Benefit Pension Scheme ('the Trustees') along with a summary of voting and engagement behaviour related to the Scheme's investments over the 12-month period to 31 March 2024.

The purpose of this Implementation Statement is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles ('the SIP'). During the Scheme year, the Seventh Edition of the SIP (dated October 2021) was in place.

This report details:

- Actions the Trustees have taken to manage financially material risks and implement the key policies in its SIP;
- The current policy and approach with regards to Environmental, Social and Governance (ESG) factors and the actions taken with managers on managing ESG risks; and
- The extent to which the Trustees have followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in which they invest.

Summary of key actions undertaken over the Scheme reporting year

During the course of the year, the Trustees reviewed the investment strategy and agreed to increase the Scheme's target interest rate and inflation hedge ratio to 95% of the Low Dependency liabilities, in order to reduce the Scheme's exposure to interest rate and inflation risk. The Trustees also agreed to appoint two new credit funds. All of the above changes were (or are still in the process of being) implemented after the Scheme reporting period, and the SIP will be updated subsequently.

Managing Risks

This report demonstrates that the Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Risk / Policy	Definition	Policy	Actions
Interest rates and Inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To invest in matching assets that move in line with the present value of the Scheme's liabilities.	The Scheme is invested in LDI and Gilts-based funds which aim to hedge part of the Scheme's inflation and interest rate risk.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Trustees continue to stress test liquidity as part of the quarterly reporting. Liquidity is maintained in credit, cash, and daily traded funds in the main.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away from any unrewarded risks, where practicable.	The Scheme invests in a multi-asset fund which aims to reduce market volatility by diversifying across different sectors, geographies and asset classes.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors where possible.	The Scheme has credit exposure through its multi-asset fund with CT. This credit allocation is across a variety of sectors, diversifying the underlying credit risk.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who integrate ESG into their investment process, utilise their right to vote and have good reporting on ESG matters.	As part of the investment management of the Scheme's assets, the Trustee expects the investment managers to make decisions on: <ul style="list-style-type: none"> The selection, retention and realisation of investments taking into

			<p>account all financially material considerations.</p> <ul style="list-style-type: none"> • The exercise of rights (including voting rights) attached to these investments. (Where voting rights are attached to investments, i.e. equities). • Undertaking engagement activities with investee companies and other stakeholders where appropriate. <p>The Trustees have undertaken training on ESG and Stewardship and is considering priorities, however none have been set to date.</p>
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To invest in GBP denominated share classes where possible.	The Scheme invests in GBP denominated share classes where possible.
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	These factors are considered where relevant by the Trustee.

Changes to the SIP

Policies added to the SIP

There were no changes to the SIP over the period.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP references the Scheme's policy with regards to ESG as a long-term risk. The section below details how the Scheme's ESG policy is implemented. The ESG policy is detailed below:

- The Trustees will engage with its sponsoring employer on its ESG policy and consider any views they may have.
- The Trustees believe that climate change is a financially material consideration when investing. The Trustees will engage with its managers on the issue and encourage them to consider the impact climate change may have on their portfolios.
- The Trustees may consider non-financially material ESG factors where it believes there is a majority membership preference or where the financial impact is unlikely to be detrimental to returns.
- Where there is choice, the Trustees will invest in fund managers with a superior ESG approach, as rated by its investment adviser, provided it is not detrimental to returns.
- The Trustees expect its fund managers to report on ESG issues and developments.

Engagement with the Sponsor

The ESG policy above has been discussed and agreed with the Sponsor. The Sponsor also attends Trustee meetings and is kept updated on all material developments in relation to ESG.

The rest of this statement details the Trustees' view of the managers and an evaluation of the stewardship activity.

The following table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies. The Trustees will review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

Implementing the Current ESG Policy

Areas for monitoring and engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factor and the exercising of rights.	The Trustee receives information from its investment advisers on the investment managers' approaches to engagement.	<p>The manager has not acted in accordance with their policies and frameworks.</p> <p>The manager's policies are not in line with the Trustee's policies in this area.</p>

Engagement and Voting

Fund Manager	Policies	Engagement and Voting
VT RM Alternative Income Fund	<p>Responsible Investment Policy - active stewardship integral part of approach, companies that deliver wider societal benefits will be successful.</p> <p>A list of activities they will not invest in, even if the activity is along the supply chain, nor will they invest in companies with a significant negative impact such as gambling.</p> <p>Voting, Engagement & Escalation Policy – engagement is key to making a difference.</p>	<p>Engagements: Environmental: 32* Social: 32* Governance: 32* + 15**</p> <p>*Number of DDQs sent out ** One-on-one meetings with the board or investment manager</p> <p>Examples of a significant engagement include:</p> <p>Pantheon Infrastructure PLC ("PINT") – RM highlighted that PINT did not have a formalised ESG and Sustainability policy and furthermore did not have any portfolio level guidelines regarding ESG criteria and greenhouse gas emissions reporting.</p> <p>RM emphasised the importance of a well-defined ESG policy to PINT as well as further encouraging them to set up environmental benchmarks and objectives. RM believe this initiative could help steer PINT's future investment strategy and facilitate the continued monitoring of PINT's ESG developments.</p>
Ormonde Multi-Asset Fund	The fund has been in wind-down for 12 months with only two illiquid holdings on risk.	Given the wind-down, engagement has only been on the sale of the remaining assets.

Broadfin Healthcare, Chenavari Regulatory Capital Funds	The funds make up less than 1% of the portfolio and are in the process of paying back the remaining assets	Given the wind-down, engagement has only been on the sale of the remaining assets.
Harbert III, Harbert IV, Lunar Capital IV, Phoenix V	These are illiquid property and private equity funds that are all in harvest mode.	Given the stage of the funds, engagement has only been on the sale of the remaining assets.
Columbia Threadneedle Multi-Asset Fund	Documents are available on their website covering RI policies. Responsible investment Columbia Threadneedle Investments	<p>Engagements (for the year to 31 December 2023) Total: 285 Environmental: 133 Social: 163 Governance: 178 Strategy: 50 *Figures do not sum as one engagement may cover multiple topics.</p> <p>CT's primary driver for engagement is to support long-term investment returns by mitigating risk, capitalising on opportunities linked to ESG factors and reducing any material negative impact that their investment decisions could have.</p> <p>Example of significant engagements include:</p> <p>Carlsberg– Carlsberg's global supply chain exposes them to risks of human rights violations. It's score on the Corporate Human Rights Benchmark (CHRB), which is an assessment of a company's governance processes in line with UN Guiding Principles for Business and Human Rights, was 8.5/26.</p> <p>CT reached out to the company to query this score and requested detail on the risk assessment process and how the company were looking to remedy the score. CT encouraged making the existing Human Rights policy more concrete and highlighted the value a global anonymous grievance hotline would bring.</p> <p>After speaking with the ESG and responsible sourcing leads CT felt that there is a robust programme to operationalise the policy commitments and conduct regular reviews to update risk developments. CT expect that the next submission to the CHRB will score higher and give a fuller representation of the programme.</p>

Columbia
Threadneedle
LDI

Documents are available on their website covering RI policies.
[Responsible investment | Columbia Threadneedle Investments](#)

CT was an early adopter of ESG risk management and have invested a significant amount of time and research in this area. CT have evidenced that they believe ESG factors are a crucial to good risk management. For LDI portfolios, CT engage with the counterparty banks that provide them with leverage to encourage them to identify and manage ESG risks.

Example of significant engagements include:

Barclays PLC: CT recorded a milestone with Barclays who are one of their counterparty banks. Barclays will no longer provide financing to oil sands exploration. CT note that whilst this is an important step in the company's climate risk management, they still fall behind peers in their fossil fuels financing policy.

Columbia Threadneedle MAF (for the year to 31 March 2024)

Request	Response
How many meetings were you eligible to vote at?	494
How many resolutions were you eligible to vote on?	6702
What % of resolutions did you vote on for which you were eligible?	98.8%
Of the resolutions on which you voted, what % did you vote with management?	86.8%
Of the resolutions on which you voted, what % did you vote against management?	11.6%
Of the resolutions on which you voted, what % did you vote to abstain?	1.6%
In what % of meetings, for which you did vote, did you vote at least once against management?	62.6%

Company Name	Meeting Date	Approx size of holding (31 March 2024)	Summary of resolution	How voted	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Rationale for the voting decision (CT perspective)	Outcome of the vote	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	On which criteria have you assessed this vote to be "most significant"?
Amazon.com, Inc.	2023-05-24	1.1%	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	For	No	Shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate strategy. We are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy. To meet the ambition of the Paris Agreement and avoid massive risk to shareholder value, corporations should demonstrate the nexus between their climate aspirations and business strategy via disclosure of credible Paris- or 1.5 degree-aligned emissions reduction targets. Current disclosure does not sufficiently provide investors such information.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent
Amazon.com, Inc.	2023-05-24	1.1%	Report on Median and Adjusted Gender/Racial Pay Gaps		For	The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Fail	The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Vote against management on certain environmental or social proposals & >20% dissent
Amazon.com, Inc.	2023-05-24	1.1%	Report on Customer Due Diligence		For	The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of	Fail	The company faces risks related to human rights in its global operations. Good practice includes	Active stewardship (engagement and voting)

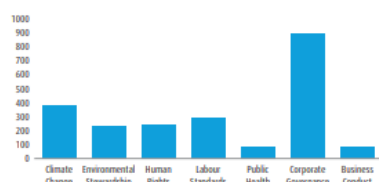
						practice, along with a narrative on how impacts are monitored and effectively mitigated.		developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.	continues to form an integral part of our research and investment process.
Amazon.com, Inc.	2023-05-24	1.1%	Commission Third Party Study and Report on Risks Associated with Use of Rekognition	For	No	The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent
Amazon.com, Inc.	2023-05-24	1.1%	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	For	No	Shareholders would benefit from increased disclosure through a third-party assessment of the company's commitment to its freedom of association policies and practices to provide assurance regarding the company's claims	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent
Shell Plc	2023-05-23	0.1%	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Abstain	No	Whilst we appreciate the progress made by the company and engagement to date, we feel ABSTAINING is the best option to recognise this progress whilst retaining our position that we would prefer to see greater movement towards full Paris alignment in the coming years.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent
The Walt Disney Company	2023-04-03	0.5%	Report on Political Expenditures	Abstain	No	While we generally agree with the sentiment of this proposal, it appears the company provides reasonable disclosure of its political donations and we are encouraged by the recent efforts to increase transparency on this issue.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent
Quest Diagnostics	2023-05-17	0	Adopt GHG Emissions Reduction Targets Aligned with the	For	No	We are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent	Fail	Active stewardship (engagement and voting) continues to form an integral part of our	Vote against management on certain environmental or

Incorporated			Paris Agreement Goal			management discretion or seek to entirely redefine the company's existing business strategy. To meet the ambition of the Paris Agreement and avoid massive risk to shareholder value, corporations should demonstrate the nexus between their climate aspirations and business strategy via disclosure of credible Paris- or 1.5 degree-aligned emissions reduction targets. Current disclosure does not sufficiently provide investors such information.		research and investment process.	social proposals & >20% dissent
Apple Inc.	2024-02-28	0.2%	Report on Median Gender/Racial Pay Gap	For	No	The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent
NIKE, Inc.	2023-09-12	0	Report on Median Gender/Racial Pay Gap	For	No	The proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	Fail	Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.	Vote against management on certain environmental or social proposals & >20% dissent

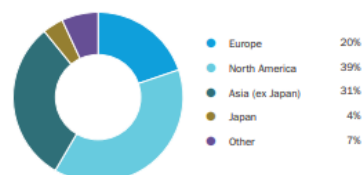
Columbia Threadneedle Investments company engagement H1: 2023

Total engagements	1,429
Companies engaged	1,083
Milestones achieved	78
Countries covered	47

Engagement by theme



Engagement by geography



Global milestones H1: 2023

Columbia Threadneedle Investments monitors the effectiveness of the company engagement that it conducts on your behalf. This semi-annual record demonstrates the tangible impact that engagement has in changing the way that companies manage ESG risks and how they take advantage of emerging opportunities.

These engagement outcomes are called "milestones". In H1: 2023, we recorded 78 milestones. Each milestone reflects a specific improvement by a company following our engagement.

Milestones by theme

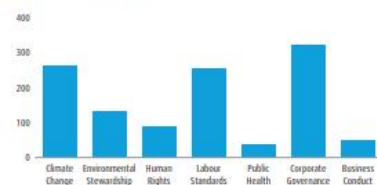


Please note that figures have been rounded to the nearest percentage and therefore may not add up to exactly 100%. Statistics reflect engagement conducted for our global universe.

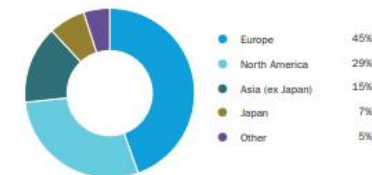
Columbia Threadneedle Investments company engagement H2 2023

Total engagements	581
Companies engaged	439
Milestones achieved	136
Countries covered	37

Engagement by theme



Engagement by geography

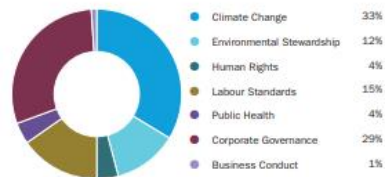


Global milestones H2 2023

Columbia Threadneedle Investments monitors the effectiveness of the company engagement that it conducts on your behalf. This semi-annual record demonstrates the tangible impact that engagement has in changing the way that companies manage ESG risks and how they take advantage of emerging opportunities.

These engagement outcomes are called "milestones". In H2 2023, we recorded 136 milestones. Each milestone reflects a specific improvement by a company following our engagement.

Milestones by theme



Please note that figures have been rounded to the nearest percentage and therefore may not add up to exactly 100%. Statistics reflect engagement conducted for our global universe.