

James Fisher & Sons plc Pension Fund for Shore Staff ('the Scheme')

Implementation Report for the period 1 August 2023 to 31 July 2024

Background and Implementation Statement

Background

Environmental, Social and Governance (ESG) factors are recognised as financially material risks and schemes need to consider how these factors are managed as part of their fiduciary duty. The Trustees detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The SIP includes:

- policies for managing financially material considerations, such as, ESG factors and climate change
- policies on the stewardship of the investments

The current SIP can be found online at the web address:

[Statement of Investment Principles – James Fisher 2024](#)

Implementation Report

The Implementation Report details:

- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- Changes to policies on ESG matters that have been made to the SIP over the period
- the extent to which the Scheme has 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 the investment mandate
- voting behaviour covering the reporting year up to 31 July 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf. Please note that this analysis uses data for 12 months up to 30 June 2024 as it is the latest available to the reporting date of 31 July 2024.

Summary of key actions undertaken over the Scheme reporting year

- Early in the reporting year, the Scheme disinvested £6.4m from the Partners Fund. In Q3 a further disinvestment of £6.0m was made. Proceeds were received into the Trustee Bank Account (“TBA”) over Q4 2023 and Q1 2024 respectively.
- In Q4 2024, £4.9m of these proceeds was invested into the Asset-Backed Securities (“ABS”) mandate to support the Scheme’s liquidity position.
- Over Q2 2024, the majority of the remaining proceeds were invested into the Insight ABS fund (£3.7m) and Insight Liquidity fund (£1.9m). The remaining £0.4m was retained in the TBA to support ongoing cashflow requirements.
- Post year-end, the Trustees instructed a full redemption of assets from the Partners Fund which settled in the TBA in Q4 2024. The Trustees have since invested the proceeds with Aegon, a new, complementary ABS manager. Furthermore, the Trustees initiated the process of transferring a portion of the Scheme’s assets to the Mobius Life platform.

Implementation Statement

This report demonstrates that James Fisher and Sons plc Pension Fund for Shore Staff has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed **Alison Creasy**

For and on behalf of the BESTrustees Limited, Chair of Trustees of the Scheme

Date **24 February 2025**

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions
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.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion:</p> <ol style="list-style-type: none"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	<p>The ESG policy was updated in 2023 as part of updates made to the SIP. In 2024 the Trustees reviewed the policy resulting in no significant changes to the ESG policy as stated in the SIP.</p> <p>The Trustee's investment managers produce annual reports detailing their engagement with issuers on social, environmental, and corporate governance issues. This practice ensures regular updates on the progress towards ESG objectives.</p> <p>The Trustees are comfortable that the investment managers have adhered to the policy outlined in the SIP, as they receive information from investment advisors regarding the investment managers' engagement approach where areas of concern or material changes are identified.</p> <p>The Trustees review the voting and engagement activities of the investment managers as presented in the implementation report (usually in Q1 each year).</p>

Changes to the SIP

No major updates were made to the SIP over the reporting year to 31 July 2024. Post year-end the SIP was updated as follows:

- 1) with an investment objective of securing all of the liabilities with an insurance company (buy-in) in the medium term.
- 2) To provide further detail on the investment performance reporting benchmark methodology in the Asset Allocation section and an explanation of how this is expected to evolve as the Scheme winds down its illiquid assets

Voting

The Trustees have acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf.

The Scheme's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 July 2024. The managers also provided examples of any significant votes. Reporting on voting activity is only required for The Partners Fund as it invests in equity as part of its investment strategy.

Please note that:

- The analysis uses data for the 12 months prior to 30 June 2024 as it is the latest available to the reporting date of 31 July 2024; and
- The Commentary below is provided by the managers and "we", "us" should be read in that context.

Fund name	Voting summary	Examples of significant votes
The Partners Fund	Meetings voted: 57	<p>The Partners Fund investment approach usually results in them holding a commanding position on the board of directors of their portfolio companies. Consequently, they are able to guide the company's policy on ESG matters.</p> <p><u>Wedgewood Pharmacy</u></p> <p>Wedgewood Pharmacy is a direct private equity investment in the portfolio – the investments are direct to secure authority and influence over the company's operations.</p> <p>Wedgewood Pharmacy completed its 2022 scope 3 footprint assessment in order to evaluate its environmental impact and to align with its Greenhouse Gas reductions objectives. The company also identified eco-friendly materials and alternatives for packaging.</p> <p>The company also implemented new waste and cost reduction measures in Arizona and New Jersey. They are also working to introduce new energy saving methods while collaborating with Partners Group portfolio companies such as Budderfly and VelocityEHS.</p> <p>Wedgewood Pharmacy have also made effort on the social front aspects by meeting their goals for workplace incidents recordkeeping and committed to completing additional safety training. The company also participated in various community initiatives and is developing a more inclusive employment strategy.</p> <p>From a governance perspective. The company have enhanced cybersecurity measures and are integrating marketing and R&D for sustainable packaging initiatives. This has resulted in an expansion of their ESG team to oversee these workstreams.</p>
	Votes cast: 799	
	Votes 'for' management: 711	
	Votes 'against' management: 64	
	Votes 'abstain': 8	

**Figures may not sum to the exact total number of votes cast 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 differing ways, or a vote of 'Abstain' is also considered a vote against management.*

Engagement

As the Scheme invests via pooled fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 month period to 31 July 2024. Please see below for a summary relating to the Funds the Scheme had exposure to over this period.

Please note that:

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- The Commentary below is provided by the managers and “we”, “us” should be read in that context.

Fund name	Engagement summary	Commentary
Insight – Enhanced Selection LDI Funds	<p>Total engagements: 43</p> <p>Number of entities engaged: 20</p>	<p>Insight operates a large derivative book of business for clients, which is highly dependent on strong relationships with counterparty institutions to achieve the best outcomes for our clients. We speak daily to many of our counterparties on a variety of issues which inform our trading relationships. Engagement is therefore a core part of business-as-usual operations, and ESG risk assessment and engagement with counterparties is a longstanding component of Insight’s credit research process.</p> <p>An example of significant engagement is:</p> <p>European bank - 2024</p> <p>Insight engaged with this bank as part of their counterparty engagement programme. They discussed several environmental and social issues, including the bank’s alignment with the GHG Protocol. The issuer scored towards the middle of the pack and was weaker than several of its European peers</p> <p>Insight inquired about the bank's process for evaluating clients' decarbonization plans, noting the absence of a clear escalation path for insufficient progress. Since then, the bank has established a structured governance framework, including a Group Carbon Forum, to manage environmental and social risks in transactions, specifically for sectors with decarbonization targets. This forum monitors client engagement and decarbonization progress against these targets. Following Insight's initial questionnaire and subsequent feedback report with recommendations (including facilitated emissions reporting, a client escalation pathway, enhanced oil and gas financing exclusions, and natural capital integration disclosure), the bank has made positive ESG progress, which Insight continues to monitor.</p>
Insight Asset-Backed Securities Fund	<p>Total engagements: 20-30</p> <p>Number of entities engaged: 20</p> <p>Insight did not provide a split across the three categories: Environmental, Social and Governance.</p>	<p>There is specialised expertise within the analyst team to analyse and underwrite the investments.</p> <p>An example of significant engagement is:</p> <p>Volkswagen (VCL) – Volkswagen is a major auto company and engages with investors at the main issuer level. However, ESG and climate risk data was lacking from within the financing arm.</p>

		<p>Insight engaged with VW's RI team regarding their auto securitisation program in addition to the original engagement, The aim of this engagement was to raise reporting standards within the auto ABS issuing entity and to encourage the company to establish CO2 emission data reporting.</p> <p>Discussions took place between Senior Portfolio Managers within the SF team and a member of the RI team at Volkswagen. Volkswagen stated that historically their main focus had been on reporting at the corporate level, they would have a future focus on providing carbon emissions at a securitisation level.</p>
M&G Alpha Opportunities Fund	<p>Total engagements: 8</p> <p>Environmental: 6</p> <p>Governance: 1</p> <p>Social: 1</p>	<p>The manager has two approaches to the engagement programme: top-down and bottom-up. The top-down approach are thematic, proactive engagements on issues such as modern slavery within operations. The bottom-up approach focuses on company specific engagements such as company supply-chain structure.</p> <p>An example of significant engagement is:</p> <p>AIB Group PLC</p> <p>M&G met with Irish Bank AIB regarding the environmental aspects like decarbonisation as they discussed the process it went through to have its near-term decarbonisation targets SBTi approved as they are one of the very few banks that have done this.</p> <p>The general idea was to apply the lessons learned by AIB within this process to other financial holdings that are having difficulty with the process as a form of guidance. Additionally, in the meeting M&G took into account the net zero targets as they encouraged them to get them approved by SBTi also, as well as producing regular reports on the outcome of its scope 3 engagement program, particularly as relates to its loan book.</p> <p>In order to achieve this outcome amongst the parties, M&G met with the bank's chief strategy and sustainability officer along with a member of the investor relations team. AIB provided a good overview of the steps it had taken, the most important of which was initially getting internal stakeholders on board to allow for a smooth process and working closely with SBTi on areas of uncertainty or concern. The bank confirmed that its intention was to get its net zero target approved and was positive on the idea of reporting on its scope 3 engagement. This, it said, could eventually look at other ways of encouraging loan customers to decarbonise - in terms of incentives - while regulation was also helping to drive this, particularly CSRD.</p>
The Partners Fund	<p>The Partners Fund did not provide a breakdown of engagement.</p>	<p>Partners Group's representatives on the board of directors of a portfolio company collaborate with the Partners Group investment teams as well as the ESG & Sustainability team to formulate and implement ESG initiatives.</p> <p>An example of significant engagement is:</p> <p>Ammega – is a direct private equity investment in the portfolio; the investments are direct to secure authority and influence over the company's operations.</p>

		<p>Partners Group support the company in actively monitoring areas of environmental concern, such as, CO2 emissions, waste generation, water, and energy consumption.</p> <p>The company also focuses on social aspects, such as, occupational health and safety. They collaborate with academic institutions and universities and engage with NGO's. The company also have a whistle blower tool for employees to report violations without fear of retaliation.</p>
Partners Group Multi Asset Credit VI Fund	<p>The Partners Fund did not provide a breakdown of engagement.</p>	<p>The Fund discusses Partners Group's commitment to ESG and ambition for the company with company management teams. Key ESG improvements are identified, and a strategy would be defined for the company.</p> <p>An example of significant engagement is:</p> <p>Meine Radiologie - Partners laid out Meine's key ESG targets: (i) Reduce Co2 footprint per patient exam: 2022 levels were 15.3 kgCO2E per patient. 2023 levels to be reported later, ii) share of renewable energy increased from 60% in 2022 to 65% in 2023. Targeting 75% in 2024, (iii) Set out employee satisfaction target metrics and strategy – long term attrition rate < 5%, and achieve 75% employee participation in employee surveys.</p>

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