



Jungheinrich UK Limited Retirement Benefit Scheme Implementation Statement 5 April 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This implementation report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the Statement of Investment Principles (SIP).

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

[Jungheinrich SIP](#)

The Implementation Statement details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- 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 5 April 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

The hedging mandate was refreshed in May 2024 to reflect the updated 2022 Actuarial Valuation cashflow profile and maintain the 100% interest rate and inflation hedge target on a Gilts+0.25%. This involved restructuring the gilt portfolio and establishing a dedicated cash fund. A dynamic rebalancing mechanism was also implemented to mitigate risks from market volatility causing material deviations in the hedging position.

Implementation Statement

This report demonstrates that Jungheinrich UK Limited Retirement Benefit Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Managing risks and policy actions DB

A non-exhaustive list of risks and financially-material considerations that the Trustees have considered and sought to manage is shown below.

The Trustees adopt an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated in the table below.

| Risk / Policy | Definition | Policy | Actions |
|-------------------|---|---|---|
| Investment | The risk that the Scheme's position deteriorates due to the assets underperforming. | Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing c.70% of the Scheme's assets in UK government bonds. | There have been no changes to the policy over the reporting year. |
| Funding | The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows. | Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustees will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time. | There have been no changes to the policy over the reporting year. |
| Covenant | The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme. | When developing the Scheme's investment and funding objectives, the Trustees take account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support. | There have been no changes to the policy over the reporting year. |

The Scheme is exposed to a number of underlying risks relating to the Scheme's investment strategy. The key risks and how they are managed are stated in the table below.

| Risk / Policy | Definition | Policy | Actions and details on changes to policy |
|---|--|--|--|
| Interest rates and inflation | The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations. | To target an investment of 70% of the Scheme's assets in long dated UK government bonds (both fixed and index-linked) & Cash. | The hedging mandate was refreshed in May 2024 to reflect the updated 2022 Actuarial Valuation cashflow profile and maintain the 100% interest rate and inflation hedge target on a gilts+0.25% basis. The Scheme's total allocation to Gilts & Cash remained unchanged at 70% post implementation. |
| 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). The Scheme invests in weekly dealt funds. | No rebalancing was required for liquidity purposes as the Scheme is invested entirely in weekly dealt funds. |
| Market | Experiencing losses due to factors that affect the overall performance of the financial markets. | To remain appropriately diversified and hedge away any unrewarded risks, where practicable. Limited allocation to equity markets (20% target of total Scheme assets). | No action was required as the Scheme remained suitably diversified to manage this risk. |
| 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 sectors. | No action required as the LGIM Investment Grade Corporate Bond All Stocks Index Fund provides exposure to a sufficiently diversified range of bond issuers. |
| 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 satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 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 | The extent to which ESG and ethical considerations are taken into account in these decisions is delegated to the investment managers. The Trustees have very limited scope to influence this decision making as the Scheme's investments are in index-tracking funds. |

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| | | <p>4. ESG specific reporting</p> <p>5. UN PRI Signatory</p> <p>6. UK Stewardship Code signatory</p> <p>The Trustees monitor the manager on an ongoing basis.</p> <p>Receive updates from investment advisors regarding ESG factor risk, noting that all of the Scheme's assets are invested in index-tracking funds.</p> <p>A target of 70% of Scheme assets are invested in UK government bonds where ESG factors are not applicable.</p> | |
| Currency | The potential for adverse currency movements to have an impact on the Scheme's investments. | Exchange rate risk is hedged on the Scheme's European equities. | There have been no changes to the policy over the reporting year. |
| 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. | There have been no changes to the policy over the reporting year. |

Changes to the SIP

There were no updates to the SIP during the reporting period. Post year end a new SIP, reflecting updates to the benchmark allocation and the rebalancing framework, was signed by the Trustees.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy regarding ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's manager's ESG policies and procedures. The rest of this statement details Isio's view of LGIM, our actions for engagement and an evaluation of the stewardship activity.

| Areas for engagement | Method for monitoring and engagement | Circumstances for additional monitoring and engagement |
|--|---|--|
| Environmental, Social, Corporate Governance factors and the exercising of rights | <ul style="list-style-type: none">• The Trustees' investment manager provides annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.• The Trustees receive information from their investment advisers on the investment managers' approaches to engagement. | <ul style="list-style-type: none">• The manager has not acted in accordance with their policies and frameworks.• The manager's policies and priorities are not in line with the Trustees' policies and priorities in this area. |

Implementing the Current ESG Policy

The below table outlines the areas which the Scheme's investment manager is assessed on when evaluating their ESG policies and engagements. The Trustees intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

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|-----------------------------------|---|
| Risk Management | <ol style="list-style-type: none"> 1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustees |
| Approach / Framework | <ol style="list-style-type: none"> 3. The Trustees should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors. |
| Reporting & Monitoring | <ol style="list-style-type: none"> 6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustees will receive training as required to develop their knowledge. 8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustees will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions. |
| Voting & Engagement | <ol style="list-style-type: none"> 9. The Trustees will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting. |
| Collaboration | <ol style="list-style-type: none"> 11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights. |

Engagement

As the Scheme invests via 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 March 2025. The engagement data is available on a quarterly basis so LGIM cannot provide engagement data to the reporting year end of 5 April 2025.

| Fund name | Engagement summary | Commentary |
|---|--|---|
| LGIM UK Equity Index Fund | Total engagements: 362 Environmental: 168 Social: 58 Governance: 112 Other: 24 | LGIM's engagement with companies is done at a firm wide level rather than on a fund basis. This is spearheaded by the central Investment Stewardship Team. We believe that this is a sensible approach as it helps leverage on the size of total holdings to help drive change on any ESG issues. |
| LGIM Europe (ex-UK) Equity Index GBP Hedged Fund | Total engagements: 335 Environmental: 207 Social: 73 Governance: 42 Other: 13 | |
| LGIM Investment Grade Corporate Bonds All Stock Index | Total engagements: 364 Environmental: 203 Social: 48 Governance: 81 Other: 32 | |
| LGIM Cash Fund | Total engagements: 8 Environmental: 6 Social: 0 Governance: 2 Other: 0 | |

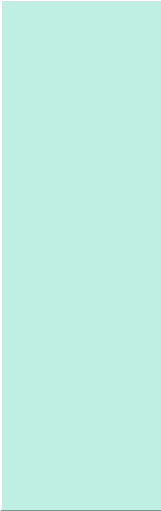
Voting (for equity/multi asset funds only)

The Trustees have acknowledged responsibility for the voting policies that are implemented by LGIM on their behalf.

LGIM have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2025. The Trustees have adopted the managers definition of significant votes and have not set stewardship priorities. The managers have provided examples of votes they deem to be significant, and the Trustees have shown the votes relating to the greatest exposure within the Scheme's investments. The voting data is available on a quarterly basis so LGIM cannot provide voting data to the reporting year end of 5 April 2025.

| Fund name | Voting summary | Examples of significant votes | Commentary |
|---------------------------|--|---|---|
| LGIM UK Equity Index Fund | Meetings eligible to vote for: 717 | Smith & Nephew Plc | LGIM's Investment Stewardship team are responsible for managing voting activities across all funds. LGIM's passive equity fund does not have a negative selection or disinvestment option in relation to ESG issues, therefore voting is a key method for LGIM to address ESG issues that have been identified. |
| | Resolutions eligible to vote on: 10,134 | <ul style="list-style-type: none"> - Date of vote: 01/05/2024 - Size of the holding: 0.35% - Significance of vote: Gender diversity is viewed as financially material with implications on assets managed by LGIM. | |
| | Resolutions voted on: 100.0% | | |
| | Resolutions voted with management: 93.8% | <ul style="list-style-type: none"> - How the manager voted: against (against management) - The vote passed. | |
| | Resolutions voted against management: 6.2% | | |
| | Resolutions abstained from: 0.0% | <ul style="list-style-type: none"> - LGIM voted against a resolution (against management recommendation) to re-elect Marc Owen as Director due to the lack of progress on gender diversity on the board. LGIM expects companies to have at least 40% female representation on the board. governance and board accountability concerns. | |
| | | Shell Plc | |
| | | <ul style="list-style-type: none"> - Date of vote: 21/05/2024 - Size of the holding: 7.7% - Significance of vote: LGIM expect climate transition | LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. |

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|---|--|--|---|
| | | <p>plans to be high profile issues.</p> <ul style="list-style-type: none"> - How the manager voted: against (against management) - The vote passed - LGIM voted against a resolution to approve the Transition Progress report as they are concerned around the lack of disclosure on future targets. LGIM continue to engage on climate transition plans. | |
| LGIM Europe (ex-UK) Equity Index GBP Hedged Fund | <p>Meetings eligible to vote for: 504</p> <p>Resolutions eligible to vote on: 8,539</p> <p>Resolutions voted on: 100.0%</p> <p>Resolutions voted with management: 81.5%</p> <p>Resolutions voted against management: 18.1%</p> <p>Resolutions abstained from: 0.4%</p> | <p>Nestle SA</p> <ul style="list-style-type: none"> - Date of vote: 18/04/2024 - Size of the holding: 2.9% - Significance of vote: high profile social alignment engagement - How the manager voted: For (against management) - LGIM co-filed this resolution calling for reporting on non-financial matters regarding sales of healthier and less healthy foods. LGIM called for more effective targets to increase the availability of healthier food choices for consumers given the clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. Given the size of Nestle and influence over the industry, LGIM believe they should be setting an example for the rest. LGIM will continue to engage with the company and publicly advocate their position on this issue and monitor company and market-level progress. <p>Ferrari NV</p> <ul style="list-style-type: none"> - Date of vote: 17/04/2024 - Size of the holding: 0.56% - Significance of vote: Gender diversity is viewed as financially material with implications on assets managed by LGIM. | <p>LGIM's Investment Stewardship team are responsible for managing voting activities across all funds. LGIM's passive equity funds do not have a negative selection or divestment option in relation to ESG issues, therefore voting is a key method for LGIM to address ESG issues that have been identified.</p> <p>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.</p> |

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- How the manager voted:
against (against
management)
 - LGIM voted against a
resolution (against
management
recommendation) to re-
elect Sergio Duca as Non-
Executive Director due to
the lack of gender diversity
on the board. LGIM expects
companies to have at least
a third of board members to
be made up of female
representation.
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