

Japan Airlines Company Limited Pension and Assurance Scheme ('Scheme')

31 March 2025 Implementation Statement

September 2025

1. Introduction

The regulatory landscape continues to evolve as environmental, social and governance (“ESG”) becomes increasingly important to regulators and society. The Department of 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.

This Implementation Statement is to provide evidence that the Japan Airlines Company Limited Pension and Assurance Scheme (the “Scheme”) continues to follow and act on the principles outlined in the Statement of Investment Principles (the “SIP”).

The latest guidance (“the Guidance”) from the DWP aims to encourage trustees to properly exercise their stewardship policies including both voting and engagement which are documented in the scheme’s SIP. The Trustee, via Isio Group Limited, the Investment Adviser, implements its stewardship policies detailed in the Scheme’s SIP using Schroders as the Implementation Manager (referred to as the ‘Implementation Manager’). The Implementation Manager is responsible for implementing the Trustee’s stewardship policies on its behalf when carrying out the Scheme’s investments. The Implementation Manager can appoint other investment managers (referred to as ‘Underlying Investment Managers’) to manage part of the Scheme’s assets, and investments with these managers are generally made via pooled funds, where the Scheme’s investments are pooled with those of other investors. This Implementation Statement has been prepared to provide details on how the Trustee has complied with the DWP’s Guidance.

The SIP was amended during the year ending 31 March 2025, and the changes made predominantly related to the Trustee’s decision to transfer the Scheme’s assets from the Mobius Life platform and to appoint Schroders Investment Management Limited (‘Schroders’) as the implementation manager and investment manager for the Scheme’s assets.

The SIP was also updated to reflect the new investment strategy that was agreed in October 2024. The updated investment strategy targets an expected return of 1.5% per annum above the return on UK Government bonds and targets to hedge 97% of interest rate and inflation risks on a Technical Provisions liability basis.

This SIP came into force from 10 October 2025.

A copy of the current SIP can be found here: [Statement of Investment Principle Japan Airlines Company Limited Pension and Assurance Scheme - Gateley](#)

The Scheme onboarded with Schroders on 17 March 2025. However, as per Implementation Statement reporting requirements, this report relates to the investments held as at 31 March 2025. Assets held with Mobius Life over the year are not covered within this statement.

This Implementation Statement sets out:

- How the Trustee’s policies on stewardship have been followed by the Implementation Manager and Underlying Investment Managers;
- 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; and
- Voting behaviour of the Implementation Manager and Underlying Investment Managers, including the most significant votes cast and any use of a proxy voter during the period from 1 April 2024 to 31 March 2025 (the “Scheme Year”).

A copy of this Implementation Statement is available on the following website: [Statement of Investment Principle Japan Airlines Company Limited Pension and Assurance Scheme - Gateley](#)

2. How the Trustee's policies on stewardship have been followed by the Implementation Manager and Underlying Investment Managers

As described in the SIP, the Trustee's approach to stewardship is to delegate the voting and engagement activities to the Implementation Manager. The Trustee takes responsibility for regularly reviewing the approach and stewardship policies of the Implementation Manager to ensure they are aligned with the Trustee's priorities and objectives. A copy of the Scheme's SIP has been provided to the Implementation Manager, who is expected to follow the Trustee's investment (including stewardship) policies when providing Implementation Management services. The Trustee believes this approach is appropriate for the Scheme and therefore is comfortable to delegate stewardship activities to the Implementation Manager. Schroders have a Group Sustainable Investment policy (link in the appendix) which has been reviewed as part of this delegation decision.

The Implementation Manager aligns its own stewardship activities with Schroders' Engagement Blueprint (link in the appendix), which identifies six broad themes for their active ownership: Climate Change, Natural Capital & Biodiversity, Human Rights, Corporate Governance, Human Capital Management, and Diversity & Inclusion. From these, the Implementation Manager has chosen **Climate Change, Natural Capital & Biodiversity, and Human Rights** as its focus for the stewardship actions it performs on behalf of the Scheme. The Trustee expects that the Implementation Manager's stewardship activities will result in improved management of ESG and climate related risks and opportunities, which is expected to improve the long-term financial outcomes of the Scheme.

The Implementation Manager is a signatory to the *UK Stewardship Code* which sets high standards for those investing money on behalf of UK pensioners and savers. The UK Stewardship Code describes stewardship as *"the responsible allocation, management and oversight of capital to create long-term value ... leading to sustainable benefits for the economy, the environment and society."* Thus, the Implementation Manager's stewardship activities on behalf of the Trustee encompass a variety of tools, including portfolio ESG integration, manager research and selection, portfolio ESG metric monitoring and voting and engagement.

As part of ongoing monitoring of how the Implementation Manager has exercised the Trustee's stewardship policies, the Trustee reviewed quarterly ESG updates and the Annual ESG Report. The quarterly ESG updates allow the Trustee to monitor the ESG characteristics of the Scheme's portfolio and thereby assess the Implementation Manager's allocation, management and oversight of the Scheme's capital. In addition, the quarterly report also includes stewardship activities including both voting and engagement the Implementation Manager carried out on behalf of the Trustee. The Annual ESG Report details various areas concerning the Implementation Manager's ESG integration within the investments and stewardship activities over the previous calendar year.

The Trustee is satisfied that the stewardship policies outlined in the SIP have been implemented, with the Implementation Manager taking the Trustee's stewardship policies and priorities into account as part of its stewardship activities and manager selection. Examples of how this has been evidenced include:

- The Implementation Manager continues to integrate ESG and climate factors via MSCI and SustainEx scores and applies exclusions to its core equity offerings during the security selection process as per the Schroders Group criteria which includes UNGC Global Norms Violators, controversial weapons, thermal coal, oil and gas production, oil and gas refining, and exposure to commodity-driven deforestation. This ensures a closer alignment of the Scheme's investments with the Trustee's stewardship priorities, as these excluded investments are generally viewed as causing significant harm to People or Planet.
- ESG integration throughout the portfolio, with Underlying Investment Manager and counterparty engagement carried out in Growth and LDI portfolios.
- Working with the core active credit manager to enhance their mandate to have a specific climate transition focus. This involves the introduction of a net zero target at the strategy level.
- Annual assessment of Underlying Investment Managers' ESG ratings against a comprehensive internal ESG assessment framework. Lower-rated managers are categorised as either Red-Engagement or Red-Exclusion, requiring further engagement to improve their rating, or exclusion on the grounds of poor ESG credentials. The ESG ratings were also used to identify the areas of engagement with Underlying Investment Managers across the engagement priorities.

- The Implementation Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments.
- In addition to regular reporting, the Implementation Manager has developed its ESG reporting to include voting and engagement examples to the Trustee, facilitating a more regular review of the Implementation Manager's and Underlying Investment Managers' stewardship activities. In addition, the quarterly ESG reporting also includes "spotlight" pages to provide the Trustee with ESG related hot topics and educational material such as ESG integration of asset classes.
- Development of biodiversity metric NatCapEx to be used as an engagement tool and to provide a greater understanding of exposure to nature related risks.
- Considering the voting statistics and behaviour set out in this Implementation Statement, along with the engagement activity that took place on the Trustee's behalf within the growth asset portfolio, cashflow matching credit portfolio, and the liability hedging portfolio, the Trustee is pleased to report that the Implementation Manager and the Underlying Investment Managers have demonstrated high levels of voting and engagement in line with its stewardship policies.

Specifically, the Trustee noted that:

- The Underlying Investment Managers demonstrated high levels of voting rights being acted on, where voting is relevant.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Implementation Manager carried out a high level of engagement activities with the Underlying Investment Managers, focussing on laggards and material allocations.
- The Implementation Manager also carried out a high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme remains robust following the events during the Gilt Crisis of Autumn 2022. Moreover, the Implementation Manager provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.

Given the activities carried out by the Implementation Manager and Underlying Managers and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.

3. Voting During the Scheme Year

The Trustee has delegated responsibility for voting on its behalf to the Implementation Manager and Underlying Investment Managers. Most voting rights associated with the Scheme's investments pertain to the underlying securities within the pooled funds managed by the Underlying Investment Managers. In a general meeting of a company issuing these securities, the Underlying Investment Managers exercise their voting rights according to their own policies, which the Implementation Manager may have influenced.

The pooled funds themselves often confer certain rights around voting or policies. These rights are exercised by the Implementation Manager on behalf of the Trustee, in line with the Trustee's stewardship policy.

Voting by the Implementation Manager

Over the year to 31 March 2025, regarding clients' pooled fund investments¹, the Implementation Manager voted on 78 resolutions across 13 meetings. The Implementation Manager voted against management on 0 resolutions (0% of total resolutions) and abstained on 11² resolutions (14.1% of the total resolutions). The voting topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Voting by the Underlying Investment Managers

Most Significant Votes

The following criteria must be met for a vote to be considered 'significant':

1. Must relate to the **BNY Mellon (Schroder Solutions) Global Equity Fund**
2. Must be defined as significant by the Implementation Manager; and
3. Must relate to the Trustee's stewardship priority themes

The **BNY Mellon (Schroder Solutions) Global Equity Fund** constitutes a significant proportion of the Scheme's Growth Asset portfolio and thus constitutes the majority of the Scheme's investments in equity assets – with equity being the main asset class that holds voting rights. Additionally, within the Scheme's Growth Asset portfolio, this is the only fund for which the Implementation Manager has responsibility over security selection. For these reasons, the voting activity associated with the securities in this fund holds particular significance for the Scheme.

From 1 January 2024, the proxy voting responsibilities for this fund moved to Schroders' Active Ownership team which ensures that the voting policy is guided by Schroders' **Engagement Blueprint** (link in the appendix) and therefore aligns with the Trustee's stewardship priorities. The Implementation Manager believes that all resolutions voted against the board's recommendations should be classified as a significant vote. Generally, the Implementation Manager does not communicate their voting intentions to companies regarding shareholder resolutions, however in some circumstances Schroders will publish their voting intentions on their Active Ownership Blog³. Regarding next steps after a vote, in the instance that votes are successful, the Schroders team will typically monitor progress closely and look to take further action at the next AGM should no progress be made.

Of the votes that satisfy the above criteria, the Trustee has selected one vote relating to each of the priority themes that it deems most material to the long-term value of the investments. These votes are hereby defined as 'most significant votes', and as per DWP guidance, the Trustee has communicated this definition of 'most significant votes' to the Implementation Manager. All of the most significant votes over this Scheme Year have been reported below.

¹The voting statistics provided pertain to the Implementation Manager's Model Growth portfolio and may not fully reflect the pooled fund investments held by the Scheme.

²The Implementation Manager abstained from voting on these resolutions due to the presence of share blocking. If the Implementation Manager were to vote on a position, they would then be blocked from selling positions in the security from the voting deadline date until one day post meeting and, in the absence of an instruction from Investors, it is Schroders' policy to retain liquidity of the investment.

³Schroders Active Ownership Blog - <https://www.schroders.com/en-us/us/individual/insights/active-ownership-blog-2024-voting-season-spotlight/>

CLIMATE CHANGE – At the **Equinor ASA** annual general meeting on 15 May 2024, Schroders voted for a shareholder resolution asking the Board to update its strategy and capital expenditure plan, considering the company’s commitment to support the goals of the Paris Agreement and the Norwegian Government’s expectations for the company to align with the Paris Agreement. The resolution also requests the updated plan to “specify how any plans for new oil and gas reserve development are consistent with the Paris Agreement goals”. This vote was against management, which stated in its response that its energy transition plan demonstrates a business model and strategy that are already aligned with the Paris Agreement’s most ambitious 1.5°C goal. Schroders acknowledge the company is leading on decarbonisation action relative to its sector. Nonetheless, they believe this resolution will encourage the company to produce more complete disclosures and provide further evidence to its claims that the strategy is already aligned with the Paris Agreement goals. This resolution could help shareholders to better assess how the company is addressing climate-related risks and potential costs to the business from climate transition trends. Schroders believe that by disclosing this information, Equinor will provide greater transparency to investors on the alignment between its commitments and implementation of its strategy. This vote against management was unsuccessful as the shareholders’ proposal was not adopted. The resolution was filed by the Climate Action 100+ group, which Schroders are a part of, and the direct filers will continue dialogue with Equinor.

NATURAL CAPITAL AND BIODIVERSITY - At the **General Motors Company** annual general meeting (AGM) on 4 June 2024, Schroders voted for a shareholder resolution asking the company to “disclose the company’s policies on the use of deep-sea mined minerals in its production and supply chains”. This vote was against management which affirmed in its AGM proxy statement that it has not invested in deep-sea mineral extraction and does not currently use, nor does it have plans to use, deep-sea minerals in its supply chain. However, the company has also stated that it is “working with third parties to make science-based evaluations and support the creation of a single common standard that establishes a deep-sea extraction framework so data-driven decisions can be made”. The company does not include a clear commitment to limit and avoid the conversion of ecosystems in its responsible sourcing policy. Thus, Schroders agree with the proponents that this lack of clarity in the company’s position could expose the company to reputational and regulatory risk including financial risk. While Schroders agree with the company that it is prudent for it to monitor the development of alternative value chains considering the consumer and regulatory pressure towards a fast Electric Vehicle transition, Schroders do not believe that this resolution dictates the company’s position on deep-sea mining but encourages it to be candid with stakeholders about their position and how their sourcing of minerals properly considers the financial risks associated with conversion of marine habitats. This vote was unsuccessful as the shareholders’ proposal was not adopted. Schroders plan to continue engagement with the company on this topic.

HUMAN RIGHTS – At the **JP Morgan Chase & Co.** annual general meeting (AGM) on 21 May 2024, Schroders voted for a shareholder resolution asking the company to produce a report “outlining the effectiveness of JPMorgan Chase & Co.’s policies, practices, and performance indicators in respecting internationally recognised human rights standards for Indigenous Peoples’ rights in its existing and proposed general corporate and project financing.” Schroders believe that the requested report would benefit shareholders as they seek to understand how the company manages relations with its stakeholders, and the associated regulatory, reputational, and financial risks. Although the company provides explanation on the frameworks it uses to identify and manage environmental and social (E&S) risks, an assessment of how effective these practices are would allow shareholders to better understand their robustness, and the company’s ability to mitigate any risks which may have financial implications. This vote against management was unsuccessful and Schroders intend to engage with JP Morgan on the topic raised in this resolution as well as others over the coming year.

Summary Voting Statistics

Only the Scheme’s equity and some alternative (hedge fund) holdings invest in assets with voting rights attached. Below are the voting statistics over the 12 months to 31 March 2025 for the most material funds held on behalf of the Trustee that had voting rights during the period.

| Equity Funds | BNY Mellon (Schroder Solutions) Global Equity Fund | Morant Wright Fuji Yield Japanese Fund | FSSA All China Fund |
|------------------------------------|--|--|------------------------|
| Total meetings eligible to vote | 727.0 | 59 | 83 |
| Total resolutions eligible to vote | 9,450 | 747 | 759 |

| | | | |
|--|------------|-------------|-------------|
| Of resolutions eligible to vote, % of resolutions voted on | 96% | 100% | 100% |
| Of voted resolutions, % vote with management | 86% | 85% | 94% |
| Of voted resolutions, % vote against management | 14% | 15% | 6% |
| Of voted resolutions, % abstained | 0% | 0% | 0% |
| Of voted resolutions, % vote contrary to the recommendation of proxy adviser (if applicable) | 12% | N/A | 7% |

Note:

- Schroders Investment Management (when exercising voting rights for the BNY Mellon fund) uses Glass Lewis (“GL”) for proxy voting services and receives ISS’s Benchmark research. Alongside ISS’s research, Schroders receives recommendations from GL in line with its own bespoke guidelines. This is complemented with analysis by its in-house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.
- Morant Wright does not subscribe to any shareholder advisory services, and its portfolio managers are directly responsible for proxy voting decisions.
- FSSA uses GL as its proxy voting advisor.
- 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.
- The transition from the BNY Mellon (Schroders Solutions) Global Equity Fund to the Schroders Life Diversified Equity Fund (“GDEF”) commenced over March 2025 with the transition completed in May 2025. Given that the transition was completed after the Scheme Year-end, the voting statistics have been reported for the BNY Mellon (Schroders Solutions) Global Equity Fund only.

The Trustee is satisfied that the voting and engagement activities undertaken by both the Implementation Manager and the Underlying Investment Managers align with the stewardship priorities determined during the Scheme Year, hence the Trustee believes that it has satisfactorily implemented the Stewardship Policies stated in the Scheme’s SIP.

Appendix 1 – ESG, Voting and Engagement Policies

Links to the voting and responsible investment policies for both the Implementation Manager and Underlying Investment Managers of the Scheme's actively managed holdings can be found here:

| Implementation Manager & Underlying Investment Managers | Voting & Engagement Policy |
|---|--|
| Schroders Solutions | https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf https://mybrand.schroders.com/m/75fa1cd8dd188c3b/original/613798_SC_Listed-Assets-Blueprint-Report-Digital_16_9_V12.pdf |
| Morant Wright | voting_policy_2023_0.pdf |
| FSSA | https://www.fssaim.com/uk/en/private/sustainability/our-approach-to-sustainability.html |
| SCOR | SCOR IP Engagement Policy 052024 EN 0.pdf |
| Neuberger Berman | https://www.nb.com/handlers/documents.ashx?id=aba155d6-e78e-4668-800f-fa69f05d45d0&name=Stewardship%20and%20Engagement%20Policy |
| Oaktree | https://www.oaktreecapital.com/docs/default-source/default-document-library/esg-policy-2024.pdf |