

Jabil Circuit Pension Scheme Implementation Statement for the year to 5 April 2023

It is a requirement that Jabil Pension Trustees Limited ('JPT') sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') has been followed during the year. The following disclosures have been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, which transposes the EU Shareholder Rights Directive (SRD11) into UK law.

JPT's objective is to invest the Scheme's assets in the best interest of the members and beneficiaries. Within this framework JPT has agreed a number of objectives to help guide it in its strategic management of the assets and control of the various risks to which the Scheme is exposed.

JPT's primary aims are:

- To ensure the Scheme's obligations to its beneficiaries can be met;
- To achieve an asset return above the return from gilts over the longer term, whilst recognising the need to balance risk control and return generation;
- To ensure consistency between the Scheme's investment strategy and the return assumptions used by the Scheme Actuary;
- To pay due regard to Jabil's interests in the size and incidence of employer contribution payments.

The Scheme's SIP includes JPT's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out JPT's beliefs on ESG and climate change and the processes followed by JPT in relation to voting rights and stewardship. This was last reviewed in April 2023 and is made publicly available.

In order to establish these beliefs and produce this policy, JPT undertook training provided by the investment consultant, Mercer, on responsible investment, which covered ESG factors, stewardship, climate change, initially in June 2019 with further training at subsequent Board meetings in relation to ongoing disclosure requirements.

JPT keeps its policies under regular review with the SIP being subject to periodic reviews and at least triennially.

The following work was undertaken during the year relating to JPT's policy on ESG factors, stewardship and climate change, and sets out how JPT's engagement and voting policies were followed and implemented over the Scheme year.

Mercer policy updates

JPT considers how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, provide reporting to JPT on a regular basis.

The Mercer Sustainability Policy is available to be reviewed by JPT. In March 2021 there was an update in relation to the Sustainable Finance Disclosure Regulation (SFDR) implementation. In August 2022 the policy update reflected enhancements to the approach to climate change modelling and transition modelling, additional detail on how the policy is implemented, monitored and governed and, as part of the commitment to promote diversity, finalising MGIE's signatory status to the UK chapter of the 30% Club.

In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone Stewardship Policy to specifically address the requirements of the directive. This Policy was also updated in August 2022 to reflect enhancements made to Mercer's stewardship approach including an introduction of Engagement Dashboards and Trackers, an enhanced UN Global Compact engagement and

escalation process and a Client engagement survey.

UN Principles of Responsible Investing scores for 2021 (based on 2020 activity) were issued over Q3 2022. Mercer were awarded top marks for over-the-arching Investment and Stewardship Policy section, underpinned by strong individual asset class results.

Climate change reporting and carbon foot-printing

Mercer and the Trustee believe climate change poses a systemic risk and recognise that limiting global average temperature increases this century to “well below two degrees Celsius”, as per the 2015 Paris Agreement, is aligned with the best economic outcome for long-term diversified investors. Mercer supports this end goal and is committed to achieving net-zero absolute carbon emissions by 2050 for UK, European and Asian clients with discretionary portfolios, and for the majority of its multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer plans to reduce portfolio relative carbon emissions by at least 45% from 2019 baseline levels by 2030. This decision was supported by insights gained from Mercer’s Investing in a Time of Climate Change (2015 and 2019) reports, Mercer’s Analytics for Climate Transition (ACT) tool and advice framework, and through undertaking climate scenario analysis and stress testing modelling.

Mercer’s approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board’s Task Force on Climate related Financial Disclosures (TCFD), including the Mercer Investment Solutions Europe - Investment Approach to Climate Change 2022 Status Report. As at 31 December 2022 Mercer are on track to reach our long-term net zero portfolio carbon emissions target. There has been a notable 16% reduction over the 3 years since 2019 baseline levels, resulting in the 45% baseline-relative reduction by 2030 being within range.

Mercer ESG rating review

- ESG ratings assigned by Mercer (and its affiliates) global manager research team, are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by JPT. ESG ratings are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually – which seeks evidence of positive momentum on ESG integration. Since Q3 2020, the quarterly performance report has included the Mercer funds’ overall ESG rating compared to the appropriate universe of strategies in Mercer’s global investment management database.
- As of November 2022, Mercer reported on the Scheme’s Responsible Investment Total Evaluation and this was assessed at 90% (2021: 61%).
- As at 31 December 2022, in the Annual Sustainability Report provided by Mercer, over 20% of Mercer’s funds have seen an improved ESG rating over the year and the vast majority have a rating ahead of the wider universe. Due to the nature of certain strategies, they do not have an ESG rating (i.e. are N rated) and are therefore excluded from this review. Please see Mercer’s Guide to ESG Ratings for more information <https://www.mercer.com/our-thinking/merc-er-esg-ratings.html>

Update to Mercer Exclusions

- As an overarching principle, Mercer and MGIE, as JPT’s discretionary investment manager, prefer an approach of positive engagement rather than negative disinvestment. Mercer and MGIE recognize however that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.
- Controversial weapons are excluded from active equity and fixed income funds, and passive equity funds. In addition tobacco companies (based on revenue) are excluded from active equity and fixed income funds.
- Mercer expanded exclusions to further promote environmental and social characteristics across the majority of the multi-client building block funds over the second half of 2022, in line with EU SFDR Article 8 classification, as well as aligning Mercer’s existing active and passive exclusions across their fund range.
- In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact Principles that

relate to human rights, environmental and corruption issues.

Engagement

- JPT has retained Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE.
- Investment managers appointed by MGIE to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code, regardless of where they are domiciled. In addition, investment managers appointed by MGIE are expected to monitor investee companies and to report on stewardship activities and outcomes on an annual basis, as set out in a publicly available Sustainable Investment Policy.
- JPT considers how ESG, climate change and stewardship is integrated within Mercer's, MGIE's and the Mercer Funds underlying managers' investment processes in the monitoring process. Mercer, and MGIE, are expected to provide reporting to JPT on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate change metrics. JPT reviewed this report covering the calendar year 2022 and will review the reporting pertaining to the calendar year 2023 accordingly in the future.

Diversity

- From 31 December 2020, gender diversity statistics have also been included in the quarterly reporting for the Mercer equity funds and this is being built into a broader Mercer Investment Solutions International policy on Diversity, Equity and Inclusion, sitting alongside Mercer's established Diversity Charter.
- Mercer consider broader forms of diversity in decision-making, but currently report on gender diversity. As at 31 December 2022, 36% of the Key Decision Makers (KDM's) within Mercer IS team are non-male, and Mercer's long term target is 50%.
- Within the Fixed Income universe, the average fund has 8% non-male KDM's and within the EMEA Active Equity universe the average is 12%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead at 9% and 13%.
- In Q3 2022 MGIE was confirmed as a signatory of the UK Chapter of the 30% Club.

Voting activity

JPT's investments take the form of shares or units in the Mercer funds. Any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third-party investment managers appointed by MGIE. MGIE accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and has therefore enabled managers to vote based on their own proxy-voting execution policy and taking account of current best practice including the UK Corporate Governance Code and UK Stewardship Code. As such JPT does not use the direct services of a proxy voter. The MGIE Engagement Policy outlines this framework.

- Voting: As part of the monitoring of managers' approaches to voting, MGIE assesses how managers are voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). MGIE portfolio managers will use these results to inform their engagements with managers on their voting activities.

- Set out below is a summary of voting activity for the year to 5 April 2023 for the Mercer Funds that the Scheme's assets –
- in. Given the nature of the investment strategy, this is limited to a small number of holdings within the Multi-Asset Credit mandate. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer's custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

Fund	Total Proposals		Vote Decision					For
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For
Mercer Multi-Asset Credit Fund ⁽¹⁾	11	11	91%	9%	0%			
	0%	0%	91%	9%				

(1) Voting Activity figures for the Mercer Multi-Asset Credit fund relate to a small number of equity holdings within the fund's underlying segregated mandates. Please note this does not include voting activity from any underlying pooled strategies within the fund over the period

- (2)
- "Eligible Proposals" reflect all proposals of which managers were eligible to vote on over the period
 - "Proposals Voted On" reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the "Other" category)"
 - "No Action" reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully
 - "Other" refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).