

Institute of Occupational Medicine Pension Fund

Statement of Investment Principles - Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustees' Statement of Investment Principles (SIP) dated 23 August 2022 have been implemented.

It also includes the Trustees' voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2022 to 30 November 2022.

Investment objectives of the Fund

The Fund is registered with HM Revenue and Customs. The Fund provides final-salary related benefits, although accrual has ceased. No formal employer-related investment is intended by the Trustees. The sponsoring employer intends to remit all relevant contributions to the Trustees within the relevant timescales.

Stewardship policy

The Trustees' stewardship policy, as set out in the SIP is as follows.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustees exclude non-financial matters in the selection, retention and realisation of investments.

The Trustees have no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time to time report on their current and future actions in these areas.

Review of the SIP

The SIP was reviewed in August 2022 to reflect the changes made to the Fund's strategy. Abrdn Global Absolute Return Strategies Fund was removed after a strategy review and its holding was used to increase the asset allocations of Baillie Gifford Multi Asset Growth Fund, Pictet Multi Asset Portfolio, Threadneedle Multi Asset Fund and Royal London Extra Yield Fund from 10.0% to 12.5%.

After the Scheme year-end, a revision to the SIP in December 2022 has been made to cover the reallocation of the Abrdn Managed Fund holding onto the Mobius Life platform, and then use some of it to introduce a Liability Driven Investment (LDI) holding.

The Trustees have a policy on financially material considerations relating to ESG issues, including the risk associated with the impact of climate change. In addition, the Trustees have a policy on the exercise of rights and engagement activities, and a policy on non-

financial considerations. These policies are set out later in this Statement and are detailed in the Trustees' SIP.

The Trustees' policies on financially and non-financially material considerations, as well as engagement and voting activities, were not changed in the SIP in force during the year.

Investment managers and funds in use

The investment funds used for the Fund are set out below.

Asset Class	Fund	Target Asset Allocation
Multi-asset	Abrdn Managed Fund	50.0%
	Baillie Gifford Multi-Asset Growth Fund	12.5%
	Pictet Multi Asset Portfolio	12.5%
	Threadneedle Multi-Asset Fund	12.5%
Corporate bonds	Royal London Sterling Extra Yield Bond Fund	10.0% 2.5%
Total		100.0%

Investment Governance

The Trustees are responsible for making investment decisions and seek advice from Simon Jagger of Jagger & Associates Ltd., as being a suitably qualified individual.

The Trustees do not actively obtain views of the membership of the Fund to help form their policies set out in the SIP as the Fund is comprised of a diverse membership, which the Trustees expect to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

Trustee Policies

The table below sets out how, and the extent to which, the relevant policies in the Fund's SIP have been followed:

Requirement	Policy	Implementation of Policy
Financially and Non-Financially Material Considerations	In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest in pooled funds and cannot therefore directly influence the environmental, social, and governance policies and practices of the companies in which the pooled funds invest. The Trustees exclude non-financial matters in the selection, retention and realisation of investments.	No deviation from this policy over the year to 30 November 2022
Voting Rights and Engagement	The Trustees have no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time-to-time report on their current and future actions in these areas. The Trustees will consider a manager's ESG credentials during their appointment process and will ask for at least an annual written update on each manager's activity for the products used by the Trustees. The Trustees will include a statement in the annual report to advise members that this has been done.	No deviation from this policy over the year to 30 November 2022

Additional Voluntary Contributions (AVCs)	The Fund has available (with Standard Life) facilities for members to contribute to enhance their retirement benefits. The Trustees believe these to be appropriate facilities for this purpose but note that the decisions on the funds used rest entirely with the members. There are no contributions being added, given that the Fund is paid-up.	No deviation from this policy over the year to 30 November 2022
Delegation to Investment Managers	The Trustees have a policy of delegating all day-to-day powers of investment to the Investment Managers who are authorised and regulated by the Financial Conduct Authority	No deviation from this policy over the year to 30 November 2022

Voting rights and engagement activities

The Trustees have no formal policy on either ESG or delegation of voting rights. Instead, they have delegated the responsibility for these matters to their investment managers, who will from time-to-time report on their current and future actions in these areas.

The Trustees will consider a manager's ESG credentials during their appointment process and will ask for at least an annual written update on each manager's activity for the products used by the Trustees. The Trustees will include a statement in the annual report to advise members that this has been done.

As the Trustees use pooled funds, their asset managers are not incentivised to align their investment strategy and decisions with the Trustees' policies, nor are they incentivised to make decisions based on assessments about medium to long-term performance of an issuer of debt or equity, nor to engage with those issuers in order to improve their performance. However, the managers may make such decisions and/or engage of their own accord.

Within the current investment arrangements, all the multi-asset funds contain publicly listed equity holdings. These funds have voting rights attaching these underlying equities, and the Trustees have delegated these voting rights to the investment managers, where the investment managers set their own voting policy. A summary of the votes made by the investment managers from 1 January 2022 to 31 December 2022 on behalf of the Trustees for each fund currently invested in by the Fund is provided in the table below.

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
Abrdn	Managed Fund	1627	87%	8%	5%
Baillie Gifford	Multi-Asset Growth Fund	859*	95%	4%	1%
Pictet	Multi Asset Portfolio	428	89%	11%	0%
Threadneedle	Multi-Asset Fund	40,189**	90%	10%	0%

*as at Q1 2023

**as at Q2 2022

All the Fund's assets are invested in pooled funds. Information regarding proxy voting is detailed below:

- Abrdn use the services of ISS for all their voting requirements but hold their own voting policy.
- Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis) but client voting decisions are made in-house and in line with Baillie Gifford's in-house policy.
- Pictet typically use the recommendations of ISS to inform voting decisions but reserves the right to deviate from third party voting recommendations on a case-by-case basis.
- Threadneedle use the services of ISS for all their voting requirements but hold their own voting policy.

The Trustees have requested details of the significant votes made on behalf of the Trustees by the investment managers. In determining significant votes, the investment managers will take into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at annual Stakeholder roundtable events, or where the investment managers note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;

Significant votes

The Trustees believe the following are the most significant votes undertaken on their behalf over the scheme year:

SIGNIFICANT VOTE 1	
Company	Fraport AG Frankfurt Airport Services Worldwide
Date	24 May 2022
% of portfolio invested in firm	c.0.23% of Baillie Gifford Multi-Asset Growth Fund at date of vote
Resolution	Baillie Gifford opposed the resolution to approve the remuneration report because the company exercised discretion to amend the performance conditions attached to the 2018 LTIP, which Baillie Gifford do not believe to be in the best interest of shareholders.
Why significant	This resolution is significant because Baillie Gifford opposed the level of remuneration.
How voted	VOTED AGAINST
Manager Comments	<p><i>We took the decision to oppose the remuneration report due to the committee's decision to make in-flight adjustments to the 2018 LTIP. We understand that for FY2021, the committee adjusted target EPS to be negative, a change that led to the 2021 tranche achieving 150% of target. We believe that further discretion should have been exercised when determining this tranche of the award given the negative EPS performance during the year.</i></p> <p><i>Additionally, we note that under the relative TSR metric in the LTIP, threshold vesting occurs at 25% below index average. While we believe the metric itself to be sensible, we do not believe incentive pay should start paying out at below median performance as this gives potential for reward for underperformance. We encouraged the board to revise this condition to ensure that no vesting occurs below median performance.</i></p>
Vote outcome	The proposal passed

SIGNIFICANT VOTE 2	
Company	Banco Bradesco SA
Date	10 March 2022
% of portfolio invested in firm	Not provided by Abrdn
Resolution	Elect Cristiana Pereira as Fiscal Council Member and Ava Cohn as Alternate appointed by preferred Shareholder
Why significant	Abrdn classed this as Significant Vote Category 1 ('SV1'): High Profile Votes, which focus on either: <ul style="list-style-type: none"> • Votes which receive public and press interest • Votes which reflect significant governance concerns regarding the company • Resolutions proposed by Abrdn
How voted	VOTED FOR
Manager Comments	We have nominated Cristiana in 2020 and 2021 and supportive of continuity of her work at the company.
Vote outcome	The proposal was carried by the majority of shareholders.

SIGNIFICANT VOTE 3	
Company	Apple
Date	01 March 2022
% of portfolio invested in firm	c.0.09% of Pictet Multi Asset Portfolio at date of vote
Resolution	Report on Civil Rights Audit
Why significant	We consider a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or we hold an important stake in the company.
How voted	VOTED FOR
Manager Comments	<i>We supported this shareholder resolution, as an independent civil rights audit would help shareholders better assess the effectiveness of Apple's efforts to address the issue of any inequality in its workforce and its management of related risks.</i>
Vote outcome	The shareholder resolution was approved with 52.3% of the vote

Engagement activities

The Trustees have also delegated engagement activities to Abrdn, Baillie Gifford, Pictet and Threadneedle. The notable engagement activities of the investment managers are provided below:

- **Abrdn** as a longstanding shareholder in several leading UK housebuilders have been engaging and closely monitoring with companies on their response to fire safety concerns in the aftermath of the tragedy at Grenfell Tower. Based on their research and meetings with management teams, Abrdn wrote to nine investee companies in 2022, asking them to increase their public disclosure of several data points on their outstanding exposure to these fire safety challenges, and any remediation work underway. The aim of this request was to enhance transparency and comparability across the industry. This engagement also included request for Abrdn's investee

companies to join a pledge to remediate fire safety issues in their schemes constructed in the past 30 years.

- **Baillie Gifford** engaged with biotechnology company Genus to discuss the company's decarbonisation strategy. Given the material emissions of the global farming industry and the associated risk that this poses, Baillie Gifford encouraged the company to invest in decarbonisation initiatives. When speaking to the company again in September 2022, Genus advised that they had had partnered with a satellite monitoring company to track GHG emissions from their nucleus farms and were piloting other decarbonisation projects.
- **Pictet** engaged with Rio Tinto Ltd on a third-party basis, led by service provider Sustainalytics. The dialogue was carried out to ensure the company looks to resolve poor management practices that have negatively affected indigenous people, heritage sites, and the local environment. The company agreed to establish a remedial plan and strategy in Australia initially, and then roll this out globally. Sustainalytics reviewed all measures taken by the company, including compensation arrangements for indigenous communities affected by blasting in Rio Tinto's mining operations.
- **Threadneedle** engaged with Occidental Petroleum Corporation ('OXY') to better understand the technologies and economics which will drive the company's net zero strategy. The company confirmed that achieving net zero is a strategic priority and is well positioned to employ approaches related to direct air capture and carbon capture, utilisation and storage strategies. Ultimately, these are expected to help to decarbonise several sectors in which the company operates. The meeting not only provided Columbia Threadneedle with a better understanding of the company's net zero plans, but also encouraged the adoption of more granular targets to meet going forward.

The Trustees believe that the most significant votes detailed above are aligned with the Fund's stewardship priorities as detailed at the start of this document.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) will receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers will submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 'A+' to 'E'. The latest UNPRI scores of the investment managers are outlined in the table below.

Manager	UNPRI Score
Abrdn	A+
Baillie Gifford	A+
Pictet	A+
Threadneedle	A+
Royal London	A+

The Trustees also consider the investment managers' policies on stewardship and engagement when selecting and reviewing investment managers.

Monitoring of Investment Arrangements

In addition to any reviews of investment managers or approaches, and direct engagement with investment managers (as detailed above), the Trustees receive performance reports on a quarterly basis to ensure the investment objectives set out for the Fund are being met.

Signed: << Signed: C Owens >>

Date: 21 November 2023

On behalf of the Trustees of Institute of Occupational Medicine Pension Fund