

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 2019, 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 21 December 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 December 2022 to 30 November 2023.

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 and of the Investment Strategy

The SIP was updated by the Trustees in December 2022 to reflect the novation of the Fund's holdings in the Abridged Managed Fund onto the Mobius Life platform, and then use some of it to introduce a Liability Driven Investment (LDI) holding using the Legal & General Real Long Duration Fund.

The strategic move provided the Fund with additional protection against interest rate risk and inflation risk, and consolidated the Fund's investments onto one platform. Following this there were no significant changes to the composition of the portfolio within the reporting period.

The Trustees have a policy on financially material considerations relating to Environmental, Social and Governance (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 in this Statement and are detailed in the Trustees' SIP.

Investment Managers and Funds in Use

The investment funds and managers used as at 30 November 2023 are set out below:

Asset Class	Fund	Target Asset Allocation
Multi-asset	Abrdn Standard Life Managed Fund	17.0%
	Baillie Gifford Multi-Asset Growth Fund	12.5%
	Pictet Multi Asset Portfolio	12.5%
	Columbia Threadneedle Multi-Asset Fund	12.5%
Corporate Bonds	Royal London Sterling Extra Yield Bond Fund	12.5%
Liability Driven Investments (LDI)	L&G Life Real Long Duration Fund	33.0%
Total		100.0%

Investment Governance

The Trustees are responsible for making investment decisions and used to seek advice from Simon Jagger of Jagger & Associates Ltd., as being a suitably qualified individual. After the scheme year end, the Trustees employed Broadstone Corporate Benefits Limited ("Broadstone") as their Investment Consultant.

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 2023
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,	No deviation from this policy over the year to 30 November 2023

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.

Financially and Non-Financially Material Considerations

The Trustees note that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustees are satisfied that the funds currently invested in by the Fund are managed in accordance with their views on financially material considerations, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustees have access to updates on governance and engagement activities by the Investment Managers and input from their investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustees acknowledge that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their Investment Managers.

The Trustees invest across a range of asset classes and styles. The Trustees expect the Investment Managers to take into account ESG considerations by engaging with the underlying companies and where relevant, by exercising voting rights on these companies.

Voting Rights and Engagement Activities

The Trustees currently invest predominantly in pooled investment funds with the Investment Managers, and they acknowledge that this limits their ability to directly influence each Investment Manager. The Trustees have no formal policy on either ESG or delegation of voting rights. In particular, all voting activities have been delegated to the Investment Managers, as the Trustees do not have any legal right to vote on the underlying holdings, given the pooled nature of the Fund's investments.

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.

Over the year to 30 November 2023, all the multi-asset funds contained equity holdings. These funds have voting rights attached to the 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 December 2022 to 30 November 2023 on behalf of the Trustees (where the investment owns equities) is provided in the table below. The analysis is based on the latest information available from each Investment Manager.

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
Abrdn	Managed Fund	10	50%	50%	0%
Baillie Gifford	Multi-Asset Growth Fund	497	97%	3%	0%
Pictet	Multi Asset Portfolio	335	95%	5%	0%
Columbia Threadneedle*	Multi-Asset Fund	7,226	87%	12%	1%

*As at 31 December 2023

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 with minor exceptions on direct holdings within the Investment trust space.
- **Columbia Threadneedle** deploy their specialist corporate governance team on the most complex and sensitive cases, while voting on more routine, straightforward votes are cast using the proxy voting platform of ISS

Significant Votes

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;

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

SIGNIFICANT VOTE 1 – Abrdn

Company	China High Precision Automation Group Limited
Date	16 Dec 2022
% of portfolio invested in firm	Information not available.
Resolution	Approve Auditors and Authorise Board to Fix Their Remuneration
Why significant	Concerns over company financial reporting practices.
How voted	Against Management.
Manager Comments	<i>Given the concerns over the company's financial reporting practices, a vote AGAINST this resolution is warranted.</i>
Vote outcome	Information not available.

SIGNIFICANT VOTE 2 – Baillie Gifford

Company	Consolidated Edison, Inc.
Date	15 May 2023
% of portfolio invested in firm	0.16%
Resolution	Appointment/Pay Auditors
Why significant	This resolution is significant because Baillie Gifford opposed the election of auditors.
How voted	Against Management.
Manager Comments	<i>We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.</i>
Vote outcome	Pass.

SIGNIFICANT VOTE 3 – Pictet

Company	Enbridge Inc.
Date	May 2023
% of portfolio invested in firm	0.38%
Resolution	Report on Lobbying and Political Donations
Why significant	We consider a vote to be significant due to the subject matter of the vote, for example a vote against management, where we vote out of line with our standard voting policy, important shareholder resolutions that we supported, the company is one of the largest holdings in the portfolio, and/or we hold an important stake in the company.
How voted	For Management.
Manager Comments	<i>A vote FOR this resolution is warranted, as additional reporting on the company's lobbying practices and policies, including its pattern of lobbying and political donations, would benefit shareholders in assessing its management of related risks.</i>
Vote outcome	Rejected. 18.5% supported the shareholder resolution

SIGNIFICANT VOTE 4 – Columbia Threadneedle

Company	Amazon.com, Inc.
Date	24 th May 2023

% of portfolio invested in firm	0.80%
Resolution	Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines
Why significant	Vote against management on certain environmental or social proposals & >20% dissent
How voted	For Management.
Manager Comments	<i>Shareholders would benefit from more disclosure on whether and how the company considers human capital management and community relations issues related to the transition to a low-carbon economy as part of its climate strategy. We are supportive of requests to enhance disclosure and transparency concerning climate risk so long as the resolution does not directly circumvent management discretion or seek to entirely redefine the company's existing business strategy. To meet the ambition of the Paris Agreement and avoid massive risk to shareholder value, corporations should demonstrate the nexus between their climate aspirations and business strategy via disclosure of credible Paris- or 1.5 degree-aligned emissions reduction targets. Current disclosure does not sufficiently provide investors such information.</i>
Vote outcome	Fail.

Engagement Activities

The notable engagement activities of the Investment Managers over the last 12 months is provided below:

- Abrdn** engaged with Vale, one of the largest iron ore and base metal producers in the world. The Mining and Metals production sector is exposed to high-risk and high-impact environmental and social issues. Abrdn saw an opportunity for Vale to move from a laggard to an ESG improver, creating value for all stakeholders. The initial engagement was focused on corporate governance but expanded to include issues such as safety and risk management amongst other ESG topics. Abrdn nominated the first two fully independent directors to Vale's Board of Directors and advocated for the improvement of safety and operational standards. Additionally, Abrdn supported the single share listing of Vale under Novo Mercado, its main investment vehicle. The outcome of these multi-year long engagements saw Vale listed under Novo Mercado, with a single share class, strengthening its Board of Directors with a better balance of skills and greater independence. Vale strengthened its safety & risk management governance and process, implementing new technologies, promoting better alignment within its internal governance, and embedding ESG and Health & Safety in management's KPIs. It also disclosed an ESG roadmap, with a key feature being the company's commitment to Net Zero by 2050. Going forward, Abrdn have said they will monitor Vale's progress in the initiatives of its ESG roadmap.
- Baillie Gifford** engaged with a Japanese company, Iida Group, which design, construct and sell residential properties in Japan. The Japan Corporate Governance Code suggests at least two independent outside directors; however, Baillie Gifford encourages their holdings to go beyond this basic requirement and endeavour for a board that is at least one-third independent. Since the beginning of 2019, Baillie Gifford has been encouraging Iida to increase board independence to meet this expectation and whenever Baillie Gifford have had the opportunity to do so, they have voted against the Chair of the board and new non-independent directors to support their engagement on this issue. As a result of several years of engagement, at the 2023 AGM Iida nominated two additional independent non-executive directors

to the board which increased the overall level of independence to more than a third. Baillie Gifford was pleased to see this change and supported the election of all directors.

- **Pictet** engaged with Avantor Inc. after the company showed progress in addressing scope 1 and 2 CO2 emissions, but lacked clarity in scope 3 CO2 emissions. Pictet also addressed the lack of ESG metrics in compensation, a key element in driving ESG standards. Avantor has demonstrated a commitment to Pictet's engagement objectives which were to understand the company's plans for setting scope 3 emission targets, and whether they would consider linking compensation to ESG achievements, aligning with industry-leading peers, in addition to committing to the SBTi initiative for reducing CO2 emissions. Pictet confirmed the release of new CO2 objectives for scopes 1, 2, and 3 in the first quarter of 2023, and are also contemplating the linkage of compensation to these CO2 targets. Moving forward, Pictet will maintain a close watch on their progress and continue engagement as required, with the aim of ensuring that the targets they set are not only challenging but also relevant to the most material aspects of the company's operations. In addition, Pictet has urged Avantor to set more ambitious targets in their 2024 ESG Report compared to those presented in the 2023 Report.
- **Columbia Threadneedle** engaged with Nestlé, encouraging the Swiss consumer staples brand to contribute to ending hunger and ensuring access to safe and nutritious foods by increasing the availability of their more nutritious products. In September 2023, Nestlé announced a target to grow sales of its more nutritious foods by CHF 20-25 billion by 2030. This represents approximately 50% growth over their 2022 sales. The target applies to Nestlé products with a Health Star Rating (HSR) of 3.5 stars or more. Columbia Threadneedle acknowledge that a proportional sales target (increasing sales of healthier products while decreasing sales of unhealthier products) has the most long-term impact on public health, Columbia Threadneedle acknowledges the significant step that Nestlé has taken with this target.
- **LGIM** engaged with the chair of the board of Rolls Royce to understand institutional barriers to executing necessary structural changes. They also had two subsequent meetings with the CEO of the company, before and after its strategy day in November 2023. As part of their engagement, LGIM wanted to understand how Rolls Royce will govern its relations with major labour stakeholders while undertaking any strategic decisions. They also wanted to communicate to the company the significance of positioning for long-term climate trends while also addressing short-term challenges. LGIM were pleased that the strategic review announced in November 2023 appears well balanced in making suitable drastic structural and cultural changes without foregoing options for the company to remain an active participant in the carbon transition. LGIM aims to regularly engage with the company regarding implementation of the strategy review's findings and its role in the carbon transition which will occur over the coming decades.

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.

For the 2023 UNPRI Assessment Reports, scores are presented as a 'star' rating ranging from ★ to ★★★★★, with more stars representing a higher score.

The latest available UNPRI scores of the Investment Managers are outlined in the table below.

Manager	2023 UNPRI Rating
Abrdn	★★★★
Baillie Gifford*	★★★★
LGIM	★★★★★
Pictet*	★★★★
Royal London*	★★★★
Columbia Threadneedle	★★★★

*Baillie Gifford, Pictet and Royal London UNPRI reports have not yet received 2023 scores.

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.



Date: 17th June 2024

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