

ULSTER INDEPENDENT CLINIC PENSION AND LIFE ASSURANCE SCHEME

Implementation Statement

Introduction

This statement has been prepared by the Trustees of The Ulster Independent Clinic Pension and Life Assurance Scheme ('the Scheme'), to demonstrate how the Trustees have acted on certain policies within their Statement of Investment Principles ('SIP'). Each year, the Trustees must produce an Implementation Statement that demonstrates how they have followed certain policies within their SIP over the Scheme year. This Implementation Statement covers the Scheme year from 1 May 2020 to 30 April 2021.

This Implementation Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit ('DB') investments held by the Scheme. Note that this excludes any Additional Voluntary Contribution investments held by the Scheme.

Trustees of DB pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including a description of their voting behaviour, the most significant votes cast and any use of a proxy voter on their behalf over the year.

Statement of Investment Principles (SIP) Policies

This implementation statement should be read in conjunction with the Scheme's SIP covering the year under review, which gives details of the Scheme's investment policies along with details of the Scheme's governance structure and objectives. The Scheme's SIP was updated in 2020 to include policies on:

- How 'financially material considerations' including Environmental, Social and Governance ("ESG") factors are taken into account when taking investment decisions for the Scheme.
- The extent to which non-financial matters are taken into account in the investment decision making process.
- Stewardship and voting – including details on monitoring and engaging with the companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, risks, corporate governance and ESG).

While the policies were not in place for the full Scheme year, this Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Scheme year-end and the extent to which the Trustees believe the new policies have been followed.

The Scheme invests in pooled funds managed Legal & General Investment Management ("LGIM") (the "Investment Manager").

In the SIP in place from 2019, the Trustees stated the following policies on the exercise of voting rights and engagement activities related to their investments:

- The Investment Manager is responsible for managing the Scheme's investments in accordance with the management agreements in place with the Trustees. The Trustees have delegated the responsibility for the exercise of all rights (including voting rights) attaching to the investments to the Investment Manager.

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- The Trustees acknowledge that certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Scheme's investments and the likelihood that the Scheme's objectives will be achieved.

Description of voting behaviour

The Scheme is invested in pooled funds, which means that the responsibility for exercising the voting rights on the shares held by the Scheme sits with the Investment Manager. The Trustees have enforced the policies in place by monitoring the engagement and voting activities of the Scheme's Investment Manager to ensure they are aligned with the Trustees' policies. The Trustees' voting behaviour over the Scheme year is summarised below.

Over the year to 30 April 2021 the Scheme held passive equity, gilt and property funds managed by LGIM.

The Scheme therefore had company investments which carried voting rights within the passive equity investments with LGIM.

LGIM manages over £1 trillion in assets and using their resulting influence, in 2020 it focussed its votes on climate change, income equality, diversity, and ESG integration.

The following table shows LGIM's voting summary covering the Scheme's investment in the LGIM World Equity Index Fund. The Trustees requested voting information from LGIM for the 12-month period to 30 April 2021, but LGIM could only provide information at quarter ends so we have shown the 12-month period to 31 March 2021.

LGIM World Equity Index Fund	1 April – 31 March 2021
Number of meetings LGIM was eligible to vote at over the year to 31/3/2021	2,436
Number of resolutions LGIM was eligible to vote on over the year to 31/3/2021	29,940
Of the eligible resolutions, percentage that LGIM voted on.	98.1%
Of the resolutions voted, percentage that LGIM voted with management	82.8%
Of the resolutions voted, percentage that LGIM voted against management	17.1%
Of the resolutions voted, percentage where LGIM abstained	0.1%
Percentage of eligible meetings where LGIM voted at least once against management.	71.1%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	10.4%

Proxy voting

The Trustees did not employ a proxy-voting service during the year under review. LGIM votes by proxy through the Institutional Shareholder Service's ('ISS') electronic voting platform as given the scale of its holdings, the manager cannot be present at shareholder meetings to cast votes. It should be noted that all voting decisions are made by LGIM using its individual market specific voting

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policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service ('IVIS').

How engagement policies have been followed

The Trustees review and monitor the voting and engagement activity taken on their behalf on an annual basis. The information published by the Investment Manager has provided the Trustees with comfort that their voting and engagement policies have been followed during the year. Details of specific voting and engagement topics are shown in the following table.

Voting and Engagement topic	Policy followed in the opinion of Trustees?	Comments
Performance of debt or equity issuer	-	LGIM's voting and engagement policies do not cover the past financial performance of investee companies. However, the voting and engagement which has been undertaken aims to improve the long-term future performance of the investee companies.
Strategy	√	The Trustees believe that the board's duty is to decide the appropriate company strategy, with the CEO in turn responsible for executing the strategy. For this structure to work effectively, the Trustees also believe that the appropriate governance structures need to be in place. These include the separation of duties between the board and the CEO, as well as policies covering independence, diversity and remuneration. LGIM have clear voting policies covering each of these topics and have acted on them throughout the Scheme year on behalf of the Trustees.
Risks	√	As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and in the UK, votes against the audit committee chair's appointment if this is not the case.
Social and Environmental impact	√	LGIM has stated that it will vote against the chair of the board if it believes insufficient action is being taken on the issue of climate change. Also, if there are no women on the board, LGIM will vote against the chair and / or the chair of the nomination committee. From 2020, LGIM has started voting against large Japanese companies in the TOPIX 100 index that do not have at least one woman on their board, as one in five large Japanese companies in the index still had an all-male board.
Corporate Governance	√	LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair.

LGIM has provided examples of what it believes to be the most significant votes cast on the trustees' behalf. One in May 2019 was that LGIM and other major shareholders put forward a proposal calling on the energy firm BP to explain how its strategy was consistent with the Paris Agreement on climate change. LGIM worked with the board of BP to secure its support for the motion. This was the first shareholder resolution put forward by LGIM and it received 99.1% support at the AGM.

Engagement with investee companies

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Exercising voting rights is not the only method of influencing behaviours of investee companies and is not directly applicable for the Scheme's fixed income investments with LGIM. As well as exercising voting rights, in 2019 LGIM undertook over 1,100 direct engagements with companies they invest in. 34% of these engagements were on governance topics, 25% on social topics and 21% on environmental. Further information on the number and type of engagements over the Scheme year and related to the Scheme's specific mandates is not available from LGIM. The Trustees have asked that LGIM provide this information for future monitoring purposes.

Extent to which trustees' policies have been followed during the year

Having reviewed the actions taken by LGIM on behalf of the Trustees, the Trustees believe that their policies on voting rights and engagement have been implemented appropriately over the year and in line with their views. The Trustees will continue to monitor the actions taken on their behalf each year.

If the Investment Manager deviates substantially from the Trustees' stated policies, the Trustees will initially discuss this with the relevant manager. If in the opinion of the Trustees the difference between the policies and the investment manager's actions is material, the Trustees will consider terminating the mandate.