

## 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 2022 to 30 April 2023.

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 includes 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).

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 policies have been followed.

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

The Scheme’s SIP was also updated during the year to 30 April 2023 to reflect the Trustees’ expectation that the investment manager should provide regular updates on how it exercises voting rights and actively engages with the companies in which it invests, including how often it votes against company proposals. The Trustees will review this on an annual basis in line with the full monitoring policy in the SIP.

- *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.*
- *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.*
- *The Trustees expect the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees’ investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.*
- *If the Trustees believe that the Scheme’s Investment Manager is no longer acting in accordance with the Trustees’ policies, including those regarding ESG and stewardship, the Trustees will take the following steps:*
  - *engage with the Investment Manager in the first instance, in an attempt to influence its policies on ESG and stewardship; and*

- *if necessary, look to appoint a replacement Investment Manager or managers which are more closely aligned with the Trustees' policies and views.*

### **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 2023, the Scheme had company investments which carried voting rights through its investments in the following pooled funds:

- LGIM Future World Global Equity Index Fund
- LGIM Future World Global Equity Index Fund – GBP Hedged
- LGIM Buy & Maintain Credit Fund

The following tables shows LGIM's voting summary covering the Scheme's investment in Future World passive equity funds. LGIM is developing its reporting but is currently only able to provide voting statistics for 12-month periods to standard quarter-ends, rather than the actual periods invested. Therefore, we have included voting information covering the most relevant 12-month period from 1 April 2022 to 31 March 2023.

LGIM Future World Global Equity Index Fund and LGIM Future World Global Equity Index Fund – GBP Hedged	1 April 2022 – 31 March 2023
Number of meetings LGIM was eligible to vote at over the year to 31/3/2023	5,067
Number of resolutions LGIM was eligible to vote on over the year to 31/3/2023	54,368
Of the eligible resolutions, percentage that LGIM voted on.	99.9%
Of the resolutions voted, percentage that LGIM voted <b>with</b> management	80.4%
Of the resolutions voted, percentage that LGIM voted <b>against</b> management	18.6%
Of the resolutions voted, percentage where LGIM <b>abstained</b>	1.0%
Percentage of eligible meetings where LGIM voted at least once against management.	63.3%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	10.5%

*Note totals may not sum due to rounding.*

The LGIM Buy and Maintain Credit Fund were eligible to vote at two meetings over the year to 31 March 2023 and therefore the voting statistics for this fund is also shown below

LGIM Buy and Maintain Credit Fund	1 April 2022 – 31 March 2023
Number of meetings LGIM was eligible to vote at over the year	2
Number of resolutions LGIM was eligible to vote on over the year	3
Of the eligible resolutions, percentage that LGIM voted on.	100.0%
Of the resolutions voted, percentage that LGIM voted <b>with</b> management.	100.0%
Of the resolutions voted, percentage that LGIM voted <b>against</b> management.	0.0%
Of the resolutions voted, percentage where LGIM <b>abstained</b> .	0.0%
Percentage of eligible meetings where LGIM voted at least once against management.	0.0%
Percentage of voted resolutions where LGIM voted contrary to the recommendation of their proxy adviser.	0.0%

### Proxy voting

The Trustees did not employ a proxy-voting service during the Scheme year to 30 April 2023.

LGIM votes by proxy as, given the scale of its holdings, the manager cannot be present at all shareholder meetings to cast votes. LGIM votes by proxy through the Institutional Shareholder Services' (ISS) electronic voting platform. It should be noted that all voting decisions are made by LGIM using its individual market specific voting policies, with LGIM's own research only supplemented by ISS recommendations and research reports produced by the Institutional Voting Information Service (IVIS). To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

### 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	√	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	√	LGIM have clear voting policies on ensuring that companies manage risk effectively and have robust internal controls.  As an example of reducing risk, LGIM encourages all audit committee chairs globally to have a financial background and be entirely comprised of independent non-executive directors.
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.  LGIM has engaged with companies that have poor climate scores relative to their size and for those that don't meet minimum standards and if these minimum standards are not met over time, LGIM may look to divest until progress is shown.
Corporate Governance	√	LGIM's policy from 2020 is to vote against all elections which combine the roles of CEO and Chair. LGIM has reinforced their position on leadership structures across our stewardship activities such as via individual corporate engagements and director conferences.

### Significant votes

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. LGIM have provided examples of what they believe to be the most significant votes cast on the Trustees behalf during the period.

A large number of the most significant votes cast by LGIM related to the election of directors with the majority of instances being against such resolutions or in favour of requiring an independent board chair. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair noting the belief that the two roles are substantially different and require distinct skills and experiences. Since 2015 LGIM has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM has adopted the view of voting against all combined board chair/CEO roles.

A significant vote was also placed in favour of a Report on Physical Risks of Climate Change for Alphabet Inc. LGIM noted its expectation of companies to be taking sufficient action on the key issue of climate change.

Note that there were no significant votes made for the LGIM Buy and Maintain Credit Fund.

### Engagement with investee companies

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. However, the Trustees expect the investment

manager to engage on its behalf to aim to influence the underlying investee companies in respect of the ESG and stewardship matters outlined above.

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for clients. LGIM's voting policies are reviewed annually and take into account client feedback.

LGIM noted that there is substantial overlap between the companies in which LGIM holds debt and equity and so, while the corporate bonds mandate does not hold voting rights, LGIM's position as the equity holder elsewhere will likely result in them having voting rights to compound the impact and influence that LGIM has on each company's practices.

The Scheme holds a Liability Driven Investment (LDI) portfolio with LGIM, which invests in leveraged nominal and index-linked government bonds. This portfolio was put in place to reduce risk by hedging the exposure to interest rate and inflation inherent in the Scheme's liabilities. LGIM has governance practices in place to capture key regulatory developments which might influence the future management and performance of these hedging assets.

Over the 12 months to 31 March 2023, LGIM undertook 1,088 engagements with 950 companies. Some engagements cover multiple topics and LGIM has provided the following summary:

- 571 on environmental topics;
- 327 on social topics;
- 433 on governance issues; and
- 123 on other topics including finance and strategy.

The top five engagement topics included climate change, remuneration, board composition, strategy and climate impact pledges.

The engagement statistics for each of the funds invested in by the Scheme is shown below. The engagement statistics are for the 12-month period to 31 March 2023.

<b>Fund</b>	<b>Environmental</b>	<b>Social</b>	<b>Governance</b>	<b>Other</b>
Future World Global Equity Index Fund and Future World Global Equity Index Fund – GBP Hedged	312	250	305	100
Managed Property Fund	23	1	8	1
Buy and Maintain Credit Fund	76	59	76	26
Matching Core LDI Funds	23	1	8	1
Sterling Liquidity Fund	27	3	12	2

**Extent to which the 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.

A copy of the Statement of Investment Principles is available for inspection on request to the Trustees from the address given on page 6 and at <http://ulsterindependentclinic.com>