

IMS (UK) Pension Plan ('the Plan')

Annual Implementation Statement for Plan year ending 5 April 2023

Executive summary

Money Purchase section

In May 2022 (outside the Plan year), the Trustee undertook a review of LGIM's sustainability practices. The review included a manager assessment and a sustainable investment review covering indexed equity funds, the Diversified Fund and the HSBC Islamic Global Equity Index Fund. As most of the MP assets are managed by LGIM, the Trustee focused most of its attention on this manager and concluded:

- LGIM was overall 'strong', largely adhering to or exceeding good practice standards.
- There were some areas which were 'neutral' at the current time, mainly due to the departure of a key figure in the Stewardship management, the Trustee will monitor this development during the 2022/23 Plan year.

This review was also relevant to the LGIM funds held in the final salary section, however voting and engagement activities are more limited than the money purchase section given the nature of the assets held.

Final Salary Section

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's investment managers.
- The Trustee, with input from their investment consultant, annually receive and review (through their Implementation Statement) voting information and engagement policies from the investment managers to ensure alignment with their own policies. The Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above and the data presented on page 8 onwards, the Trustee is comfortable that the actions of their investment managers are in alignment with the Plan's stewardship policies.

The Trustee has decided not to set stewardship priorities because the Plan solely invests through pooled investment vehicles and shortly after the Plan year end, the Trustee implemented a low-risk investment strategy, where the Plan's holdings are invested in assets that do not have voting rights.

**Prepared by the Trustee of the IMS (UK) Pension Plan
September 2023**

1. Introduction and purpose of this Statement

This document is the Annual Implementation Statement ("the Statement") prepared by the Trustee covering the Plan year to 5 April 2023. The purpose of this Statement is to:

- detail any reviews of the Statement of Investment Principles ('SIP'), required under section 35 of the Pensions Act 1995, that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review;
- set out the extent to which, in the Trustee's opinion, the Plan's SIP and the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed during the year; and
- describe the voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

A copy of this Statement will be made available on the following website: <https://iqvia.pensions-directory.co.uk>

2. Review of and changes to the SIP during the Plan year

The SIP was reviewed and subsequently updated after the Plan year end to reflect changes in the Plan's investment strategy. No changes were made during the Plan year.

3. Adherence to the SIP

The Trustee believes the policies set out in the SIP have been followed during the 2022/2023 Plan year and the justification for this is set out in the remainder of this section. For ease of reference, compliance with the SIP has been sub-divided into separate Final Salary and Money Purchase sections to reflect the different considerations and policies applying to each section. Where actions taken apply to both Final Salary and Money Purchase sections, they are generally discussed within the Money Purchase section below.

Money Purchase ('MP') section and AVCs

Overall investment objective as set out in the SIP

The Trustee's objectives for the MP section are described in the SIP.

The Trustee meets these objectives by regularly reviewing the investment strategy, the most recent of which was completed in July 2021. The review considered such matters as the demographic profile of the membership, the likely income choices members will make at retirement, the ongoing suitability of the default investment strategy's objective, and the range of investment options. The next review will start in the 2024-25 Plan Year.

How does the Trustee meet its investment obligations?

The Trustee meets quarterly to conduct its business – including monitoring the MP section investment strategy and performance. A more detailed assessment of the Investment Managers is carried out on an annual basis. WTW, as the appointed investment advisor for the MP section, will update the Trustee in between these meetings if a particular issue arises with one of the funds made available within the MP section.

Setting investment strategy

A strategy review is undertaken at least every three years. The last triennial review of the investment strategy was completed in July 2021, following which, in November 2021, Capita and LGIM implemented changes to replace the global equity fund and add a new cash focussed lifecycle strategy. The trade was effective 5 November 2021. The LGIM 30:70 Global Equity Fund was removed from the fund range.

Default strategy

The current default investment strategy, Drawdown focused, was implemented in April 2016 following the introduction of 'Pension flexibility'. Based on the analysis carried out at that time, the construction of the default targets a drawdown outcome on retirement in view of the membership profile, the likely risk tolerance profile, and the expected retirement outcomes.

During the Plan year, the Plan had two additional funds classified as default arrangements: the LGIM Future World Annuity Aware (previously named LGIM Pre-Retirement Fund) and the LGIM Future World Global Equity Index 50% Currency Hedged. Following the implementation of the 2015 and 2021 investment reviews, members' assets were automatically moved into these funds.

Self-select fund range

In line with the Trustee's objective to enable members to set their own investment strategy, the Trustee makes available a range of self-select funds.

Members who prefer to make their own investment choices can therefore choose from a range of individual funds which were selected after taking professional investment advice. During the Year, two funds that were previously closed to members were made available in error: the LGIM World (ex UK) Equity Index Fund and the LGIM UK Equity Fund. Work is in progress to switch affected members out of the LGIM World (ex UK) Equity Fund.

In addition, in Q4 2022, HSBC instigated a project to change the registered jurisdiction of the Islamic Global Equity Index Fund from Luxembourg to Ireland. This required a new but identical fund to be introduced to the self-select range, which was completed in January 2023.

Alternative lifecycle strategies

Two alternative lifecycle strategies are also available for members who may wish to either target an annuity purchase, the Lifecycle: Annuity Focused strategy, or cash, the Lifecycle: Cash Focused strategy.

Risks within the MP section

The MP-specific risks are described in the SIP as well as how the Trustee endeavours to mitigate these risks. The investment strategy reviews take account of the overall balance of all the risks.

Expected return on investments

Performance of all funds is monitored on a quarterly basis, with reports presented and discussed at each quarterly Trustee meeting.

Performance is measured against the relevant benchmarks set out in the SIP. As the majority of funds are passive, their benchmarks are the relevant indices for the asset classes/ geographical areas represented, or comparator benchmarks chosen by Legal & General. For active funds, the benchmarks have been agreed after receiving advice from the Trustee's professional advisers. The appropriateness of these benchmarks is considered annually as part of the annual investment review.

During the Plan year, the majority of funds performed in line with their benchmarks. The Trustee accepts that there may be deviations from benchmarks from time to time and provided these are over short periods of time, will not normally take any action. Sustained or longer-term underperformance would be subject to further investigation.

Policy on arrangements with asset managers

The Trustee reviews the Investment Manager fees on an annual basis as part of the MP section's 'Value for Members' process. The 2022 assessment found that the charges within the MP section still remain competitive relative to comparable Plans.

ESG considerations

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to the underlying investment managers. The Trustee recognises that long-term sustainability issues, including climate change, may have an impact on investment risk and outcomes.

The Trustee's policy is to not explicitly take account of non-financial matters and to not ordinarily take account of member views when setting the investment strategy. However, the Trustee recognises some members may wish to invest in accordance with Shariah principles, and hence, this fund was made available in the self-select range. The HSBC Islamic Index fund is consistent with Islamic Investment principles as interpreted and laid down by the Shariah Committee. This fund was also selected, as it is consistent with the MP section's predominately passive approach. The Trustee also undertook an ESG member survey in early 2021 as part of the investment strategy review.

The LGIM Future World Global Equity Index 50% GBP Hedged Fund (added to the fund range in November 2021) has ESG integrated within its design.

The SIP underwent an in-depth review by the final salary investment advisers in February 2022, which included a greater focus on the monitoring of ESG considerations, stewardship and engagement in relation to the assets held by the Plan's investment managers. Following this, the MP section advisers provided a report in May 2022 to assist the Trustee in addressing new key areas of focus, which provided an assessment of the Investment managers approach to ESG. This report confirmed that the managers displayed strengths across a number of different areas, including Climate integration, Firm commitment, engagement and voting.

Additional Voluntary Contributions (AVCs)

Assets in respect of members' AVCs are invested utilising the same fund options available to MP section members. These AVC funds benefit from the same oversight and governance as the main MP section.

Final Salary section

Governance

The Trustee has established a Funding and Investment Sub-Committee (the 'FISC') to provide an additional focus on funding and investment matters related primarily to the Final Salary section of the Plan. Two FISC meetings were held during the year, in addition to meetings of the full Trust Board.

Around 40% of the Plan's total assets are invested in an insurance policy, which insures a proportion of the Plan's pensioner liabilities. While this is an asset of the Plan, given its nature and purpose, the Trustee's focus is on the management of the remaining 60% of the Plan's assets.

During the year to 5 April 2023, a key focus of the FISC was agreeing a revised, low-risk investment strategy following significant improvements in the Plan's funding position. This is discussed further in the next section.

Ensuring the Trustee Board has the appropriate skills and knowledge to take effective investment decisions is an important aspect of the Plan's governance. In addition to Trustee Directors being responsible for independently maintaining and developing their own skills and knowledge (for example using The Pensions Regulator's Toolkit), training sessions on a range of relevant topics take place at Trustee meetings where needed.

Current investment strategy

The Trustee's investment objectives are set out in the SIP. The Trustee recognises that the Plan's investment strategy is of primary importance in seeking to achieve these objectives. During the year, significant de-risking activity has taken place following improvements in the Plan's funding position. This included a full redemption of the LGIM Equity Portfolio, which was implemented in two stages in July and September 2022, and a 10% disinvestment from the Towers Watson Partners Fund in October 2022. The proceeds were used to increase

the Plan's hedging levels to 90% of the total liabilities as measured on the 2021 Technical Provisions basis (excluding the insured liabilities, DB underpin liabilities and GMP equalisation) and to maintain an appropriate amount of liquidity in the LGIM Absolute Return Bond Plus Fund for any potential de-leveraging events from the LDI funds and for cashflow purposes.

Since the year end, further de-risking has taken place by reducing the growth risks and minimising the interest rate and inflation risks on a more prudent basis.

Investment manager arrangements

There were no changes to the investment managers employed to manage the Plan's assets during the year.

The Plan's portfolio is comprised of a diversified growth allocation, an LDI portfolio and an absolute return bond fund. The LDI portfolio is managed passively by Legal and General Investment Management (LGIM), whereas the ARB allocation is actively managed by LGIM. The diversified growth allocation is invested in the Towers Watson Partners Fund, which is managed by Towers Watson Investment Management ("TWIM").

Risk management

The Trustee has identified several risks involved in the management of the Plan's assets which are considered when reviewing the investment arrangements. The Final Salary section specific risks described in the SIP and the Trustee endeavours to mitigate these risks as follows:

- Reviewing and discussing quarterly funding updates provided by the Scheme Actuary and quarterly investment monitoring reports provided by the investment adviser at Trustee meetings. This continuous monitoring has led to the Trustee undertaking de-risking activity in several stages as the Plan's funding level has improved.
- Maintaining a diversified investment strategy, using both active/ passive management and a range of asset classes and managers (the TWIM Partners Fund provides exposure to a very well-diversified portfolio of third-party investment managers, which limits the risk of any one manager performing poorly).
- Holding a proportion of the Plan's assets in relatively liquid investments to meet the Plan's cashflow requirements.
- Hedging a proportion of the Plan's exposure to non-Sterling currencies.
- Reviewing stewardship and engagement activities of the Plan's investment managers through the annual Implementation Statement.
- Undertaking a covenant assessment alongside the triennial actuarial valuation and receiving regular covenant updates from the Company at Trustee meetings.
- Meeting with the Plan's investment managers when required (although noting that the Trustee has met with Tower Watson Investment Management annually given they manage a large proportion of the assets).

ESG considerations

The Trustee considers that factors such as environmental, social and governance (ESG) issues (including but not limited to climate change) will be financially material for the Plan over the length of time during which the benefits provided by the Plan for members require to be funded to a level which would allow the benefits to be bought out with an insurer. The Trustee has elected to invest the Plan's assets through pooled funds and expects the underlying managers to take into account ESG factors (including climate change risks) in their decisions for selection, retention and realisation of investments (where appropriate).

Where appropriate, the Trustee has considered the ESG credentials of new funds (those invested into after the Plan year-end), although would note this is considered alongside other risks.

Voting and engagement

Money Purchase ('MP') section and AVCs

As all investments are held within pooled funds, the key area of activity during the Plan year was to consider how to monitor (and measure) the investment managers' (LGIM and HSBC) performance in these areas.

The Trustee has delegated all voting and engagement activities to the underlying managers, but nevertheless expects effective activities in these areas to form part of their processes. The Trustee has reviewed the underlying investment managers' stewardship policies (made available at the following links:

<https://www.lgim.com/uk/en/capabilities/corporate-governance/>

<https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/responsible-investment-review/>

In May 2022 (outside the Plan year), the Trustee undertook a review of LGIM's sustainability practices, (following the updates to the SIP by the final salary section investment adviser in February 2022). The review included a manager assessment and a sustainable investment review covering indexed equity funds, the Diversified Fund and the HSBC Islamic Global Equity Index Fund. In the findings of the assessment, LGIM was overall 'strong', largely adhering to or exceeding good practice standards. There were some areas which were 'neutral' at the current time, mainly due to the departure of a key figure in the Stewardship management.

Voting

When reviewing the LGIM's and HSBCs stewardship approach, the Trustee found that:

- During 2022, LGIM voted on over 171,000 proposals (worldwide) at over 15,750 company meetings. LGIM has implemented their own custom policies, and rely on the service of ISS, their proxy advisor. LGIM does not automatically follow recommendations of proxy advisers and has put in place a custom voting policy, which requires companies, amongst other things, to have a higher level of independence and diversity on the board, or to provide more in-depth disclosure regarding executive compensation.
- During the reporting period, HSBC voted on over 75,000 proposals at over 7,000 company meetings. HSBC have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills. HSBC use the voting research and platform provider ISS to assist with the global application of our voting guidelines. HSBC reviews voting policy recommendations according to the scale of its overall holdings. The voting recommendations for active holdings are reviewed by the relevant fund managers, whilst HSBC corporate governance specialists oversee voting for all holdings.

The below table sets out the relevant voting activities, including any votes cast on the Trustee's behalf and examples of votes cast that the underlying managers seem to be significant. The voting statistics cover the Plan's equity funds for the year ending 31 March 2023.

Fund name	Voting activity	Example of one of the most significant votes cast during the period
World Emerging Markets Equity Index Fund	No. of eligible meetings: 4,231 % of resolutions voted: 99.92% % of resolutions voted with management: 79.53% % of resolutions voted against management: 18.41%	Company: Meituan Resolution: Elect Wang Xing as Director How provider voted: Against proposal Rationale: LGIM expects a company to have at least one female on the board. LGIM also expects companies to separate the roles of Chair and CEO.
Future World Global Equity Index Fund / Future World Global Equity Index Fund GBP Hedged	No. of eligible meetings: 5,067 % of resolutions voted: 99.88% % of resolutions voted with management: 80.37% % of resolutions voted against management: 18.60%	Company: Alphabet Inc. Resolution: Report on Physical Risks of Climate Change How provider voted: For proposal Rationale: LGIM expects companies to be taking sufficient action on the key issue of climate change.
Diversified Fund	No. of eligible meetings: 9,540 % of resolutions voted: 99.82% % of resolutions voted with management: 77.35% % of resolutions voted against management: 21.95%	Company: Prologis, Inc. Resolution: Elect Director Hamid R. Moghadam How provider voted: Against proposal Rationale: LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.
HSBC Islamic Global Equity Index Fund	No. of eligible meetings: 95 % of resolutions voted: 97.00% % of resolutions voted with management: 80.50% % of resolutions voted against management: 19.80%	Company: Apple Inc. Resolution: Elect Director Sue Wagner How provider voted: Against proposal Rationale: Concerns about insufficient diversity of the Board.

Engagement

LGIM's Investment Stewardship team held 361 meetings/calls and 863 written engagements in respect of 902 companies during 2022. As in the previous year, climate change was the most frequently discussed engagement topic (281 times). North America was the biggest engagement market (489). The most frequently engaged companies were BP (13 engagements), along with followed by Tesco (10) and Unilever (9).

In 2022, LGIM's three main focuses were on policy advocacy and collaboration, environment and diversity. Examples of these were (respectively): nature being a core focus of policy work (covering agriculture, water, etc.); under LGIM's Climate Impact Pledge, ~80 companies were subject to potential voting sanctions for not meeting minimum standards; and first AGM season of voting against resolutions due to lack of ethnic diversity.

HSBC engage with companies on a range of ESG issues and have a clear set of engagement objectives, including improving understanding of company strategy and promote good practice. In 2022, ESG and other issues were raised in engagements with 2,150 companies, and corporate governance and climate changes were the most popular topics.

In 2023, HSBC's top three items of focus are climate change, biodiversity and nature-based solutions, and human rights.

Final Salary Section

How voting and engagement policies have been followed

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's investment managers.
- When required, the Trustee obtains training on ESG considerations in order to understand fully how ESG factors (including climate change) could impact the Plan and its investments.
- The Trustee, with input from their investment consultant, annually receive and review (through their Implementation Statement) voting information and engagement policies from the investment managers to ensure alignment with their own policies. The Trustee believes that the voting and engagement activities undertaken by the investment managers on their behalf have been in the members' best interests.
- Having reviewed the above and the data presented below, the Trustee is comfortable that the actions of their investment managers are in alignment with the Plan's stewardship policies.

Stewardship policy

The Trustee's SIP describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was updated in February 2022 and has subsequently been reviewed after the Plan year end. It has been made available online here: <https://iqvia.pensions-directory.co.uk/>.

There have been no changes to the Trustee's stewardship policy over the year to 31 March 2023. The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Plan's investment managers.

The Trustee has decided not to set stewardship priorities because the Plan solely invests through pooled investment vehicles and shortly after the Plan year end, the Trustee implemented a low-risk investment strategy, where the Plan's holdings are invested in assets that do not have voting rights.

Voting data

This section provides a summary of the voting activity undertaken by the investment manager within the Plan's Growth Portfolio on behalf of the Trustee over the year to 31 March 2023. The voting behaviour is shown over the year to 31 March 2023, rather than the Plan year end to 5 April 2023, because data is only provided quarterly.

The LDI and ARB holdings with LGIM have no voting rights given the nature of the investments.

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities/ themes. The Trustee has decided not to set stewardship priorities and has therefore asked the investment manager to determine what they believe to be a "significant vote". In addition, the Trustee has not communicated voting preferences to their investment manager over the period, as the Trustee is yet to develop a specific voting policy.

Towers Watson Investment Management have provided a selection of votes which they believe to be significant and in the interest of concise reporting, the table below show 3 of these votes. A summary of the significant votes provided as at 31 March 2023 is set out below, but further information on other significant votes is available upon request.

Fund name	Voting activity	Examples of significant votes
Towers Watson Partners Fund	No. of eligible meetings: 1,890 No. of eligible votes: 25,560 % of resolutions voted: 92.8% % of resolutions voted with management: 86.0% % of resolutions voted against management: 13.5% % of resolutions abstained: 0.5% Proxy voting advisor employed: EOS at Federated Hermes % of resolutions voted against proxy voter recommendation: 4.5%	Company: Microsoft Corporation Date of vote: 6 December 2022 Approximate holding size as at the date of the vote: 0.9% Resolution: Report on tax transparency How provider voted: For Rationale: Proposal promotes transparency Outcome: Not approved
		Company: Amazon Date of vote: 21 May 2022 Approximate holding size as at the date of the vote: 0.4% Resolution: Report on efforts to reduce plastic use How provider voted: For Rationale: Proposal promotes transparency around environmental issues Outcome: Fail
		Company: Anglo American Plc Date of vote: 19 April 2022 Approximate holding size as at the date of the vote: 0.1% Resolution: Approve climate change report How provider voted: For Rationale: The climate change report sets out clear pathways to carbon neutral operations by 2040 and the company's ambition to reduce Scope 3 emissions by 50% by 2040 Outcome: Pass

Towers Watson Partners Fund: As the Partners Fund is a multi-asset fund, voting rights are reflected differently in each segment of the portfolio. In equities, voting rights are virtually all exercised via the underlying managers. Within private markets, the underlying fund managers typically own a majority share in the assets they hold with few formal votes taken. Where there are formal votes, typically these are via Investor Advisory Committees (IACs) which are generally made up of larger investors and represent the interests of all investors in the fund. In the credit space, there are no voting rights, but the underlying managers may engage with issuers about bond covenants. Finally, in the diversifying strategies layer, voting rights will vary depending on the strategy (e.g. a long-short equity manager would be expected to exercise voting rights, but a reinsurance strategy wouldn't have any voting rights). The underlying funds utilise the services of a proxy voting provider. EOS at Federated Hermes are employed to provide corporate engagement and voting recommendation services with respect to the Global Equity Focus Fund holdings within the Fund.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year to 31 March 2023 for the relevant funds.

Engagement activities are limited for the Plan's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	Towers Watson
Fund name	Absolute Return Bond Plus Fund (GBP Hgd)	Partners Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	108	No data provided, this is conducted by EOS and the underlying managers
Number of entities engaged on behalf of the holdings in this fund in the year	59	
Number of engagements undertaken at a firm level in the year	1,088	Engaged with over 200 asset managers
Examples of engagement undertaken	Top five engagement topics: climate change, remuneration, climate impact pledge, board composition and gender diversity	Focused on climate risk management and have introduced new minimum standards for managements on TCFD disclosures. Other priorities for engagement were culture and diversity, equity and inclusion (DEI).