

# IMPLEMENTATION STATEMENT

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February 2024

## General Healthcare Group Limited Pension and Life Assurance Plan (the “Plan”)

Private and Confidential

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### Introduction

Under regulatory requirements, the Trustee is required to produce an annual Implementation Statement setting out how the Trustee’s policies on engagement and stewardship as detailed in the Statement of Investment Principles (the “SIP”) have been implemented at a high level and where appropriate.

This document has been prepared by the Trustee of the General Healthcare Group Limited Pension and Life Assurance Plan (the “Plan”), covering the period 1 October 2022 to 30 September 2023 – the Plan’s reporting year. This statement will be included in the Plan’s Report & Accounts and made public online.

This Statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended, and the guidance published by the Pensions Regulator.

There were no significant updates to the SIP during the period to reflect any changes to investment strategy or its implementation, or incoming regulatory/guidance changes.

### Stewardship, engagement and voting behaviour

The SIP clearly details that the Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset owner value over the long-term. However, the Plan’s current asset allocation consists of a single bulk annuity contract and a pooled liquidity fund that invests in cash and short-term bank deposits only. Due to the short-term nature of the deposits, the ability to practice good stewardship is limited. The main requirement of Schroders for the Trustee is to maintain the liquidity and solvency of the fund.

The liquidity fund is managed according to standardised fund terms that were reviewed by the Plan’s investment advisors at the point of investment to ensure alignment with the Plan’s long-term investment strategy. This fund is monitored by the investment advisors. The Manager is paid an ad valorem fee for a defined set of services. This fee is reviewed periodically to confirm that it is in line with market practices.

As the Plan's liquidity fund is a pooled fund – where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets – the Trustee has limited scope to influence managers' stewardship activities. The Trustee's policy is to delegate responsibility for the engagement with relevant persons, which includes delegating the exercise of rights (typically including voting rights) attaching to investments to the investment managers. The Plan does not invest in any assets with associated voting rights.

The Plan's sole investment manager is a signatory of the UK Stewardship Code. The code sets out a clear benchmark for stewardship as the responsible allocation, management, and oversight of capital to create long-term value. Schroders have not flagged any non-compliance with the principles of the code, and the Trustee is comfortable they provide good quality and transparent reporting of their approach to stewardship. More information on how Schroders have followed the stewardship and engagement policies set out by the Trustee can be found in the appendix.

### **Concluding remarks**

The Trustee is comfortable that the voting and engagement policies in the SIP have all been adequately followed over the scheme year, noting a number of recent changes to regulations in this area. The Trustee is satisfied that the implementation of the Trustee's policies for the Plan is consistent with the Statement of Investment Principles and is appropriate for the circumstances of the Plan.

## Appendix

Below is further information from The Plan's sole investment manager on their stewardship approach.

### Schroders

#### Active Ownership

*"We consider active ownership to be the influence we can apply to management teams so that more sustainable practices are properly considered in managing the companies and assets in which we invest on behalf of our clients. We aim to drive change that we believe should better protect and enhance the value of our clients' investments and we are committed to leveraging our influence as an investor to change how a company operates for the better. We believe this is an important aspect of our role as stewards of our clients' capital and how we help clients meet their long-term financial goals. Our active ownership priorities reflect the combined perspectives of our clients, fund managers, investment analysts and sustainability specialists across the firm, supported centrally by our Sustainable Investment team. We aim to take a common approach across investment desks and asset classes, including across equity and fixed income investments, and other asset classes that do not have voting rights. Our approach to active ownership is also similar across geographies and market capitalisation. However, differences in expectations arise from country and regional contexts; for example, differing socio-cultural factors, regulatory maturity and resource constraints.*

*We identify three key methods for practicing active ownership:*

- *Dialogue: We speak with companies to understand if and how they are preparing for the long-term challenges they face.*
- *Engagement: We work with companies to help them to understand the potential impact of these challenges and to encourage them to take action in the areas where change may be required.*
- *Voting: We use our voice and rights as shareholders to make sure these changes are effected.*

#### Engagement

*We focus on sustainability issues that we determine to have the potential to be material to the long-term value of our investee holdings. When companies fail to address these adequately, we believe that over time they might negatively impact their financial performance for our clients. These issues reflect expectations and trends across a range of stakeholders including employees, customers, and communities, to the environment, suppliers and regulators. By strengthening relationships with that range of stakeholders, business models become more durable. The governance structure and management quality that oversee stakeholder relationships is also a focus for our engagement discussions. In addition, we seek to reflect the priorities of our clients. Based on this process, we identify six broad themes for our engagement:*

*Climate Change, Natural Capital & Biodiversity, Human Rights, Diversity & Inclusion, Corporate Governance and Human Capital Management.*

We aim to set pre-defined SMART (specific, measurable, achievable, realistic and time bound) engagement objectives where possible. We regularly monitor progress against the engagement objectives, at least annually, and at a frequency that is appropriate for the priority of the engagement and materiality of the issue or holding. That said, we recognise that the length of time to achieve an objective will vary depending upon its nature, and that key strategic changes will take time to implement into a company's business processes.

A measurable outcome from our engagement upon completion of an objective could take a range of forms, including additional disclosure by a company, influencing the company strategy on a particular issue, or a change to the governance of an issue. We recognise that success factors may be subjective, and that Schroders' influence is rarely the sole driving force for change. Regardless, we believe it is critical to track companies' progress and measure the outcomes of our engagement, no matter how large or small our influence may be.

We plan to regularly review our priorities, as our understanding of the issues and market best practice evolves. This will help us to push for change in the right areas.

We recognise that effective engagement requires continuous monitoring and ongoing dialogue. We draw on the insights provided by our own proprietary tools, as well as external sources such as corporate reporting, research and the news agenda. Where we have engaged repeatedly and seen no meaningful progress, we will escalate our concerns, which could mean voting against management or even divestment. Decisions on whether and how to escalate are based on the materiality of each issue, its urgency, the extent of our concern and whether the company has demonstrated progress through previous engagements.

**Escalation**

We identify a number of methods to escalate our engagements below



We don't engage on all key themes for all companies; rather, we focus on achieving positive outcomes for their most material themes, and our clients' most material holdings

## **Voting**

*As active owners, we recognise our responsibility to make considered use of voting rights. It is therefore our policy to vote all shares at all meetings globally, except where there are restrictions that make it onerous or expensive to vote compared with the benefits of doing so (for example, share blocking practice whereby restrictions are placed on the trading of shares which are to be voted). In these cases we will generally not vote.*

*We seek to align our approach to voting with our wider active ownership priorities. This can include voting against the board's recommendations; for example, by holding directors to account on ESG topics, and supporting shareholder proposals, which are becoming increasingly frequent and important levers for change. We will oppose the board's recommendations if we believe that doing so is, taking into account relevant factors, in the best interests of shareholders and our clients. Another key element of our role is organizing collaborative engagements, where we partner with external organisations and other investors to strengthen our collective voice on issues where we share a common goal.*

*We use a third party service to process all proxy voting instructions electronically. We regularly review our arrangements with these providers and benchmark them against peers.*

*For more information, please see our latest [Annual Sustainability Report 2022 \(schroders.com\)](#) and our Environmental, Social and Governance Policy for Listed Assets: [schroders-esg-policy.pdf](#)"*