

# Océ (UK) Limited Pension Scheme Implementation Statement

## Purpose

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This Implementation Statement ("this Statement") provides information on how, and the extent to which, the Trustees of the Océ (UK) Limited Pension Scheme (the "Scheme") have followed the policies documented in the Scheme's Statement of Investment Principles ("SIP") during the year ended 30 April 2021 ("the reporting year"). In addition, this Statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

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During 2019, the Trustees received training on Environmental, Social and Governance ("ESG") issues from their Investment Adviser, XPS Investment Limited ("XPS") and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the Investment Managers' own equivalent policies. Further to this, during 2020, the Trustees received training in relation to voting and engagement issues which enabled them to refine their policies in relation to such issues. The Trustees' latest policy in relation to ESG and voting issues was documented in the updated Statement of Investment Principles signed on 29 September 2020.

The Trustees received additional training on ESG issues in February 2021 in relation to the outcome of the DWP consultation on climate change. This highlighted to the Trustees the importance of exploring and establishing their investment beliefs and approach in respect of ESG and climate change related issues. The Trustees have discussed their views and are continuing to develop their understanding and beliefs in relation to such issues.

In March 2021, the Trustees agreed to increase the Scheme's strategy hedging level to 90% of total liabilities. Following this change, the investment structure was amended in an updated Statement of Investment Principles signed on 30 April 2021. There were no additional changes made to the Trustees' policy on voting and engagement issues at this time.

As a result of the revisions made to the SIP over the reporting year, different versions of the SIP were in force over the twelve month period.

## The Trustees' updated policy

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Updated policy in relation to incentives for the Investment Manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term:

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns. The Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

Updated policy in relation to the exercise of rights (including voting rights) attaching to investments and undertaking engagement activities in respect of the investments:

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and

corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

New policy in relation to incentives to align investment managers' investment strategy and decisions with the Trustees' policies:

The Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in agreements and pooled fund documentation with each Investment Manager. The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters set by the Trustees or governing the pooled funds in which the Scheme is invested.

The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations, including their selection / deselection criteria set out in the SIP.

New policy in relation to how the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies:

The Trustees receive quarterly performance monitoring reports from the Investment Consultant which consider performance over the quarter, one and three year periods. In addition, any significant changes relating to the Trustees' selection and deselection criteria that the Investment Consultant is aware of will be highlighted, which may lead to a change in the Investment Consultant's rating for a particular mandate. These ratings help to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager. Investment Managers will also attend Trustees' meetings as requested.

The Investment Consultant has also carried out a review of how well ESG factors are incorporated into each Investment Manager's processes and the Trustees will reassess progress on ESG issues periodically.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Consultant to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Consultant to be appropriate for the particular asset class and fund type.

New policy in relation to how the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range:

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

New policy in relation to the duration of the arrangement with the asset manager:

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities.

## Investment-related activity during the reporting year

### Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future Investment Manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

### Ongoing governance

The Trustees meet quarterly to discuss investment matters. The Trustees receive reports from XPS on the investment performance for the Scheme.

The Trustees, with the assistance of XPS, will monitor the processes and operational behaviour of the Investment Managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this Statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are therefore regularly discussed at Trustees' meetings.

### Trustees training

Over the course of the reporting year, the Trustees received training on the following investment topics:

- New policies and wording required in the Statement of Investment Principles by 1 October 2020.
- New policies surrounding the disclosure requirements and Implementation Statement.
- Environmental, Social and Governance ("ESG") issues and upcoming climate change related regulations

### CMA Objectives

In line with the 10 June 2019 CMA Order which required Trustees to set objectives for existing and new investment consultant appointments, the Trustees previously set investment objectives for XPS Investment Limited. The Trustees submitted confirmation to the CMA that they were compliant with the order for the period ending 10 December 2020.

## The Trustees' investment policies

The Trustees have various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed	The extent to which the policy was followed
<p>Kinds of investments to be held</p> <p>The Trustees' policy is to acquire suitable assets of appropriate liquidity which will generate income and capital growth.</p>	<p>The Trustees have adopted a strategy where assets are invested in liability driven investments (LDI) along with a range of growth assets for diversification purposes and set the overall strategy based on professional advice.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>
<p>Balance between different investments</p> <p>The Trustees' policy is to invest in a diversified portfolio of return</p>	<p>The Scheme invests in leveraged LDI funds to provide a partial hedge against the Scheme's interest rate and inflation sensitivities. These assets are leveraged in order to increase the degree of</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>

seeking assets and liability matching assets.	<p>hedging provided by these assets. The target level of liability hedging is 90% of total liabilities on the most recent Technical Provisions basis.</p> <p>The Trustees have decided to invest in a range of return seeking asset classes. These are currently accessed through equities, multi asset funds, credit funds and illiquid assets.</p>	
<p>Choosing investments</p> <p>The Trustees' policy is to regularly review the investments over which they retain control and to obtain written advice about them when necessary.</p>	<p>The Trustees review the Scheme's investments at each quarterly Trustees' meeting.</p> <p>The Trustees received written advice in relation to an increase in liability hedging and the necessary investments and disinvestments required to implement this change.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>
<p>Risks (measurement and management)</p> <p>The Trustees have a number of policies in respect of risk management and measurement. The following policies were of relevance over the reporting year:</p>	<p>The Trustees receive monthly and quarterly reporting from the investment advisor which enables them to monitor the Scheme's investments and the funding position of the Scheme.</p> <p>The investment advisor will also highlight any areas of concern with the processes and practices of each investment manager following publication of its annual report on internal controls.</p>	<p>The Trustees are satisfied that appropriate reporting is in place.</p>
<p>Expected return</p> <p>The Trustees' policy is to invest in a mixture of assets such that future investment returns will at least meet the rate of return underlying the Recovery Plan.</p>	<p>The current strategic asset allocation has a long term expected rate of return which exceeds that required under the Recovery Plan.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>
<p>Realisation of investments</p> <p>The Trustees' policy is to monitor closely the extent to which any assets not readily realisable are held by the Investment Managers. In addition it is the Trustees' policy to hold cash to meet impending anticipated liability outflows.</p>	<p>The Scheme holds a combination of liquid and illiquid assets. The Scheme's administrator monitors the anticipated cashflow requirements on a monthly basis. A bank account is used to facilitate the holding of cash awaiting investment or payment. Cash balances not immediately required for benefit</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>

	payments may also be invested into the BMO Sterling Liquidity Fund.	
<b>ESG</b> The Trustees' policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers.	The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.	The Trustees are satisfied that they have followed this policy over the reporting year.
<b>Non-financial matters</b> When considering the selection, retention or realisation of investments, the Trustees have a fiduciary responsibility to act in the best interests of the beneficiaries of the Scheme, although they have neither sought nor taken into account the beneficiaries' views on matters including (but not limited to) ethical issues and social and environmental impact. The Trustees will review this policy if any beneficiary views are raised in future.	The Trustees seek professional advice in relation to the management of the assets of the Scheme to ensure any decisions it makes are in the best interests of Scheme beneficiaries. The Trustees will review this policy if any beneficiary views are raised in the future.	The Trustees are satisfied that they have followed this policy in full over the reporting year.
<b>Voting rights</b> The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers.	The underlying investment managers vote in accordance with their internal voting policies.	The Trustees are satisfied that they have followed this policy in full over the reporting year.
<b>Stewardship/relationship with managers</b> The Trustees have established various policies in relation to the stewardship of assets and the ongoing relationship with the investment manager as set out elsewhere in this statement.	The Trustees are yet to engage in any meaningful way with the investment managers.	The Trustees acknowledge that the policy has not been followed in full during the reporting year but expect to progress this as they develop their understanding and beliefs in relation to ESG and climate change issues.

## Voting activity

The main asset class where the Investment Managers will have voting rights is equities. The Scheme has no specific allocations to equities, but investments in public and private equities will form part of the strategy for the diversified growth funds and the private markets fund in which the Scheme invests. The Scheme also gains equity exposure through derivatives contracts; however, these instruments have no voting right so have not been included in this report.

The Scheme's DC and AVC assets also have investments in equities. However, these investments are small relative to overall Scheme assets. As a result, the votes relating to these are not viewed as significant and are not included within this Statement.

A summary of the voting behaviour and most significant votes cast by each of the relevant Investment Manager organisations is as follows. These summaries have been provided by the Investment Managers and any reference to our, we etc relates to the manager:

Unless otherwise stated, voting information has been provided over the 12 months ending 30 April 2021

#### LF Ruffer Absolute Return Fund

Voting Information
Ruffer Absolute Return Fund
The manager voted on 97.15% of resolutions of which they were eligible out of 1193 eligible votes.
Investment Manager Client Consultation Policy on Voting
Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, we can accommodate client voting instructions for specific areas of concerns or companies where feasible.
Investment Manager Process to determine how to Vote
Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares. Research analysts are responsible, supported by our responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based upon their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so.
How does this manager determine what constitutes a 'Significant' Vote?
We have defined 'significant votes' as those that we think will be of particular interest to our clients. In most cases, these are when they form part of continuing engagement with the company and/or we have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and our internal voting guidelines.
Does the manager utilise a Proxy Voting System? If so, please detail
Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS). We have developed our own internal voting guidelines, however we take into account issues raised by ISS, to assist in the

assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.

Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

As discussed above, we do use ISS as an input into our decisions. In the 12 months to 30 April 2021, of the votes in relation to holdings in the Ruffer Absolute Return Fund we voted against the recommendation of ISS 7.1% of the time.

### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Exxon Mobil	Votes for re-election of non-executive directors	Against all non-executive re-elections	Re-election proposals passed with a range of 83-98% shareholder approval for votes
We voted against the non-executive directors due to the inflexibility the company has shown in relation to shareholder engagement on the topic of climate change. We have since sold down the equity considerably.			
Exxon Mobil	Shareholder resolution for further disclosure of the company's lobbying activities	For	Proposal failed with 62.5% votes against
The company has committed to regularly review their memberships in trade association and reports some of the results publicly. Our internal voting policy states that companies should be transparent about the use of political and lobbying organisations to further their own objectives. We support resolutions that aim at increased disclosure and transparency of these payments. For the purpose of these resolutions, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation, regulation, or government policy (b) reflects a view on the legislation, regulation or policy and (c) encourages the recipient of the communication to take action with respect to the legislation, regulation or policy. "Indirect lobbying" is lobbying engaged in by a trade association or other organization for which the Company is a member. We will further engage with the company on the issue of lobbying and use our voting rights to underline this issue			
ExxonMobil	Shareholder resolution for an independent board Chair	For	Proposal failed with 67.3% votes against
We voted for the separation of CEO and Chair as we believe that the effectiveness of the board could be improved. We have since sold down the equity considerably.			
National Oilwell Varco	Votes for re-election of non-executive directors	Against 4 non-executive directors	Re-election proposals passed with a range of 88-95% shareholder approval for votes
Our holding in this company is now de minimis.			
Barrick Gold			

	Votes for re-election of non-executive directors	Against 2 non-executive directors	Re-election proposals passed with a range of 88-95% shareholder approval for votes
We will continue to vote against the re-election of non-executive directors where we have concerns about their independence.			

#### Insight Broad Opportunities Fund\*

#### Voting Information

#### Insight Investment Management Broad Opportunities Fund

The manager voted on 100% of resolutions of which they were eligible out of 154 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

Insight does not consult client prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

#### Investment Manager Process to determine how to Vote

Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

#### How does this manager determine what constitutes a 'Significant' Vote?

The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.

#### Does the manager utilise a Proxy Voting System? If so, please detail



We would utilise Minerva to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable.

\* Note: Insight's voting information is only provided on a quarterly basis. The voting information shown above is as at 31 March 2021. Due to Insight's process the manager does not provide their most significant votes, as detailed in the "How does this manager determine what constitutes a 'Significant' Vote?" section.

#### Partners Fund\*\*

#### Voting Information

##### Partners Fund

The manager voted on 98.6% of resolutions of which they were eligible out of 763 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

We do not consult with clients before voting.

#### Investment Manager Process to determine how to Vote

Partners Group's voting process is outlined in the Proxy Voting Directive. These are a set of principles that are not intended to provide a strict guide to how Partners Group votes, but rather how Partners Group typically approaches core aspects of corporate governance. This applies only to the listed portion of the Fund and is not applicable for private market investments, which make up the bulk of this Fund. In certain circumstance Partners Group may receive proxy requests for publicly traded securities within a private markets portfolio. Typically when this occurs it will be evaluated by Transaction Services together with the relevant investment team and/or the relevant Investment Committee.

#### How does this manager determine what constitutes a 'Significant' Vote?

Size of the holding in the fund.

#### Does the manager utilise a Proxy Voting System? If so, please detail

We hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with our Proxy Voting Directive. Wherever the recommendations for Glass Lewis, our proxy voting directive, and the company's management differ, we vote manually on those proposals.

#### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Ferrovial	Remuneration report, intending to provide shareholders information and a voice on the implementation of the remuneration policy.	Against	In favour of management

<p>The % of against votes for this proposal increased from 24% in 2019 to 35% in 2020. Management already made a few improvements to the remuneration plan, but these were insufficient. We will continue to vote against this proposal until we believe there is a reasonable remuneration policy in place.</p>			
Techem	Amendment of subcontractor's contracts, GDPR compliance, sustainability improvement initiative	Control of board	Not Applicable
<p>Techem completed the amendment of contracts with subcontractors in Germany, Poland and France in 2020 to ensure adherence with health and safety standards. Techem also started the assessment of contracts with subcontractors in the rest of the international markets. As of 30 September 2020, the company has completed 75% of the contract amendments.</p> <p>Further, as part of its commitment to promote and improve sustainability, Techem initiated a new program across the company led by a newly hired sustainability communication professional. As for the initiative to improve sustainability, the initial focus was to engage with key stakeholders within and outside the organization with the goal of defining priority topics. These topics will form the basis of Techem's sustainability management program, which the company will start to report on from 2021.</p>			
USIC	Establishment of a zero-tolerance safety program, launch employee retention initiative and optimization of driving routes	Control of board	Not Applicable
<p>USIC established a zero-tolerance safety program for the entire company to ensure that USIC employees are safe on the road and in the field. Some of the key steps USIC has taken to improve safety performance include: (i) Identifying 1'000 high-risk drivers to participate in a defensive driving course; (ii) training over 700 leaders to spot employees in need of driver safety training; And (iii) enhancing safety in the field by ensuring technicians have access to third-party traffic control services and proper safety equipment.</p>			
Fermaca	Improvement of health and safety performance, management of climate-related impacts and strengthening of internal policies	Control of board	Not Applicable
<p>Fermaca has continued its focus on improving health and safety performance, and compliance. The company set a goal to achieve a total incident rate (TIR) of less than 0.5.</p> <p>Some of the actions that Fermaca has taken to improve health and safety include organizing a phase two health and safety risk assessment, using an expert third-party firm to conduct an on-site assessment and confirm field behaviours. This assessment will supplement the phase one desktop risk assessment which Fermaca completed in 2019.</p> <p>Additionally, the company prioritized the management of its climate-related impacts, with the goals of ensuring environmental compliance, reducing its carbon footprint, and demonstrating the environmental benefits of natural gas versus other carbon-intensive fossil fuels. In terms of managing its climate-related impacts, the company is measuring its CO2 footprint across all operations and is taking steps to reduce methane-related emissions. Fermaca is also continuing to execute its reforestation plan, which includes a goal to plant 37'000 trees over the next five years.</p> <p>Further, Fermaca has continued to strengthen its internal policies, procedures and controls related to anti-bribery and anti-corruption based on recommendations from a desktop fraud risk assessment last year. In addition, the company will undergo a phase two assessment, which will include forensic accounting, to make further improvements in its internal policies.</p>			
Civica	COVID 19 measurements, efforts on diversity and employee retention efforts	Control of board	Not Applicable

In 2020, Civica made a great effort to has made a great effort to support its clients through the COVID 19 situation. Apps and software launched include an interactive symptom tracker, a platform to coordinate rapid support and an e-recruitment tool.

Employee retention remains a focus area for Civica. Due to the pandemic, the annual NPS exercise was not conducted this year, but they have done monthly pulse checks since the beginning of the lockdown to ensure employee engagement remained high.

\*\* Note: Partner's voting information is only provided on a semi-annual basis. The voting information shown above is as at 31 December 2020.