

# Océ (UK) Limited Pension Scheme Implementation Statement

## Purpose

This Implementation Statement (the "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 2023 ("the reporting year"). In addition, this Statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

The Statement has been prepared in accordance with The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and guidance published by the Pensions Regulator.

## Background

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. 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 policy in relation to ESG and voting issues was documented in the updated Statement of Investment Principles signed on 29 September 2020.

During the reporting year, the Trustees received further training surrounding responsible investing, ESG and climate change, including ongoing regulatory developments in these areas. The Trustees also analysed how the Scheme is currently positioned in respect of ESG via an annual ESG report produced by XPS. No changes were made to the Trustees' ESG, voting or engagement policies as a result of this additional training but the Trustees stated their intention to continue to develop these policies in the coming years.

The Statement of Investment Principles signed in December 2021 was therefore the version of the document in place as at the Scheme year end and the latest Statement of Investment Principles was signed on 28 September 2023. Copies of the Statement of Investment Principles can be accessed using the following web link <https://www.canon.co.uk/ocesip/>

## 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, following a review of segregated LDI manager offerings, the Trustees agreed to invest in a segregated LDI mandate with Columbia Threadneedle Investments ("CT"). The CT segregated LDI mandate was deemed appropriate by XPS, using various criteria. This included the Investment Manager's ESG capabilities. CT offers synthetic equity exposure with a scheme-specific allocation to the MSCI World ESG Leaders Index and is also able to incorporate an ESG tilt within the buy & maintain credit holdings. This mandate is expected to be implemented during the next Scheme year.

There were no further manager selection exercises or de-selection exercises undertaken.

### Investment Strategy

During the reporting year, following the gilt market volatility in September and October 2022, the Trustees agreed to make temporary changes to the investment strategy. As a result, the Trustees implemented an interim investment strategy in October 2022 in order to source sufficient collateral to support the Scheme's LDI portfolio. Full disinvestments were made from the Scheme's multi-asset funds and partial disinvestments from the absolute return bond and secure income funds. At the Scheme year end, the Trustees were in the process of reviewing the Scheme's investment strategy. A strategy was agreed after the year end, but at the time of reporting, this had not yet been implemented. This strategy fully removed holdings in diversified growth and multi-sector funds and increased the strategic allocation to investment grade credit. Asset-backed securities were introduced as a replacement to the multi-sector credit funds. The secure income fund with TwentyFour was also reclassified as an asset-backed securities fund.

### Ongoing governance

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

In addition, a Risk Committee has been established, at which the Trustees meet quarterly with the Sponsor to discuss relevant investment matters in detail, including the investment strategy, the time frames to long terms objectives and any relevant developments regarding investments managers.

The Trustees, with the assistance of XPS, 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 the SIP. 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 factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers. Stewardship and ESG matters are therefore regularly discussed at Trustees' meetings.

### Trustee training

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

- ESG and climate change and the developing regulatory changes, in particular in relation to climate change.
- The Scheme's current positioning and beliefs in relation to ESG and climate change and how this could be developed further.
- New policies and regulation surrounding the Competition and Markets Authority ("CMA") objectives.
- The new funding and investment strategy regime and the implications of this to the Scheme.
- New recommendations from The Pensions Regulator surrounding maintaining LDI resilience.

### CMA Objectives

The CMA Order requires the Trustees to assess their investment consultant annually (which may include how the investment consultant has assisted Scheme's with any ESG requirements). Over the reporting year, new legislation was communicated to the Trustees and the objectives were updated.

### 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 seeking assets and liability matching assets.</p>	<p>The Scheme invests in leveraged LDI funds to provide a hedge against the Scheme's interest rate and inflation sensitivities. These assets are leveraged in order to increase the degree of hedging provided by these assets. The target level of liability hedging is 100% of funded 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, credit funds and illiquid assets.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</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>Following the gilt market volatility in September and October 2022, the Trustees received written advice in relation to recalibrating the liability hedge to a level deemed appropriate in the new LDI market environment.</p> <p>In addition, following the gilt market volatility, the Trustees reviewed their pooled LDI portfolio, and agreed to transition to a segregated LDI mandate.</p> <p>At the Scheme year end, the Trustees were in the process of reviewing the Scheme's investment strategy. This was agreed shortly after the year end. This strategy fully removed holdings in diversified growth funds and multi-sector credit funds and increased the strategic allocation to investment grade credit. Asset-backed securities were introduced as a replacement to the multi-sector credit funds. The secure income fund with TwentyFour was also reclassified as an asset-backed securities fund.</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>Strategy risk: The Trustee's policy is to consider how far the actual asset allocation has drifted from the strategic asset allocation. The policy also includes the consideration of current economic factors affecting the asset classes the Scheme is invested in and the outlook.</p> <p>Manager risk: The Trustee's policy is to monitor the performance of the Investment Managers against the individual fund benchmarks and objectives, to consider the managers' approach to risk in order to highlight any unintended risk being taken.</p>	<p>The Trustees receive monthly and quarterly reporting from the investment adviser which enables them to monitor the Scheme's investments and the funding position of the Scheme.</p> <p>The investment adviser 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 newly agreed strategic asset allocation has a long term expected rate of return which exceeds that required under the Recovery Plan. The previous strategic allocation also had a return which exceeded that required.</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 payments may also be invested into the Columbia Threadneedle Sterling Liquidity Fund.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>
<p>ESG</p> <p>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.</p>	<p>The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.</p>	<p>The Trustees are satisfied that they have followed this policy over the reporting year.</p>

<p><b>Non-financial matters</b></p> <p>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.</p>	<p>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.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>
<p><b>Voting rights</b></p> <p>The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers.</p>	<p>The underlying investment managers vote in accordance with their internal voting policies.</p>	<p>The Trustees are satisfied that they have followed this policy in full over the reporting year.</p>
<p><b>Stewardship/relationship with managers</b></p> <p>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.</p>	<p>The Trustees, with the help of their Investment Adviser, engaged with Investment Managers on their exposure to banks impacted by the market volatility in the financial sector in March 2023.</p>	<p>The Trustees acknowledge that the actions taken have been in adherence with the policy. The Trustees intend to progress this further, as they develop their understanding and beliefs in relation to ESG and climate change issues.</p>

## 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 invested in over the year. 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 Defined Contribution 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.

### LF Ruffer Absolute Return Fund\*

Ruffer's voting information is as at 30 April 2023.

#### Ruffer Absolute Return Fund

Ruffer voted on 100% of resolutions of which it was eligible out of 1306 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, Ruffer can accommodate client voting instructions for specific areas of concerns or companies where feasible.

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

To ensure that Ruffer acts in the best interests of its clients and investors, it reviews local best practices and corporate governance codes. Where companies do not comply with best practice, Ruffer consider their explanations before voting on the shares. Ruffer has developed an integrated voting platform linked to proxy voting research, currently provided by Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer acknowledges proxy advisers' voting recommendations, it generally does not delegate or outsource its voting decisions. Research Analysts are responsible, supported by the Responsible Investment team, for reviewing the relevant issues case by case and exercising their judgement, based on their in-depth knowledge of the company.

Before a significant vote is cast, a quorum is convened with senior investment staff so the analyst can provide justification for their decision. If an agreement cannot be reached, Ruffer may escalate the decision to the Chair of the Responsible Investment Committee or the Chief Investment Officer.

Ruffer look to discuss with companies any relevant or material issue that could impact its investment and asks for additional information or an explanation to inform their voting decisions.

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

Ruffer has defined 'significant votes' as those that it believes will be of particular interest to its clients. In most cases, these are when Ruffer forms part of continuing engagement with the company and/or Ruffer has 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 Ruffer's 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). Ruffer has developed its own internal voting guidelines, however it takes into account issues raised by ISS, to assist in the assessment of resolutions and the

identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, it does not delegate or outsource its stewardship activities when deciding how to vote on its clients' shares.

Each Ruffer research analyst, supported by the 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, Ruffer do use ISS as an input into its decisions. In the 12 months to 31 March 2023, of the votes in relation to holdings in the Ruffer Absolute Return Fund, Ruffer 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
Equinor ASA	Environmental - Approve Company's Energy Transition Plan (Advisory Vote)	For	The resolution passed with 96.6% votes in favour.
Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.			
Cigna Corporation	Social - Report on Gender Pay Gap	Against	The resolution failed with 66.8% votes against.
Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.			
BP Plc	Environmental - Approve Shareholder Resolution on Climate Change Targets	Against	The resolution failed with 85.1% votes against.
Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which it deems as unnecessary.			
Barclays Plc	Environmental -Approve Barclays' Climate Strategy, Targets and Progress 2022	For	The resolution passed with 80.8% votes in favour.
Ruffer has a list of follow up questions which it uses as a basis for continuation of its engagement with the company on these issues.			
Meta Platforms, Inc	Social - Provide Report on Child Sexual Exploitation Online	For	The resolution failed with 82.7% votes against.
Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.			

\*Note:

The Scheme fully disinvested from the Fund in October 2022. The significant votes above have been provided for the period the Fund was held.

### Insight Broad Opportunities Fund\*\*

Insight's voting information is only provided on a quarterly basis. The voting information shown below is as at 31 March 2023.

#### **Insight Investment Management Broad Opportunities Fund**

Insight voted on 100% of resolutions of which it was eligible out of 152 eligible votes.

#### **Investment Manager Client Consultation Policy on Voting**

Insight does not consult with clients 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. In addition, Insight's Proxy Voting Policy, sets out in detail its approach to voting on resolutions.

#### **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 and public, renewable energy and economic infrastructure sectors. 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**

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

**\*\* Note:** Due to Insight's process, the manager does not provide its most significant votes, as detailed in the "How does this manager determine what constitutes a 'Significant' Vote?" section.  
The Scheme fully disinvested from the Fund in October 2022.

### Partners Fund\*\*\*

#### Partners Fund

Partners Group voted on 100% of resolutions of which it was eligible out of 853 eligible votes.

#### Investment Manager Client Consultation Policy on Voting

Partners Group does not consult with clients before voting.

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

Partners Group's voting is based on the internal Proxy Voting Directive.

#### 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

Partners Group hires services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and it has been instructed to vote in-line with Partners Group's Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partners Group's proxy voting directive, and the company's management differ, Partners Group vote manually on those proposals.

#### Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Confluent Health	Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	Not Applicable

<p>Confluent has an environmental impact assessment underway and has also engaged a third-party consultant to determine its greenhouse gas footprint. Meanwhile, Confluent has established a Diversity, Equity &amp; Inclusion council, which is currently creating goals and roadmaps with a target to complete by the end of the third quarter of 2022. Thereafter, ownership of each initiative will be identified.</p> <p>Confluent has also expanded its stakeholder benefits program. For instance, in 2022, the company launched stock options for all physical therapists and made significant investments in benefits, including reduced Eligible Employee premiums and increased communications around its wellness programs.</p>			
EyeCare Partners	Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	Not Applicable
<p>In 2022, the number of patients served by EyeCare Partners (ECP) rose to 3 million, with the company exceeding its targets for average net promoter score (NPS) for its ECP clinics and Medicare/Medicaid patients served. In 2021, ECP clinics had an NPS score of 89 compared to the target score of 87, and had served 37% of Medicare/Medicaid patients.</p> <p>Meanwhile, several initiatives were implemented to improve stakeholder benefits. For instance, significant investment in benefits were made in 2021 and 2022. In addition, the company increased communication around its ECP Cares Foundation, a non-profit organization dedicated to giving back to ECP team members in need. Meanwhile, Incident Frequency Rate (IFR) measures were established and are being captured to drive root-cause analysis and drive prevention strategies. This has engaged employees and helped to increase employee retention to 31% (exceeding the target of 27%).</p> <p>Lastly, baselines and specific initiatives were established based on the doctor and employee engagement surveys conducted during the first half of 2022.</p>			
Pharmathen	Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	Not Applicable
<p>In May 2022, Pharmathen launched a sustainability assessment with EcoVadis. The results will be incorporated into Pharmathen's ESG Strategy.</p> <p>The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.</p>			
PremiStar	Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	Not Applicable
<p>Due to the early stage of the investment, ESG initiatives are yet to be introduced. ESG initiatives are expected to be set forth in the second quarter of 2023 after its first ESG key performance indicator survey.</p> <p>In the meantime, Premistar has engaged a third party ESG consultant to identify material sustainability topics and craft a longer term ESG journey and strategy.</p> <p>Premistar is looking to hire an ESG manager and sales strategy employee, as the company aims to launch an energy efficiency sales strategy with customers.</p>			
Rovensa	Partners Group control the Board, please see below the ESG efforts of the portfolio company.	Control of board	Not Applicable

After two years of ownership, Rovensa is making progress to become the leading bio-solutions company. Meanwhile, the company published its second Sustainability Report in April 2022, which summarizes the achievements made worldwide in 2021.

Health and Safety (H&S) remains a top priority for Rovensa, as illustrated by the roll out of its 'STAR Program' across all manufacturing plants globally to achieve a zero-harm culture adoption worldwide.

The board and management are aligned on the importance of H&S and have been working with the H&S team on the STAR Program to reduce the company's lost time injury frequency rate (LTIFR). In 2022, Rovensa has reduced its LTIFR by around 40% compared to the prior-year period.

\*\* Note: Partner's voting information is only provided on a semi-annual basis. The significant votes shown above are as at 31 December 2022.