

Implementation Statement for the UCL (Former Medical Schools) Pension Scheme

Covering 1 April 2024 to 31 March 2025

1. Background

The Trustees of the UCL (Former Medical Schools) Pension Scheme (the “Scheme”) are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the Scheme’s Statement of Investment Principles (“SIP”) during the previous Plan year, in relation to engagement and voting behaviour during the year, either by or on behalf of the Trustees, or if a proxy voter was used.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

The Scheme’s monies are invested in Mercer Funds, which are collective investment vehicles, managed by Mercer Global Investments Europe Limited (MGIE) and in buy-in policies with LV=.

A copy of the most recent SIPs can be found at <https://www.apexgroup.com/SIP-dec-2023.pdf>

2. ESG, Stewardship and Climate Change

The Trustee believe stewardship plays an important role in managing sustainability risks and other ESG factors, and helps the realisation of long-term value by providing investors with an opportunity to enhance the value of companies and markets consistent with long-term investor timeframes. Consequently, an approach that integrates effective stewardship is in the best interests of the Scheme. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities, including non-financial performance that require the Trustee’s explicit consideration.

It is the Trustee’s policy that the third party investment managers appointed by Mercer Global Investments Europe (MGIE), report in line with established best practice such as the UK Stewardship Code 2021, including public disclosure of compliance via an external website, when managing the Scheme’s assets. Further, in appointing the third party asset managers, the Trustee expects MGIE to select managers where it believes the managers will engage directly with issuers in order to improve their financial and non-financial performances over the medium to long term. To monitor the third party investment managers’ compliance with this expectation, the Trustee considers regular reports from Mercer that include an assessment of each third party manager’s engagement activity.

The Trustee recognises that they have no direct power in respect of the buy-in policies with LV. That said, it is noted that LV in partnership with their asset manager Columbia Threadneedle has an extensive range of Responsible Investment policies, independently rates securities for their ESG contribution and are a signatory to the Principles of Responsible Investment. Investment decisions are based on ESG factors as well as financial performance.

Should the Trustee consider that MGIE or the third party asset managers, have failed to align their own engagement policies with those of the Trustee, the Trustee will notify MGIE and consider disinvesting some or all of the assets held in the MGIE Funds.

Approach to Exclusions

MGIE's preference is to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on MGIE's Investment Exclusions Framework. Controversial weapons and civilian firearms are excluded from active equity and fixed income funds, and passive equity funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds.

In addition, MGIE monitors for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.

ESG Rating Review

Stewardship and active ownership form an important part of MGIE's ratings framework applied during the manager research process.

MGIE's ratings include an assessment of the extent to which ESG factors are incorporated in a strategy's investment process as well as the manager's approach to stewardship.

Across most asset classes, MGIE ratings are reviewed during quarterly monitoring by the portfolio management teams with a more comprehensive review performed annually. In these reviews, MGIE seek evidence of positive momentum on managers' ESG integration.

3. Voting and Engagement

The Trustees are keen that their investment manager, MGIE, is a signatory of the UK Stewardship Code, which it is.

The Trustees have elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustees will consider these policies in all future selections and will deepen their understanding of their existing managers' policies.

The Scheme is invested in the following funds:

MGI UK Long Gilt Fund

Mercer UK Cash Fund

The funds are split between fixed income and money market instruments and do not hold physical equities and hence there are no voting rights and voting data for the Trustees to report on.