

FRED. OLSEN LIMITED PENSION FUND
ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Introduction

This statement sets out how the engagement policy in the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the period to March 2023 and subsequently. This statement 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 guidance published by the Pensions Regulator.

Investment Objective of the Scheme

The Objective of the Scheme is to pay in full the pensions of members. Investments are held with Schroders Investment Management Limited and are diversified but take into account ESG, Stewardship and Climate Change considerations. The Trustees hold their funds in pooled mandates and the equity funds they invest in are the Schroders US Large Cap Fund, Schroders Prime UK Equity Fund, Schroders Europe Fund, Schroders Japan Opportunities Fund, Schroders Institutional Pacific Fund, and the Schroders Diversified Growth Fund. They also hold a range of gilt, index-linked gilt, corporate bond funds and Securitised Income funds.

Policy on ESG, Stewardship and Climate Change

The Scheme’s SIP includes the Trustees’ policy on Environmental, Social and Governance (“ESG factors”) Stewardship and Climate Change. This policy takes into account the processes followed by the Trustees in relation to ESG, Stewardship and Climate Change. The Trustees keep their policies under regular review with the SIP last subject to review in March 2023.

The following work was undertaken during the past period relating to the Trustees’ policies on ESG, Stewardship and Climate Change and sets out how the Trustees’ engagement policies were followed and implemented:

- The Trustees have requested that the investment manager confirm compliance with the principles of the UK Stewardship Code. The manager has confirmed that they are signatories to the current UK Stewardship Code.
- The manager’s investment performance report is reviewed by the Trustees on a regular basis. The investment adviser of the Scheme has provided ratings of funds invested in by the Scheme in respect of ESG. The investment manager is generally highly rated in respect of ESG.
- The investment manager has provided evidence of their commitment to ESG and good stewardship.
- Responsibility for voting at shareholder meetings lies with the investment manager. The investment manager has provided the Trustees with a voting summary report. This report is monitored by the Trustees. Following new guidance from the department for Work and Pensions (DWP), the Trustees are required to define a ‘significant vote’ to guide the inclusions in this Implementation Statement. The Trustees have decided to measure significance by holding size in the Fund’s overall portfolio. Specifically this is defined as:

A vote in relation to one of the largest ten exposures for the Fund at Fund year end, in which the investment manager has cast a vote against the recommendation of management, and that aligns with the Trustees’ key priority themes of:

- Climate Change: including low-carbon transition and physical damages resilience;
- Human Rights: including modern slavery, pay & safety in the workforce and supply chains; and,
- Diversity, Equity and Inclusion: including inclusive & diverse decision-making.

Schroders’ engagement with companies is ongoing, and a vote against management is one of the steps on their escalation path. Whilst each vote/company engagement path is different, a proposal that they have voted against being passed would not be the end of their engagement journey. Should the situation not improve, the most extreme measure Schroders may take would be a partial or full divestment.

According to the above definition, there were no significant votes in either the Schroders Europe Fund, the Schroders Japan Opportunities Fund or the Schroders Diversified Growth Fund. The significant votes along with the manager’s rationale, in order of significance (as measured by holding size), are:

Company	Royal Dutch Shell Plc
Holding Size	0.59% of Fred. Olsen Limited Pension Fund holdings
Fund	UK Equity
Item	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions.
Date	24 May 2022
Vote	For the shareholder resolution.

Rationale	Schroders believe their vote for this item will maximise the value to clients. They believe that the proposal is aligned to their net-zero ambitions, in particular by addressing scope 3 as fully as they believe is necessary.
Significance	The climate-related nature of this vote aligns with the Trustee's key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

Company	Alphabet Inc.
Holding Size	0.51% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Oversee and Report a Third-Party Racial Equity Audit.
Date	1 June 2022
Vote	For the shareholder resolution.
Rationale	An independent racial equity audit would help shareholders better assess the effectiveness of Alphabet's efforts to address the issue of any inequality in its workforce and its management of related risks.
Significance	The race-related nature of this vote aligns with the Trustee's key priority theme of "Diversity, Equity and Inclusion".
Outcome	The shareholder resolution failed.

Company	Alphabet Inc.
Holding Size	0.51% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Physical Risks of Climate Change.
Date	1 June 2022
Vote	For the shareholder resolution.
Rationale	Schroders believe their vote for this item will maximise the value to clients. The company is asked to report on the physical risks of climate change. Schroders feel that shareholders would benefit from increased disclosure regarding how the company is assessing and managing its climate change risks.
Significance	The climate-related nature of this vote aligns with the Trustee's key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

Company	BP Plc
Holding Size	0.29% of Fred. Olsen Limited Pension Fund holdings
Fund	UK Equity
Item	Approve Shareholder Resolution on Climate Change Targets.
Date	12 May 2022
Vote	For the shareholder resolution.
Rationale	Schroders believe their vote for this item will maximise the value to clients. Shareholder proposal helps to reinforce commitments made by the company on climate change.
Significance	The climate-related nature of this vote aligns with the Trustee's key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

Company	ConocoPhillips
Holding Size	0.25% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on GHG Emissions Reduction Targets.
Date	10 May 2022
Vote	For the shareholder resolution.
Rationale	Schroders believe their vote for this item will maximise the value to clients. Additional information on the company's efforts to reduce its carbon footprint and align its operations

	with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.
Significance	The climate-related nature of this vote aligns with the Trustee's key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

Company	Apple Inc.
Holding Size	0.25% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Median Gender/Racial Pay Gap.
Date	10 March 2023
Vote	For the shareholder resolution.
Rationale	Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.
Significance	The gender and race-related nature of this vote aligns with the Trustee's key priority theme of "Diversity, Equity and Inclusion".
Outcome	The shareholder resolution failed.

Company	JPMorgan Chase & Co.
Holding Size	0.19% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Oversee and Report a Racial Equity Audit.
Date	18 May 2022
Vote	For the shareholder resolution.
Rationale	Schroders believe shareholders would benefit from this report to better assess the effectiveness of the company's efforts to address the issue of any inequality in its workforce and its management of related risks.
Significance	The race-related nature of this vote aligns with the Trustee's key priority theme of "Diversity, Equity and Inclusion".
Outcome	The shareholder resolution failed.

Company	Chubb Limited
Holding Size	0.15% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Efforts to Reduce GHG Emissions Associated with Underwriting, Insuring, and Investing.
Date	19 May 2022
Vote	For the shareholder resolution.
Rationale	Schroders believe their vote for this item will maximise the value to clients. The company has been asked to report on its financed emissions. Schroders are keen to see the company provide additional reporting and disclosures on emissions that cover its entire business to better understand their transition to a low carbon economy. As such, Schroders support this resolution.
Significance	The climate-related nature of this vote aligns with the Trustee's key priority theme of "Climate Change".
Outcome	The shareholder resolution passed.

Company	Westpac Banking Corp.
Holding Size	0.09% of Fred. Olsen Limited Pension Fund holdings
Fund	Pacific ex Japan Equity
Item	Approve Climate Risk Safeguarding.
Date	14 December 2022
Vote	For the shareholder resolution.
Rationale	Schroders believe their vote for this item will maximise the value to clients. In principle, more disclosure on the company's climate change policies is desirable.

Significance	The climate-related nature of this vote aligns with the Trustee's key priority theme of "Climate Change".
Outcome	The shareholder resolution was withdrawn.
Company	Amazon.com, Inc.
Holding Size	0.09% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Worker Health and Safety Disparities.
Date	25 May 2022
Vote	For the shareholder resolution.
Rationale	Schroders are concerned that without such investigation of possible intersection between health and safety outcomes with gender and/or race there may be systemic issues helping to create and perpetuate unequal outcomes.
Significance	The health and safety-related nature of this vote aligns with the Trustee's key priority theme of "Human Rights".
Outcome	The shareholder resolution failed.