

APPENDIX:

ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

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 2024 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 June 2024.

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:

The Trustees define a significant vote 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

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According to the above definition, there were no significant votes in the Schrodgers European Equity Fund, the Schrodgers Japan Equity Fund, the Schrodgers Institutional Pacific Equity Fund, or the Schrodgers DGF. The significant votes along with the manager's rationale, in order of significance (as measured by holding size), are:

Company	Microsoft Corporation
Holding Size	0.71% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Climate Risk in Retirement Plan Options
Date	7 December 2023
Vote	For the shareholder resolution.
Rationale	Schrodgers welcomes the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options. Schrodgers believes that how it has voted is in the best financial interest of its clients' investments.
Significance	The environmental nature of this vote aligns with the Trustees' key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

Company	Microsoft Corporation
Holding Size	0.71% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Risks of Operating in Countries with Significant Human Rights Concerns
Date	7 December 2023
Vote	For the shareholder resolution.
Rationale	Shareholders would benefit from further disclosure on how the company mitigates risks in markets in which it operates where there are significant human rights concerns. Schrodgers believes how it has voted is in the best financial interests of its clients' investments.
Significance	The human rights-related nature of this vote aligns with the Trustees' key priority theme of "Human Rights".
Outcome	The shareholder resolution failed.

Company	Eli Lilly and Company
Holding Size	0.46% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics
Date	1 May 2023
Vote	For the shareholder resolution.
Rationale	Shareholders could benefit from increased transparency on the effectiveness of companies' diversity, equity, and inclusion programs, and understand better how the company is positioning itself to realise the benefits of a diverse workforce. Schrodgers believes that how it has voted is in the best financial interest of its clients' investments
Significance	The Social nature of this vote aligns with the Trustees' key priority theme of "Diversity Equity and Inclusion".
Outcome	The shareholder resolution failed.

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Company	Alphabet Inc.
Holding Size	0.46% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Publish Independent Human Rights Impact Assessment of Targeted Advertising Technology
Date	2 June 2023
Vote	For the shareholder resolution.
Rationale	Given the company's revenue exposure to advertising and potential regulatory risks, Schroders believes shareholders would benefit from an enhanced understanding of how Alphabet is managing such risks.
Significance	The human rights-related nature of this vote aligns with the Trustees' key priority theme of "Human Rights".
Outcome	The shareholder resolution failed.

Company	Alphabet Inc.
Holding Size	0.46% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Framework to Assess Company Lobbying Alignment with Climate Goals
Date	2 June 2023
Vote	For the shareholder resolution.
Rationale	Shareholders would benefit from additional disclosure on how the company's lobbying activities align with its climate goals and how it addresses any misalignment with its trade associations and other indirect lobbying activities.
Significance	The environmental nature of this vote aligns with the Trustees' key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

Company	Alphabet Inc.
Holding Size	0.46% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Risks of Doing Business in Countries with Significant Human Rights Concerns
Date	2 June 2023
Vote	For the shareholder resolution.
Rationale	Schroders believes enhanced transparency on the company's due diligence processes to address and minimise human rights risks when operating in high-risk areas would be beneficial for shareholders.
Significance	The human rights-related nature of this vote aligns with the Trustees' key priority theme of "Human Rights".
Outcome	The shareholder resolution failed.

Company	Merck & Co., Inc.
Holding Size	0.33% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Access to COVID-19 Products
Date	23 May 2023
Vote	For the shareholder resolution.
Rationale	Shareholders would benefit from further disclosure on how direct and indirect public financial support for the development and manufacture of COVID-19 products is assessed and taken into account by the Company when making decision around pricing and access plans. Increased transparency on this issue would allow shareholders to make a more comprehensive assessment of how the Company manages related risks and benefits. Schroders believes how it has voted is in the best financial interests of its clients' investments.
Significance	The supply chain nature of this vote aligns with the Trustees' key priority theme of "Human Rights".
Outcome	The shareholder resolution failed.

FRED. OLSEN LIMITED PENSION FUND

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Company	Netflix, Inc.
Holding Size	0.28% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Climate Risk in Retirement Plan Options
Date	1 June 2023
Vote	For the shareholder resolution.
Rationale	Schroders welcomes the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options. Schroders believes that how it has voted is in the best financial interest of its clients' investments.
Significance	The environmental nature of this vote aligns with the Trustees' key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.
Company	Adobe Inc.
Holding Size	0.23% of Fred. Olsen Limited Pension Fund holdings
Fund	US Equity
Item	Report on Hiring of Persons with Arrest or Incarceration Records.
Date	20 April 2023
Vote	For the shareholder resolution.
Rationale	Schroders believes that shareholders would benefit from additional information on the company's hiring practices related to people with arrest or incarceration records, in order to ensure they are aligned with publicly stated DEI.
Significance	The Social nature of this vote aligns with the Trustees' key priority theme of "Diversity Equity and Inclusion".
Outcome	The shareholder resolution failed.
Company	Glencore Plc
Holding Size	0.23% of Fred. Olsen Limited Pension Fund holdings
Fund	UK Equity
Item	Resolution in Respect of the Next Climate Action Transition Plan
Date	26 May 2023
Vote	For the shareholder resolution.
Rationale	Schroders believes that the disclosure requested will help keep the company accountable for its emissions profile and emissions reductions.
Significance	The environmental nature of this vote aligns with the Trustees' key priority theme of "Climate Change".
Outcome	The shareholder resolution failed.

