

Engagement Policy Implementation Statement (“EPIS”)

Abbott Laboratories Pension Fund (1966) (the “Fund”) Fund Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the Abbott Laboratories Pension Fund (1966), to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Fund’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Fund’s material investment managers were able to disclose adequate evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations.

We note that, since last year, some investment managers have made progress in their reporting of engagement activities, notably M&G who provided fund level engagement details. However, some investment managers have still not provided us with complete information to allow us to review the engagement activity carried out on our behalf. We have set out in our engagement action plan how we plan to address these shortcomings, including through the involvement of our investment advisor.

How voting and engagement policies have been followed

The Fund is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Fund's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Fund year and in our view, most of the investment managers were able to disclose adequate evidence of voting and engagement activity. More information on the stewardship activity carried out by the Fund's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Fund's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environmental, Social and Governance ("ESG") ratings from Aon for the funds the Fund is invested in where available and we also received information regarding any areas of concern or where action is required.

The Fund's stewardship policy can be found in the SIP:
[Statement of Investment Principles.pdf \(abbottpensionfund.co.uk\)](#)

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. Arrowstreet and Dodge & Cox did not provide engagement data or "most significant" voting examples, as was the case in the prior period. Our investment adviser, Aon, will continue to engage with both managers to express the Trustee's expectations around the reporting of voting and engagement activity, and encourage them to make progress as their current practice is behind peers.
2. We will invite a number of the appointed investment managers to a meeting to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to assess opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares. We expect the Fund's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Fund's funds with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Arrowstreet Capital – Global Equity Fund	4,649	95.1%	8.8%	0.9%
Baillie Gifford – Long Term Global Growth Fund	420	96.2%	5.2%	0.7%
Dodge & Cox - Global Equity Fund	1,369	100.0%	2.8%	0.0%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Fund's managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers (in the managers' own words)
Arrowstreet Capital, L.P.	We engage a third-party service provider, Institutional Shareholder Services ("ISS"), to provide proxy-voting services for client accounts (including Arrowstreet Sponsored Funds), including vote analysis, execution, reporting and certain recordkeeping services. ISS maintains a set of proxy voting guidelines that describe in greater detail how it generally votes specific proxy matters for the firm's clients.
Baillie Gifford & Co. (Baillie Gifford)	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not rely upon their recommendations when deciding how to vote on our clients' shares, using them for information only. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Dodge & Cox Incorporated (Dodge & Cox)

Dodge & Cox uses ISS as their proxy administrator. Dodge & Cox votes in line with Dodge & Cox Proxy Voting Policies and Procedures. Dodge & Cox manually votes all proxies.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the mandates managed. A sample of these significant vote can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Fund's material managers. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Baillie Gifford – Long Term Global Growth Fund	60	744	Social - Conduct, Culture and Ethics Governance - Shareholder Rights; Board Effectiveness - Independence/Oversight; Board Effectiveness - Other; Leadership - Chair/CEO
M&G Investments - Alpha Opportunities Fund	9	297	Environment - Net Zero/Decarbonisation Social - Inequality Governance - Board Composition; Remuneration
Dodge & Cox - Global Equity Fund	<i>Dodge & Cox does not currently provide this information. It engages with companies on ESG issues on an ad hoc basis where it deems the issues to be financially material and relevant to its investment thesis.</i>		
Lothbury - Property Trust Fund	<i>Lothbury has been unable to provide this information at this time given that the Trust is under liquidation.</i>		
Arrowstreet Capital - Global Equity Fund	<i>Arrowstreet does not directly engage with company management and does not participate in any thematic-based engagement. The engagement framework that it partnered with Sustainalytics on is incident and compliance based, driven to remediate and mitigate violations of international norms and standards involving labour, environment, business ethics and human rights.</i>		

Source: Managers.

Data limitations

At the time of writing, the following managers did not provide all the information requested:

- Dodge & Cox and Arrowstreet did not provide any significant voting examples as both managers do not currently have a process for determining 'most significant' votes.
- Dodge & Cox and Arrowstreet did not provide any engagement information requested.
- Lothbury were unable to provide any engagement activity, as this fund is in liquidation.

This report does not include commentary on the Fund's investment in gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Fund's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below is a significant vote example provided by one of the Fund’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers’ own words.

For Arrowstreet, given it does not have a formal process in place for determining a significant vote, the manager has just provided an example of a vote that was against management.

Baillie Gifford - Global Growth Fund	Company name	Amazon.com, Inc.
	Date of vote	24 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.8
	Summary of the resolution	Shareholder Resolution - Environmental
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not provided
	Rationale for the voting decision	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress, we think more could be done particularly with regards to how they influence their manufacturers in reducing their usage. We also believe the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for long term future growth.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	This was a refile from the previous year. While we opposed last year because we felt the company was making good progress, this year we decided to support because while we continue to think the company is making good progress we want to push the company to continue in this positive trajectory. We communicated our views to the company post-vote and hope to engage on this topic later in the year.
	On which criteria have you assessed this vote to be most significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Arrowstreet Capital, L.P. Global Equity ACWI Strategy	Company name	Banco do Brasil SA
	Date of vote	27 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Elect Kelly Tatiane Martins Quirino as Director (Employee Representative)
	How you voted?	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not provided

Rationale for the voting decision	A vote AGAINST non-independent director nominee Kelly Tatiane Martins Quirino is warranted given the proposed board's overall lack of independence.
Outcome of the vote	Not provided
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
On which criteria have you assessed this vote to be most significant?	Not provided

Source: Manager