

IFM Electronic Pension Scheme

Implementation Statement for the Year ended 31 December 2020

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) 2019 Regulations. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) dated 30 September 2019 have been implemented. The SIP provides further background details on investment arrangements.

This Statement covers the period 1 January 2020 to 31 December 2020.

Investment managers

The Scheme is a wholly insured arrangement via a policy held with Aviva Life & Pensions UK Limited ('Aviva').

Under the policy, the Scheme's assets are invested entirely in pooled funds in the Aviva With-Profits Fund (the 'With-Profits Fund'). Therefore, Aviva as the Scheme's investment manager votes on behalf of the Scheme's holdings in the pooled fund.

Strategy Review

There have been no changes to the investment strategy over the year.

Scheme Governance

The Trustee is responsible for investing the Scheme assets but has delegated the day to day investment activity to Aviva under the investment management agreement in place.

The investment policies of the funds have not changed materially over the years. Members are informed of the investment policies when they join the Scheme.

The Trustee does not actively obtain the views of the members of the Scheme to help form its policies as set out in the SIP as the Scheme has a relatively small membership which is not expected to hold a materially diverse range of views on ethical, political, social, environmental and quality of life issues. The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy.

There were no changes to the investment management agreement with Aviva during the year under review.

Statement of Investment Principles

No new review of the SIP took place during the year. The Trustee last reviewed the Statement of Investment Principles (SIP) during the year under review which was updated to take account of investment regulations that came into force on 1 October 2019.

The Trustee's policies on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risks associated with the impact of climate change are detailed below and in the SIP. This was the SIP that was in force at the year-end.

There were no departures from the policies set out in the SIP in force at the year-end, including the Trustee’s policies on financially and non-financially material considerations, during the year.

Policy on financially material considerations, the exercise of voting rights and engagement activities

Trustee’s Policy: *The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole.*

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has excluded non-financial matters and recognises that it cannot directly influence the environmental, social, and governance (ESG) policies and practices of the companies in which the insurer invests. The Trustee will endeavour to monitor the approach of the insurer to sustainability issues and assess how it mitigates ESG risks over appropriate time horizons.

There have been no changes to the Trustee’s policy, nor any departures from its policy, during the year. In particular, all voting activities have been delegated to Aviva, as the Trustee does not have any legal right to vote on the underlying holdings, given the insured nature of the Scheme’s investments.

The Trustee notes that the manner by which financially material ESG factors will be taken into account in an insured arrangement will depend on the underlying asset classes within the insured arrangement.

The Trustee acknowledges that it is delegating the consideration of financially material factors in relation to determining the underlying holdings to Aviva as the investment manager, given the Trustee is investing in a wholly insured arrangement.

A summary of the Trustee’s views on the with-profits investments is outlined below.

Asset Class	Actively or Passively Managed?	Comments
With-profits	Active	The Trustee expects Aviva to take financially material ESG factors into account, given the active management style of the with-profits fund and the ability of Aviva to use its discretion to generate returns in line with the fund’s objectives. The Trustee also expects Aviva to engage with any underlying investee companies, where possible, although the Trustee appreciates that the proportion of assets within the fund that attract voting rights will vary.

Policy on the exercise of voting rights and engagement activities

Trustee's Policy: *In view of the fact that the Scheme's investments are held through a fully insured arrangement with Aviva, the Trustee has no formal policy on either ESG (including climate change) or delegation of voting rights. The insurer to whom the Trustee has delegated responsibility for such policies will from time to time report on their current and future actions in these areas.*

There have been no changes to the Trustee's policy, nor any departures from the policy, during the year. In particular, all voting and engagement activities have been delegated to Aviva, as the Trustee does not have any legal right to vote on the underlying holdings, given the insured nature of the Scheme's investments.

In turn, all voting and engagement activities of the Aviva With-Profits Fund are carried out by Aviva and complemented by Aviva's stewardship oversight.

A summary of the votes made by Aviva (including any votes on underlying equity holdings within the With-Profits Fund investment of the Scheme held with Aviva) between 1 January 2020 and 31 December 2020 is provided in the table below.

Manager	Company engagements	Substantial interactions	Specific successful outcomes	Resolutions voted on & number of Shareholder meetings	Resolutions Voted on:	
					For*	Against**
Aviva	3,428	1,501	90	72,025 6,457	98%	24%

Notes to table:

The votes above are at the company level, rather than being scheme or fund specific.

* 98% votes in favour of climate and social shareholder proposals

** 24% votes against management resolutions (including 43% on pay proposals)

Further information

- Aviva's voting rights strategy can be found at: [Voting rights strategy - Aviva Investors](#)
- Aviva's responsible investment strategy can be found at: [Responsible investment | About - Aviva Investors](#)

Engagement

The Trustee sets out below examples of significant engagement activity indirectly made on its behalf by Aviva.

Type of ESG engagement	Company & country	Issue	Action	Outcome
Social media.	Alphabet, Twitter, Facebook: USA.	Platform content (hate speech, inaccurate or misleading information).	Aviva engaged with Alphabet Twitter & Facebook , calling for strengthening controls on objectionable content.	Content being removed, governance being improved.
Corporate integration.	Bayer: Germany.	Takeover of Monsanto by Bayer came with liability for weed killer 'Round up' which caused cancer. Bayer share price fell.	Aviva engaged with Bayer to understand due diligence undertaken. Aviva voted against management board.	Aviva sold its holdings in Bayer.
Governance.	Unilever: UK.	Corporate structure was ineffective & poorly governed. Unable to streamline & modernise the business.	Aviva joined with other investors to force management to rethink certain proposals.	New leadership team put in place new corporate governance structure. As result, better positioned to modernise & grow.
Climate change.	Various: Global.	Deliver 40% reduction in carbon emissions by 2030.	Climate strategy, targets & performance reporting flows through all engagements made by Aviva with investee companies.	Enhanced climate change programmes developed & engagement with key industries e.g. oil & gas sectors.
Human rights.	Various: Global.	Companies are expected to guard against human right abuse.	Aviva is founding member of Corporate Human Rights Benchmark, which ranks	Results of the benchmark integrated into Aviva's voting & engagement activities during

			global companies on human rights policies and practices, enabling a comparison to be made across peer groups. Covers c230 companies globally.	the year. This included voting against poorly performing companies, & engaging with companies on their human rights findings with the aim to improve these.
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Summary

The Trustee believes that Aviva has acted in accordance with the Scheme’s stewardship policies as set out in the Scheme’s SIP.

Signed for and on behalf of The Trustee of the IFM Electronic Pension Scheme

Syed Kabir
Chair of the Trustee

30 September 2020