

# Engagement Policy Implementation Statement (“EPIS”)

## AbbVie Pension Fund (the “Fund”)

Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the AbbVie Pension Fund 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 good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

Some investment managers did not provide us with complete information to allow us to review the engagement activity carried out on our behalf. There are areas where we would like to see additional details, as set out in our engagement action plan.

## 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 good evidence of voting and/or 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 ESG ratings from Aon for the funds the Fund is invested in where available.

The Fund's stewardship policy can be found in the SIP:  
<https://www.abbvie.co.uk/content/dam/abbvie-dotcom/gb/documents/OCTOBER%20UK-ABBV-230389%20-%20AbbVie%20Pension%20Fund%20-%20Statement%20of%20Investment%20Principles.pdf>

## 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. Whilst Legal and General Investment Management Limited ("LGIM") did provide a comprehensive list of fund-level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the funds in which we are invested, as per the ICSWG industry standard engagement reporting template. Our investment adviser, Aon, will continue to work with LGIM to better understand its engagement practices and discuss the areas which are behind those of its peers.
2. Schroders did not provide engagement information at fund-level. Schroders mentioned that as property managers, they are responsible for the day-to-day relationship with tenants and therefore it is difficult to quantify. ICG did not provide number of engagements at fund level, however, the manager did provide engagement activity by theme/topic. It is often rare for Real Estate funds to provide meaningful engagement data with a comprehensive narrative and thus it was encouraging that Schroders have provided firm level engagement data. Our investment adviser will engage with Schroders in order to encourage improvements in reporting.

### 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 manager’s 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. 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, including equities held in multi-asset funds. We expect Legal & General Investment Management (“LGIM”) to responsibly exercise its voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Fund’s material 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
LGIM - Developed Balanced Factor Equity Index Fund (Hedged & Unhedged)	12,190	99.8%	21.1%	0.2%
LGIM - Global Emerging Markets Equity Index Fund	39,267	99.9%	19.7%	1.1%

Source: LGIM. 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 manager uses proxy voting adviser.

Manager	Description of use of proxy voting adviser (in the manager’s own words)
LGIM	LGIM’s Investment Stewardship team uses Institutional Shareholder Services’ ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: LGIM

### Significant voting examples

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

#### 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.

## 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. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Fund.

Funds	Number of engagements		Themes engaged on at a fund/ firm level
	Fund level	Firm level	
ICG - Longbow UK Real Estate Debt Investment V	Not provided	455	Environment - Climate Change; Pollution, Waste Social - Human and Labour Rights Other - Sustainable travel; Green Buildings
Insight - UK Long Corporate	112	2,521	Environment - Climate Change, Pollution, Waste Social – Human Capital Management Governance – Shareholder Rights; Remuneration Strategy, Financial & Reporting - Strategy/Purpose; Financial Performance; Reporting
LGIM - Developed Balanced Factor Equity Index Fund (Hedged & Unhedged)	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity; Income Inequality Governance - Remuneration; Board Composition Other - Corporate Strategy
LGIM - Global Emerging Markets Equity Index Fund	283	2,500	Environment - Climate Impact Pledge; Deforestation; Climate Change Social - Gender Diversity Governance - LGIM ESG Score Other - Corporate Strategy
Schroders - UK Property Fund and Securitised Credit Fund	Not provided	6,724	Environment* - Decarbonising; Deforestation; Climate Risk and Oversight Governance* - Boards and Management; Corporate Culture and Oversight of Human Capital

Source: Managers.

\*Schroders did not provide fund level themes; themes provided are at a firm-level

## Data limitations

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

- LGIM did provide fund-level engagement information but not in the industry standard ICSWG template.
- Schroders did not provide engagement data at the fund level.
- ICG did not provide number of engagements at fund level, however, the manager did provide engagement activity by theme/topic.

This report does not include commentary on certain asset classes such as liability driven investments, 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 are some significant vote examples provided by the Fund’s manager. We consider a significant vote to be one which the manager considers significant. LGIM use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

<b>LGIM - Developed Balanced Factor Equity Index Fund (Hedged &amp; Unhedged)</b>	<b>Company name</b>	Amazon.com, Inc.
	<b>Date of vote</b>	24 May 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.2
	<b>Summary of the resolution</b>	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps
	<b>How you voted?</b>	Votes supporting resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
	<b>Rationale for the voting decision</b>	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company’s diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with the company and monitor progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
<b>LGIM - Global Emerging Markets Equity Index Fund</b>	<b>Company name</b>	Sasol Ltd.
	<b>Date of vote</b>	19 January 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.1
	<b>Summary of the resolution</b>	Approve Climate Change Report
	<b>How you voted?</b>	Votes against resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting (“AGM”) as our engagement is not limited to shareholder meeting topics.
<b>Rationale for the voting decision</b>	Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals	

of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 Greenhouse gas ("GHG") emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

<b>Outcome of the vote</b>	Pass
<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
<b>On which criteria have you assessed this vote to be most significant?</b>	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Source: LGIM