

Engagement Policy Implementation Statement (“EPIS”)

IMI 2014 Deferred Fund (the “Fund”)

Fund Year End – 31 March 2024

This EPIS documents the actions we have taken as Trustee of the IMI 2014 Deferred Fund during the year ending 31 March 2024 to achieve certain policies and objectives outlined in our Statement of Investment Principles (“SIP”)*. It includes:

1. How our policies in the SIP on 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.

The Trustee has secured a majority of the Fund’s liabilities with bulk annuity providers. The residual assets of the Fund are invested in private equity, property and cash.

This EPIS does not disclose significant stewardship information due to the limited materiality of stewardship to these residual assets, the nature of the asset classes and given the relatively small value of the investments.

During the reporting year, the Fund did not hold any significant investments in which there was an opportunity to enact stewardship, including voting rights, in a meaningful capacity.

How voting and engagement policies have been followed

During the reporting period, most of the Fund's assets were invested in Bulk Purchase Annuity agreements (the "Annuities") with Legal & General Assurance Society ("LGAS") and Pension Insurance Corporation ("PIC"). The aim of the Annuities is to cover the majority of benefits to members of the Fund. The remaining material assets of the Fund were invested in two Venture Capital funds managed by High Vista.

We reviewed at a high level the stewardship activity carried out over the Fund year by the two bulk annuity providers and High Vista. More information on this stewardship activity 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").

Each year, the Trustee reviews the voting and engagement of the Fund's investment managers to ensure they align with our own policies for the Fund.

The Fund's stewardship policy can be found in the SIP: <https://www.imipensions.co.uk/other-information/imi-2014-deferred-fund>. During the year, the SIP and stewardship policy were reviewed by the Trustee.

Our manager's 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.

High Vista were unable to share a stewardship report for the period; however, they provided their firm's ESG policy which sufficiently explained their approach to voting and engagement.

Note that:

- Engagement information is not included for immaterial assets (investments valued at less than £1.5m at 31 March 2024).
- This report does not include commentary on the Fund's cash owing to the limited materiality of stewardship to this asset class.

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 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

High Vista – Engagement

Policy

In High Vista's 2024 ESG policy, the manager states that it employs a bottom-up-framework which evaluates the prospective risk/return of each opportunity. The High Vista Investment Team consider a variety of factors when evaluating a potential investment opportunity, including factors that fall under various definitions of ESG. These can include, but are not limited to, environmental, social, diversity and sustainability considerations, governmental and regulatory policies, as well as corporate governance and alignment of interests between investment managers and limited partners any of which could impact the potential risk/return profile of an investment.

If the Investment Team determines such risks and/or opportunities are material to the risk or potential return associated with a specific investment, these concerns would be addressed in a memorandum which is presented to the firm's Investment Committee for final approval. High Vista believe that in most instances restricting investment activity with blanket ESG restrictions or other restrictions or prohibitions may lead to undesirable outcomes. High Vista prefers a pragmatic approach by way of constructive engagement with their investment partners.

On a periodic basis, underlying fund managers and partners are asked to complete various diligence questionnaires. The responses are reviewed to understand how the underlying partners consider different risks as part of their overall investment processes.

Examples

High Vista were unable to provide engagement examples at a fund-level, stating: "HighVista Venture Capital Fund VIII is a 2011 fund and HighVista Venture Capital Fund X is a 2016 vintage year fund. At the time that those funds were committed, we did not incorporate ESG related topics as part of our due diligence process".

At the firm level, the manager explained "HighVista does inquire about our managers' ESG policies and their stance on ESG when considering new investments. In addition, HighVista conducts activities that are focused on giving back to the community including charitable donations and volunteering opportunities for employees at local nonprofits." More information is available on the manager's website: [HighVista Strategies - Responsibility](#)

Our insurers' 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.

Insurer	Commentary
PIC – Bulk Annuity	<p>PIC has implemented active engagement with investee companies across public credit and private debt investments on material sustainability issues. This is an integral part of PIC's ESG strategy to help ensure that long term ESG risks, such as climate and social risks, are accounted for within the issuer's operations which may influence its ability to meet its financial obligations.</p> <p>For direct investments (e.g., housing associations, equity release mortgages and other bilateral investments), PIC will engage where possible directly with organisations both at the point of capital raising and during the tenure of the investment on various ESG-related issues.</p> <p>For indirect holdings, PIC aims to work closely with external managers. The key external managers who help manage the public credit portfolio are also involved in thematic ESG research. This helps identify important emerging or prominent topics and to recognise sector leaders and laggards. These are reported directly to PIC through quarterly engagement meetings. Larger-scale industry engagements with identified laggards are held by the managers. This research, together with findings from engagements, complements PIC's forward-looking analysis and helps ensure the portfolio is correctly positioned for any long-term industry changes.</p> <p>PIC is a member of the Net Zero Asset Owner Alliance and a signatory to the United Nations' Principles of Responsible Investment ('UNPRI'), as are all their key external asset managers. PIC are also signatories to the UK Stewardship Code and the Sustainability Principles Charter for the BPA process. PIC publicly support the Task Force on Climate Related Financial Disclosures. PIC are members of the Association of British Insurers (ABI) and founding members of the ABI's Climate Change Working Group.</p>
LGAS – Bulk Annuity	<p>LGAS uses its in-house investment manager LGIM to manage its annuity portfolio. As the annuity book does not contain equity holdings, it has limited capabilities to exhibit stewardship.</p> <p>We have limited ability to incentivise LGAS to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of buy-in policies, such as the Annuity purchased by the Fund, we believe that LGAS is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.</p> <p>LGAS is also a member/signatory of the following initiatives, which it models its engagement and stewardship policies and actions on: Principles for Responsible Investment (PRI), Aldersgate Group, Sustainable Markets Initiative, Science Based Targets initiative (SBTi), Net Zero Asset Managers (NZAMi), the UN Global Compact and the Institutional Investors Group on Climate Change. Additionally LGAS participates in various ESG indices such as ISS ESG Corporate Ratings.</p> <p>In terms of specific engagements, LGIM have overall conducted 335 engagements across 177 companies within their UK annuity book holdings, with 332 of these 335 including ESG topics. Of these engagements, 177 included environmental topics, with 117 including the specific environmental topic of climate change.</p>