



AETC

Pension Scheme

Annual Implementation Statement

June 2024

Overview of Trustee Policies on Voting and Engagement

The AETC Pension Scheme Trustees (the "Trustees") believe their investment managers are best suited to engage directly with investee companies regarding their performance, strategy, capital structure, management of actual or potential conflicts of interest, and other risks. The Trustees expect their appointed investment managers to vote proxies on behalf of the Scheme and to exercise any voting rights held, bearing in mind the costs of doing so. In instances where the Trustees are obligated to act directly with respect to an investment, they intend for their investment consultant, Vantage Consulting Group ("Vantage"), to directly assist them in exercising any voting rights held. In any case, the Trustees believe such voting activity should be performed in such ways as to enhance the value of their investments over the long-term. If the Trustees feel that a current or prospective investment manager does not appropriately consider voting obligations, the Trustees may choose either to not invest or disinvest (i.e. "vote with their feet").

Report on Investment Manager Voting Activity

Vantage has provided the Trustees with investment manager voting policies and relevant data regarding recent investment manager voting activity. The Trustees reviewed this data, noting that while there was a divergence in the data provided by the managers, overall engagement appeared high where applicable. Investment managers with longer-term equity positions reported actively voting company proxies in accordance with the policies. Where available, significant voting activity was reviewed, including Board of Directors appointments, executive pay, corporate actions (such as mergers and acquisitions) and significant business transactions.

It should be noted that investment manager voting engagement is less important for certain investment strategies with a shorter-term investment horizon, such as quantitative strategies which employ active trading. Certain investment managers elect specifically not to vote proxies due to a position that the cost outweighs the benefit or because they rarely hold securities with voting rights. Taking the variety of investment management strategies into consideration, the Trustees were satisfied that investment manager voting and engagement was acceptable and supported efforts to ensure long-term value. The Trustees intend to continually refine their data gathering and assessment in future periods in accordance with PLSA guidelines.

Investment Manager ESG Considerations

The Trustees expect Investment Managers to account for financially material Environmental, Social and Governance ("ESG") considerations in the selection, retention, and realization of those investments over the medium- to long-term. The Trustees may also engage investment managers where ESG considerations are not directly relevant, either as a function of the short-term nature of the underlying trading strategy or the nature of the financial assets traded by the Manager. Where available, the Trustees have reviewed investment manager ESG policies to ensure managers have considered how such factors may affect the long-term performance (positively or negatively) of investments. Most of the appointed investment managers apply a relevant ESG policy, either to their corporate or investment practices. Managers appointed to invest in equity securities via separately managed account structures typically employ a robust ESG process in the selection and monitoring of investments, applying internal and external research (such as MSCI ESG ratings) and be compliant with the Principles of Responsible Investing (PRI) guidelines. Overall, the Trustees are satisfied that their appointed investment managers are adequately taking into account appropriate ESG considerations.

Report on Trustee Voting Activity

During the most recent Scheme year, the Trustees voted on certain matters relevant to assets held directly by the Scheme. The Trustees have reviewed a record of their voting activities during the year. The most significant events of the year include BioPharma Credit PLC's annual general and extraordinary meeting activities. Votes on fund proxies were cast directly, and due to the private nature of these investments, the Trustees did not utilize a third-party proxy service provider. The Trustees believe that they have executed their voting rights appropriately over the course of the Scheme year.

A summary list of significant events and Trustee voting activity is referenced in the table below.

Investment	Event	Trustee Voting Activity	Result (Pass/Fail)
BioPharma Credit PLC	Annual general meeting – Election of directors, appointment of auditors and other business	For	Pass
BioPharma Credit PLC	Extraordinary meeting – Resolution on the continuation of the Company's business as a closed-ended investment trust, triggered by the Company trading at more than a 10% discount for the last 12 months (all of 2023)	For	Pass

Compliance with the Statement of Investment Principles

The Trustees have ensured compliance with the SIP through the following actions:

- The Trustees obtained monthly investment monitoring reports from their consultant, which contain recent investment performance, cash flow reporting, and risk/return metrics
- The Trustees met with their investment consultant at least three times during the year to discuss investment manager performance and then-current asset allocation versus target ranges
- In addition to the above actions, ad hoc trustee meetings were called to consider significant investment events or recommendations, such as those mentioned above in the table of significant votes taken by the Trustees during the year
- Manager recommendations were supported by detailed reports provided by the investment consultant, which considered the merits of any new investments alongside their projected pro forma impact on asset allocation and the risk / return profile of the Scheme