

Engagement Policy Implementation Statement (“EPIS”)

AbbVie Pension Fund (the “Fund”)

Fund Year End – 31 March 2023

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 2023 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 investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

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. 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 Environment Social Governance ("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: [AbbVie Pension Fund Statement of Investment Principles](#)

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. While Legal and General Investment Management ("LGIM") provided a comprehensive list of fund-level engagements, which we find encouraging, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard. Our investment adviser, Aon, will meet with LGIM to better understand their engagement practices and discuss the areas which are behind those of its peers.
2. ICG Longbow and Schroders did not provide fund level engagement examples. We will write the managers to let them know our expectations of better disclosure in future.

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

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. 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 LGIM to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Fund's holdings with voting rights for the year to 31 March 2023. LGIM collate voting information on a quarterly basis. The voting information provided is for the year to 31 March 2023 which matches the Fund year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Global Developed Four Factor Scientific Beta Index	13,075	99.8%	20.3%	0.2%
LGIM - World Emerging Markets Equity Index Fund	36,506	99.9%	18.4%	2.1%

Source: LGIM

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 advisers.

	Description of use of proxy voting adviser
LGIM	LGIM's Investment Stewardship team uses ISS's '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. For more details, please refer to the Voting Policies section of this document.

Source: Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked LGIM 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 fund invested in by the Fund.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
LGIM - Global Developed Four Factor Scientific Beta Index	337 [#]	902	Environment - Climate change
			Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health
			Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting)
LGIM - World Emerging Markets Equity Index Fund	130	902	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity)
			Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Public health
			Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Shareholder rights, Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting).
ICG-Longbow UK Real Estate Debt Investment V	Not Provided	400	Environment - Climate change
			Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety)
			Governance - Leadership - Chair/CEO
M&G Investments Alpha Opportunities Fund	8	157	Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting).
			Environment - Climate change
			Governance – Remuneration
Schroders UK Property Fund	Not Provided	>2,800	Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety)
			Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity)
			Governance – Diversity, Independence or Oversight

Source: Managers. ICG and Schroders did not provide fund level themes; themes provided are at a firm-level. # Engagement data from 1 April 2022 to 31 March 2023

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.
- ICG Longbow and Schroders did not provide fund level engagement examples.

We will engage with the managers to encourage improvements in reporting.

This report does not include commentary on the Fund's liability driven investments/gilts or cash, etc 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. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

LGIM - Global Developed Four Factor Scientific Beta Index	Company name	Barclays Plc
	Date of vote	4 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.04%
	Summary of the resolution	Approve Barclays' Climate Strategy, Targets and Progress 2022
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	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 AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: While we positively note the Company's use of absolute emissions targets for its exposure in the Energy sector, as well as the inclusion of capital markets financed emissions within its methodology, we have concerns that the ranges used for interim emissions reduction targets and the exclusion of US clients from the 2030 thermal coal exit falls short of the actions needed for long-term 1.5C temperature alignment. A vote Against is therefore 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.
	Outcome of the vote	Passed
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
LGIM - World Emerging Markets Equity Index Fund	Company name	Meituan
	Date of vote	02-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.3%
	Summary of the resolution	Resolution 2 - Elect Wang Xing as Director
	How you voted	Against
	Where you voted against management, did you communicate your intent to the	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

company ahead of the vote? (Please add additional comments in the space below)	the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote AGAINST the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfill fiduciary duties in the company.
Outcome of the vote	Passed
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.

Source: LGIM