

Implementation Statement (“IS”)

Medical Defence Union Pension and Life Assurance Scheme (the “Scheme”)

Scheme Year End – 31 March 2025

The purpose of the Implementation Statement is for us, the Trustees of the Medical Defence Union Pension and Life Assurance Scheme, to explain what we have done during the year ending 31 March 2025 to achieve our objectives and implement the policies set out in our Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. 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, the Scheme’s investment manager, L&G Asset Management (“L&G”), was able to disclose good evidence of voting and engagement activity, and the activities completed by L&G align with our stewardship expectations.

Over the Scheme year, the DC Section’s assets were transitioned to an occupational Master Trust pension scheme structure, therefore, this document only covers the DB Section of the Scheme.

1. Changes to the SIP during the year

We reviewed the SIP during the year and updated it in September 2024.

The changes made included:

- Updates to reflect revisions made to the investment strategy of the DB Section and;
- Additional detail on how the Scheme identifies and assess climate-related risks and opportunities.

The Scheme's latest SIP can be found here:

<https://pensioninformation.aon.com/mdu/FileViewer.aspx?FileID=14439&FileName=MDU%20PLAS%20-%20SIP%20September%202024.pdf>

2. How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Strategy	<p>The Scheme did not undergo any material strategy changes regarding the DB Section over the Scheme year. Regarding the DC Section, the Principal Employer has set up an MDU section in LifeSight (an occupational 'Master Trust' pension scheme established by Towers Watson Limited). The DC Section's assets were disinvested from the Scheme and transferred to LifeSight on 27 March 2025. Due to this, the IS only covers the DB Section of the Scheme.</p>
Risk measurement and management	<p>The Trustees receive quarterly investment reports from our investment adviser, Aon Investment Limited ("AIL") and quarterly monitoring reports produced by AIL's investment manager research team which include:</p> <ul style="list-style-type: none">• Fund performance, both absolute and relative to their benchmarks over the quarter, one year and three-year periods;• Overall Scheme performance, both absolute and relative to the benchmark over the quarter, one year and three year periods;• Asset allocation breakdown;• Monitoring of the LDI portfolio and liability cashflow benchmark (a proxy of the liabilities), including attribution of returns and sensitivity to changes in interest rates and inflation expectations;• Economic market review and outlook; and• An overview of Aon's ratings of the DB investments and detailed commentary for any major developments. <p>The Trustees invite the investment manager, L&G, on an ad hoc basis, to better understand their voting and engagement practices, and how these help us fulfil our Responsible Investment responsibilities and policies.</p>
Implementation	<p>The Trustees have appointed Aon Investment Limited ("AIL") as its investment adviser. For the DB section, the Trustees have direct investments in pooled funds managed by the investment manager. AIL provides formal advice on suitability ahead of investment and provides ongoing monitoring thereafter.</p>

Governance	<p>The duties of the investment manager for the DB Section (L&G) include:</p> <ul style="list-style-type: none"> • Realisation of investments • Taking into account socially responsible factors • Voting and corporate governance in relation to the financial potential of the Scheme's assets <p>The Trustees expect the investment manager to manage the assets under the terms of its policy and to give effect to the principles in our SIP so far as is reasonably practical.</p>
Environmental, Social and Governance ("ESG") considerations	<p>The Trustees recognise that ESG risk factors, including climate change may negatively impact the value of investments held if not fully understood and evaluated. The Trustees monitor the ESG sub-category rating of the appointed manager produced by our investment adviser, in an attempt to mitigate these risks.</p>
Arrangements with Investment Managers	<p>The Trustees are supported by AIL in monitoring the activity of our investment manager. This includes assessing whether investment manager's policies are consistent with those of long term investors and the level of engagement undertaken by the manager as part of the overall rating assigned to managers by AIL.</p> <p>On behalf of the Trustees, AIL received annual stewardship reports on the monitoring and engagement activities carried out by the investment manager. More information can be found within the "Manager Voting and Engagement" section of this report.</p>
Cost Transparency	<p>The Trustees monitor cost transparency every two years. The last report covered the calendar year of 2023 on the cost information for the DB Scheme which was produced and provided to the Trustees in May 2024.</p>
Stewardship	<p>The voting and engagement activity of the investment manager has been collated and reviewed by Aon on behalf of the Trustees. More information is provided later in this statement.</p>
Members Views and Non-Financial Factors	<p>In setting and implementing the Scheme DB investment strategy, the Trustees do not explicitly consider the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").</p>

3. Stewardship, engagement and voting activity

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. We believe that good stewardship is in the members’ best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders’ interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme’s investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme’s equity-owning investment manager, L&G to responsibly exercise their voting rights.

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

Voting statistics

The table below shows the voting statistics for each of the Scheme’s material fund with voting rights for the year to 31 March 2025.

Fund	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
L&G Asset Management (“L&G”) All World Equity Index Fund (Hedged & Unhedged)	63,689	99.8%	19.0%	1.5%

Source: Manager. 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 adviser

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 Scheme’s manager uses proxy voting advisers.

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.

Manager	Description of use of proxy voting adviser (in the manager's own words)
L&G	L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G 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: Manager

Significant voting example

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

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.

The table below shows some of the engagement activity carried out by L&G. L&G has provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
L&G All World Equity Index Fund (Hedged & Unhedged)	2,256	4,399	Environment – Climate change, Natural resource use/impact. Social – Human and labour rights Governance – Remuneration Strategy, Financial and Reporting – Financial performance, Strategy/purpose.
L&G Buy and Maintain Credit Fund	383		Environment - Climate Change; Pollution, Waste. Social - Human and labour rights; Human capital management Governance - Remuneration; Board effectiveness - Independence or Oversight; Strategy, Financial and Reporting – Financial performance, Strategy/purpose.

Source: Manager.

Data limitations

At the time of writing, L&G has provided complete engagement information. We note that the total number of engagements above refers specifically to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may cover multiple themes.

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 Scheme's assets that are held as AVCs.

Appendix – Significant Voting Example

In the table below is a significant vote example provided by the Scheme'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.

L&G All World Equity Index Fund	Company name	ConocoPhillips
	Date of vote	14 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2
	Summary of the resolution	Resolution 5: Revisit Pay Incentives for GHG Emission Reductions
	How you voted	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G 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	Shareholder Resolution - Climate change: A vote against is applied as L&G expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G 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"?	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to misleading proposals (shareholder resolutions brought with the aim of undermining positive environmental, social and governance behaviours) are a relatively recent phenomenon. Such proposals often appear to be supportive of, for example, the energy transition but, when considered in depth, are designed to promote anti-climate change views.

Source: Manager