

Implementation Statement 2023

The Trustees of the TDL Retirement Benefits Scheme

Period covered: 1st July 2022 to 30th June 2023

This Implementation Statement has been prepared by the Trustee of the TDL Retirement Benefits Scheme (“the Scheme”), to satisfy the requirements of the 2019 Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”).

This statement sets out how the Trustees have ensured compliance with the policies and objectives set out in the Statement of Investment Principles (SIP) over the course of the year under review:

- how the Trustees’ policies on exercising rights (including voting rights) and engagement policies have been followed over the year
- the voting behaviour of the Trustee, or that undertaken on her behalf, over the year

A copy of the SIP can be found at:

<https://www.tdlpathology.com/about-us/corporate-information/tdl-retirement-benefits-scheme/scheme-documents/>

Investment Objectives

The SIP was reviewed and updated in May 2024 after consultation with the principal employer, Sonic Healthcare and the Trustees.

Financial investment objective:

To provide sufficient capital and income to pay members’ benefits over the long term, from a combination of contributions and investment return, by investing in equities, property or absolute return funds to back the benefits of members yet to retire and government securities and/or corporate bonds via collective investments to back pensioners. The investment philosophy should be aligned to Sonic Healthcare’s values.

In terms of the investment return objective, this has been agreed with the Scheme actuary and the annual accounts to the end of June 2023 will record investment performance slightly below the target for the period. The Trustees are satisfied that the long term performance is still in line with expectations.

ESG objective:

We will integrate ESG factors directly into the investment process. We will favour those managers that take in to account the factors listed previously and that engage with the companies that they invest in to ensure a positive contribution to society.

The Trustees support ESG compliant funds/companies with the preference to invest in collective investments with a stated ESG policy that supports responsible investing.

In the review period, the investment portfolio continues to meet this objective by investing in active funds that have a stated ESG policy.

There is only one actively managed investment in the portfolio that does not have an ESG mandate and this fund is currently winding down and paying out cash as the underlying loans mature or are refinanced. The Trustees have opted to retain the fund due to the valuation, as to sell would crystallise a large discount to the current net asset value.

The fund does invest in an Exchange Traded Fund that tracks the US Treasuries market. This does not have an ESG policy due to the structure of the fund and the underlying assets.

The decision to adopt a largely ESG focussed investment bias was a unanimous decision by the Trustees.

Statement of Investment Principles Review 2021

The SIP was last updated in May 2021 to incorporate the updated ESG policy of the scheme, as agreed by the Principal Employer and Trustees at the May 2021 trustee meeting. This led to the above changes in the underlying funds to incorporate the ESG policy into the investment portfolio.

The investment activity is reviewed at least twice yearly in the trustee meetings via an investment report provided by the Scheme's investment advisers, Amber River Premier. This formal review sets out:

- investment performance against the agreed benchmarks and the return target
- current asset allocation and any deviations from that agreed allocation
- the risk/volatility levels of the portfolio and comparisons against benchmarks
- any fund changes during the period

We have already commented on the successful adaption of an ESG investment philosophy and the ensuing changes. We have also commented on the superior investment returns over the last Scheme year.

Amber River Premier is a Chartered Firm and complies with the Chartered Insurance Institute Code of Ethics.

Asset Allocation

The long-term target asset allocation agreed with Sonic Healthcare remains:

- equity 55%
- fixed interest 10%
- alternatives (including property) 35%

The above allocation has been adhered to, although there is currently a much larger cash holding than the target, since the trustees anticipate a number of transfers out in the near future as part of a bulk transfer exercise.

Voting and engagement policy

The Scheme is invested in collective instruments and any voting or engagement is left

to the fund manager to perform, in line with its own house policy. The fund managers' policies are reviewed at least annually to ensure that they are in line with the Scheme's policy (in agreement with Sonic's own policy). If there were significant deviation, then the fund would potentially be sold in favour of one whose manager's policies did comply with the Scheme's.

All voting by Trustees is recorded in the scheme Minutes.

Statement of compliance with Regulations

Over the year, the Trustees are pleased to report adherence to the policies set out in the SIP and that it has fully complied with all relevant Regulations.

Signed on behalf of the Trustees on:



David Neep

For and on behalf of the Trustees of the TDL Retirement Benefits Scheme