The General Dental Council 1970 Pension and Life Assurance Plan

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statement of Investment Principles (SIP) for the Defined Benefit Section ('the DB Section') dated March 2022 and August 2023 and the Trustee's SIP for the Additional Voluntary Contributions – Defined Contribution Top Up Section ('the AVC – DC Top Up Section)' dated September 2020 have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIPs during the year and post-year end, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2023 to 31 March 2024.

Investment objectives of the Plan

DB Section

The Trustee's investment objectives for the DB Section of the Plan are set out on page 3 of the SIP and are summarised below:

- Achieve a return which is sufficient, over the longer term, to meet the Funding objective.
- Adopt an approach that recognises the need to balance risk with the achievement of a satisfactory investment return.
- Ensure that sufficiently liquid assets are available to meet benefit payments as they fall due.
- Take into account the strength and interests of the Sponsoring Employer in relation to the size and volatility of the Sponsoring Employer's contribution requirements.

AVC – DC Top-Up Section

The Trustee's investment objectives for the AVC – DC Top Up Section of the Plan are set out on page 1 of the SIP.

The Trustee aims to provide a range of pooled funds which members can choose to invest in. In addition, the Trustee has designed a default lifestyle arrangement for those members who do not wish to make an investment choice.

The Trustee considered specific objectives in setting the default investment strategy, and they are as follows:

- To meet perceived needs of the broad cross section of membership.
- The likelihood of the default strategy providing a reasonable return above inflation over the long term.
- The Trustee recognises that the default strategy will represent a trade-off between achieving sufficient expected growth versus the spread of returns and risk of capital loss.

Review of the SIPs

The Trustee last reviewed the Statement of Investment Principles for the DB Section in August 2023, which was updated to reflect a change in investment strategy.

Prior to this, the SIP for the DB Section had been last updated in March 2022 be in line with new regulations in relation to Environmental, Social and Governance considerations.

There has been no change to the SIP for the AVC – DC Top Up Section over the year.

The Trustee has a policy on financially material considerations relating to Environmental, Social and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out below and are detailed in the Trustee's SIPs.

The Trustee's policies on financially and non-financially material considerations, as well as engagement and voting activities, were not updated in the revised SIP that came in force during the year.

Investment managers and funds in use

The investment funds used for both the DB Section and AVC – DC Top Up Section are set out in the tables below:

DB Section

The DB Section of the Plan comprises of an insurance policy with Aviva along with investments in pooled funds.

For the non-insurance assets, the Trustee agreed the following strategic asset allocation at the start of the year.

Asset Class	Fund	Target Asset Allocation
Risk-controlled multi-asset	Baillie Gifford Multi Asset Growth Fund	32.5%
Property	Columbia Threadneedle Pensions Property	10.7%
Multi asset credit	TwentyFour Strategic Income Fund	35.0%
Liability driven investment (LDI)	LGIM Matching Core Fixed Long Fund LGIM Matching Core Real Long Fund	21.8%

Following a change in investment strategy, the Trustee agreed the following strategic asset allocation for the non-insurance assets.

Asset Class	Fund	Target Asset Allocation
Multi asset credit	TwentyFour Strategic Income Fund	16.0%
Investment grade credit	LGIM Active Corporate Bond – Over 10 Year Fund	28.0%
Liability driven investment (LDI)	LGIM Matching Core Fixed Long Fund LGIM Matching Core Real Long Fund	54.0%
Cash	LGIM Sterling Liquidity Fund	2.0%

The funds are invested via the Mobius Life investment platform.

AVC – DC Top Up Section

Members currently invest in the following funds:

Asset Class	Fund
Global equities	BlackRock Aquila Connect UK Equity Index Fund BlackRock Aquila Connect (50:50) Global Equity Index Fund
Diversified growth	Aviva Multi-Asset Index Growth Fund Aviva Stewardship Managed Ninety One Global Income Opportunities Fund
Corporate bonds	BlackRock Over 15 Year Corporate Bond Index Fund
Cash	Aviva Cash

The funds are invested via Aviva's investment platform.

The default investment strategy, Lifestyle Programme, used for members invested in the AVC – DC Top-Up Section is set out below:

Period prior to member's normal retirement age	Investment Default Approach
Up to 5 years prior to normal retirement age	The approach invests wholly in the BlackRock Aquila Connect (50:50) Global Equity Index Fund
From 5 years before normal retirement age	Phased switches are made between the funds to achieve an allocation of 75% in the BlackRock Aquila Connect Over 15 Year Corporate Bond Index Fund and 25% in the Cash Fund by normal retirement age.

Strategy review

Since the year-end, the Trustee has updated the asset allocation of the DB Section by making a partial disinvestment from the Aviva With Profits Fund and temporarily investing this into the LGIM Sterling Liquidity Fund.

Plan governance

Governance arrangements, in terms of the constitution of the trustee board, service level agreements with providers, processing of core financial transactions, costs and charges and investment arrangements, are detailed in the Trustee's Chair's Statement.

The Trustee is responsible for making investment decisions, and seeks advice from Broadstone Corporate Benefits Limited ('Broadstone'), as its investment consultant.

The Trustee does not actively obtain views of the membership of the Plan to help form its policies set out in the SIPs.

The Trustee reviewed the objectives put in place for Broadstone in December 2022. The Trustee is due to formally review these objectives by December 2025, or earlier.

Trustee’s policies

The table below sets out how, and the extent to which, the relevant policies in the Plan’s SIP have been followed:

Requirement	Policy	Implementation of Policy
Balance of Investments (DB Section)	The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting their investment objectives.	During the year, the Trustee changed the target asset allocation to reflect the de-risked investment strategy. This is set out in the SIP dated August 2023. The DB Section’s asset allocation has been updated since 31 March 2024, in light of the Trustee’s latest strategy review.
Delegation to Investment Managers	The Trustee will delegate the day-to-day management of the Plan’s assets to professional Investment Managers and will not be involved in the buying or selling of investments.	No deviation from this policy over the year to 31 March 2024.
Realising Investments (DB Section)	The Trustee will make any additional disinvestments required from the Investment Manager with the assistance of their administrators and advisers, Broadstone, as necessary.	No deviation from this policy over the year to 31 March 2024.
Maintaining the Target Asset Allocation (DB Section)	The Trustee will regularly review the balance of the Plan’s investments in conjunction with its advisers, Broadstone, and will make transfers of holdings necessary to maintain the allocation and hedging levels within a reasonable range of target, taking account of the reasons for and extent of any deviation, together with the costs associated with rebalancing the portfolio.	No deviation from this policy over the year to 31 March 2024.
Investment Management Charges (AVC – DC Top Up Sections)	The investment manager charges for the AVC – DC Top Up section are set out on page 3 of the SIP.	No deviation from the management charges over the year to 31 March 2024.

Requirement	Policy	Implementation of Policy
Financially and Non-Financially Material Considerations (both Sections)	**Both Sections:** The Trustee believes that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustee expects its Investment Managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee (delegating to the Investment Consultant where appropriate) assesses the ESG integration capability of its Investment Managers. Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects its Investment Managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG and ethical views) in relation to the selection, retention and realisation of investments. **AVC – DC Top Up Section Only:** The Trustee has also made available to members in the AVC/DC Section a self-select option, where members can choose to invest in a fund with a stewardship focus.	No deviation from this policy over the year to 31 March 2024 (see below).
Engagement and Voting Rights (both Sections)	The Trustee believes that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, it must act as a responsible asset owner. The Trustee expects its Investment Managers to exercise its ownership rights, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustee (delegating to the Investment Consultant where appropriate) assesses the stewardship and engagement activity of its investment managers.	No deviation from this policy over the year to 31 March 2024 (see below).
Selection of Funds for use by Members (AVCs – DC Top Up Section)	The Trustee has selected a range of funds in which members may choose to invest. The selection was chosen in order to ensure members are able to meet their personal needs. In choosing investment options, it is the policy of the Trustee to consider: An appropriate range of asset classes, including alternative assets. The suitability of the possible styles of investment management and the need for diversification. The suitability of each asset class for defined contribution schemes. The need for appropriate diversification.	No deviation from this policy over the year to 31 March 2024.
Default Investment Approach (AVC – DC Top Up Section)	The Trustee offers a Lifestyle investment strategy for those members who do not make their own selection. After taking advice, the Trustee has selected a lifestyle approach for the default arrangement. The lifestyle strategy has been designed with reference to a typical member. Full details of the default investment approach are set out on page 2 of the SIP for the AVC – DC Top Up Section.	No deviation from this policy over the year to 31 March 2024.

Requirement	Policy	Implementation of Policy
Additional Voluntary Contributions (AVCs) (AVC – DC Top Up Section)	The Plan holds funds accumulated in respect of AVCs separately from the assets backing defined benefits using a policy provided by Aviva.	No deviation from this policy over the year to 31 March 2024.

Trustee knowledge and understanding

The Trustee has the appropriate knowledge and understanding to ensure its policies on financially and non-financially material considerations, as well as engagement and voting activities, are and remain appropriate for the Plan. The Trustee has developed its knowledge and understanding over the year, and further details are set out in the Chair’s Statement.

Financially and non-financially material considerations

The Trustee notes that the manner by which financially material ESG factors will be taken into account in an investment strategy or pooled fund offering will depend on the underlying asset classes within the pooled fund offering and the management style (e.g. active or passive).

The Trustee is satisfied that the funds currently invested in by the Plan are managed in accordance with its views on financially material considerations, as set out below, and in particular with regards to the selection, retention, and realisation of the underlying investments held.

This position is monitored periodically. As part of the monitoring process, the Trustee has access to updates on governance and engagement activities by the investment managers and input from its investment advisors on ESG matters. These views are also taken into account when appointing and reviewing investment managers.

The Trustee acknowledges that they are delegating the consideration of financially material factors in relation to determining the underlying holdings to their investment managers given they are investing in pooled funds.

A summary of the Trustee's views for each asset class in which the Plan invests is outlined below.

Asset Class	Active/Passive	Trustee's views
Global equities	Passive	The Trustee acknowledges that the investment manager must invest in line with specified indices and, therefore, may not be able to disinvest from a particular security if they have concerns relating to ESG. The Trustee does expect the Investment Manager to take into account ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies.
Diversified growth	Active	The Trustees expect the Investment Managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk-adjusted returns. The Trustee also expects the Investment Managers to engage with the underlying investee companies, where possible, although they appreciate that any fixed income assets held within the funds do not typically attract voting rights.
Multi-asset credit / investment grade credit	Active	The Trustee expects the Investment Managers to take financially material ESG factors into account, given the active management style of the funds and the ability of the managers to use their discretion to generate higher risk-adjusted returns. The Trustee also expects the Investment Managers to engage with the underlying investee companies, where possible, although it appreciates that fixed income assets within the funds do not typically attract voting rights.
Liability driven investment	Active	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.
Cash	Active	The Trustees believe there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustee does not currently impose any specific restrictions on the Investment Managers with regard to ESG issues, but will review this position from time to time.

The Trustees receive information from the Investment Managers on request on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Plan's or a member's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee regards the potential impact of climate change on the Plan's assets as a longer-term risk and likely to be less material in the context of the short to medium term development of the Plan's funding position than other risks. The Trustee will continue to monitor market developments in this area with its investment adviser.

Voting rights

The Trustee currently invests in pooled investment funds with the investment managers, and it acknowledges that this limits its ability to directly influence each investment manager. In particular, all voting activities have been delegated to the investment managers, as the Trustee does not have any administrative mechanism to vote on the underlying holdings, given the pooled nature of the Plan's investments.

The DB Section does not use any funds that hold voting rights. However, some of the funds used by members of the AVC – DC Top Up Section do carry voting rights, which are summarised in the table below:

Manager	Fund	Resolutions voted on	Total Resolutions Voted:		
			For	Against	Abstained
Aviva*	n/a	68,177	67%	25%	8%
BlackRock*	n/a	170,828	88%	12%	0%
NinetyOne	Global Opportunities Income Fund	1,010	94%	6%	0%

*Data provided at the company level for the period 1 January 2023 to 31 December 2023.

All the Plan's assets are invested in pooled funds. All investment managers listed above do not rely on the voting recommendations of a proxy-voting service and voting decisions are made in-house (with votes cast using ISS).

Significant votes

The Trustee has also requested details of the significant votes made on behalf of the Trustee by the underlying investment manager used within the AVC – DC Top Up Section for each fund which has voting rights. In determining significant votes, the underlying investment manager takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an any manager engagement campaign, for example in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee has requested details of the significant votes from Aviva, however these were not available for the individual funds held by the Plan's DC Top-up section.

The Trustee believes the following are the most significant votes undertaken on their behalf over the year:

SIGNIFICANT VOTE 1	
Investment Manager	Ninety One
Company	JPMorgan Chase & Co.
Percentage of portfolio invested in Company at date of vote	Ninety One Global Opportunities Fund: 0.63%
Date of vote	16 May 2023
Resolution	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
Why significant	ESG - Environmental
Voting decision	Voted For
Manager comments	“Additional disclosure about the company's climate transition plan would help shareholders better evaluate the company's strategy around the transition to a low-carbon economy and the company's management of related risks and opportunities.”
Vote outcome	Vote Failed

SIGNIFICANT VOTE 2	
Investment Manager	BlackRock
Company	Shell plc
Percentage of portfolio invested in Company at date of vote	Not provided by BlackRock.
Date of vote	23 May 2023
Resolution	Approve the Shell Energy Transition Progress
Why significant	BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients.
Voting decision	Voted For
Manager comments	Not provided by BlackRock.
Vote outcome	Vote Passed

Engagement activities

The Trustees have also delegated engagement activities to the Investment Managers. The notable engagement activities of the investment managers are provided below:

- **LGIM** met with the management team of Heidelberg Cement, a large international cement producer, during the year to discuss the progress and economic viability of the company's planned carbon capture and storage (CCS) projects. LGIM note that cement production is responsible for around 8% of global carbon emissions each year, and therefore believe the cement industry needs to decarbonise significantly for the world to reach net zero carbon emissions. As a result, the sector is designated as 'climate critical' by LGIM.

  Heidelberg Cement believes it has an industry leading decarbonisation policy as well as the first-mover advantage in CCS. LGIM raised questions regarding the relative costs and economics of CCS, external factors affecting viability of CCS projects (such as possible regulation or government subsidisation), and expectations of demand for 'carbon-free' cement. LGIM will continue to engage with Heidelberg Cement as well as other competitors in the cement industry on their decarbonisation targets and trajectory.

  For Heidelberg Cement, LGIM believe CCS will only become economical when met with either an increase in the price of permits for generating carbon emissions, or if customers are willing to pay a premium for carbon-free cement. LGIM will continue to monitor these dynamics and discuss with management going forwards.

- **TwentyFour** engaged with NatWest for more information on their environmental policies as part of the manager's Carbon Emissions Engagement Policy. The manager was particularly focused on NatWest's green product offering and the decarbonisation of their assets. NatWest have a target to provide £100 billion of climate and sustainable funding and financing by the end of 2025. As part of this NatWest aim to provide at least £10 billion in lending for EPC A and B rated residential properties by the end of 2025. During H1 2023 NatWest provided £16.0 billion of climate and sustainable funding and financing, which included £2.3 billion in lending for residential properties with EPC ratings A and B.

  Additionally, NatWest have expanded their operational net zero target to now include emissions reduction targets for their operational value chain targeting a 50% reduction by 2030 (not just own operations). Regarding their assets, they have a target to reduce the carbon intensity by 50% for in scope assets by 2025 from a 2019 baseline. NatWest also plan to move 70% of in scope AUM to a net zero trajectory by 2025. TwentyFour is satisfied with their response to this engagement and they will continue to monitor NatWest against their targets.

- **BlackRock** has held ongoing engagements with B2 Gold Corporation, a Canadian mining company, over concerns about the composition of the company's board. The manager remained concerned about the long tenure and questioned the expertise and skillsets of the board members. During the annual general meeting (AGM) in June 2023, the company elected three new board members with two being female with relevant expertise in the financial and mining industries. Blackrock supported all management recommendations at the June 2023 AGM following the successful engagement.

- **Aviva Investors**' Credit and ESG teams have engaged with 10 housing associations, advocating for improvements in housing quality and energy efficiency. They urged providers to conduct comprehensive stock audits and publish retrofit strategies for sustainability. These measures were initiated due to increasing scrutiny on UK housing associations over housing quality and safety, with 13% of the social rented sector failing to meet decent home standards. This raised concerns about the UK's ability to achieve the United Nations' Sustainable Development Goal (SDG) Number 11, which ensures access to adequate housing.

Following Aviva's intervention, all providers showed some level of awareness of the key issues. However, responses varied, with smaller providers demonstrating better practices and larger providers, especially in London, appearing less aligned to SDG 11. The manager now anticipates further improvements, particularly in dampness, mould, and energy efficiency, especially given the recent introduction of the Sustainability Reporting Standard for Social Housing.

- **Ninety One** engaged with Vale, the world's largest producer of iron ore and nickel, to address carbon emissions in the iron-ore industry. This engagement focused on Vale's transition plan, including establishing a clear governance plan for ESG, developing realistic Scope 3 targets, and improving waste disclosure and actions. The result was Vale committing to net-zero Scope 1 and 2 emissions by 2050 and initiating its PowerShift programme for electrification, among other measures. However, Vale has not yet set ambitious targets for Scope 3 emissions, which account for 98% of its emissions, but aims to reduce them by 15% by 2035. Notably, Vale is also focusing on the justice aspect of transition, considering the impacts on livelihoods, communities, and wellbeing in its sustainability efforts.

The Trustee is comfortable with the investment managers' approach for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

Signatories to the UNPRI (United Nations Principles for Responsible Investment) receive an overall 'score' which represents how well ESG metrics are incorporated into managers' investment processes. Investment managers submit a transparency report on their processes across different categories which is then assessed by the UNPRI and graded in a formal report. Scores are presented in performance bands ranging from 1 to 5 stars. The latest UNPRI scores of the investment managers at the time of writing are set out in the table below.

Manager	UNPRI Score
Aviva	★★★★★
BlackRock	★★★★
LGIM	★★★★★
TwentyFour*	★★★★
Ninety One	★★★★

*Score provided for Vontobel AG, as the parent company of TwentyFour.

The Trustees also consider an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Monitoring of investment arrangements

In addition to any reviews of investment managers or approaches, and direct engagement with investment managers (as detailed above), the Trustee receives performance reports on a quarterly basis from the Mobius Life and Aviva investment platforms, together with performance reports from Broadstone on an ad-hoc basis to ensure the investment objectives set out in the SIPs are being met.

Signed: **Giles Payne** **Date:** **14 October 2024**

On behalf of the Trustee of The General Dental Council 1970 Pension and Life Assurance Plan