

Annual Implementation Statement

The Roche Pension Fund - Defined Contribution Section (“the Fund”)

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (‘SIP’) produced by the Trustee of the Fund has been followed over the **12 months to 31 March 2024**. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator and the Department of Work and Pensions (‘DWP’). The table later in the document sets out the how, and the extent to which, the policies in the SIP have been followed.

Investment Objectives of the Fund

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Fund included in the SIP are as follows:

The Trustee recognises that members have differing investment needs and that these may change during the course of members’ working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.

The Trustee also recognises that some members may not feel confident enough to make investment decisions. As such, the Trustee makes available a default investment option. Further information on the default investment option is included in Section 5 (of the SIP).

In determining which investment options to make available, the Trustee has considered the investment risk associated with Defined Contribution pension investments. The risk can be defined as the uncertainty in the ultimate amount of savings available to provide retirement benefits. There are a number of factors, which contribute to this uncertainty. Some of these factors (such as the amount of contributions paid and the length of time these contributions are invested) cannot be managed by the investment options made available to members.

Review of the SIP

During the Fund year, several changes were made to the default investment option, alternative lifestyles and self-select fund range which were implemented in December 2023 (summarised in the section below). The SIP has been updated to reflect these changes and to include the Trustee’s policies on illiquid assets. The 2024 version of the SIP will be signed after the period covered by this Statement.

This Statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Fund Year, which was the SIP dated August 2022. A copy of the latest SIP is available at: <https://retirement.fidelity.co.uk/costs-and-charges/rche>.

Investment Strategy Review

The default investment option for new DC joiners is the Roche Flexible Retirement Lifestyle Strategy, which targets income drawdown at retirement. The Roche Lifestyle Strategy Targeting Cash is the

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default investment option for members who were part of the DB Section and chose to pay AVCs, or members who elected to use Bonus Choice.

Following the 2023 formal triennial investment strategy review which was undertaken on 6 March 2023 and 26 May 2023 at the Q1 and Q2 2023 Investment Sub Committee (“ISC”) Meetings, the following changes were implemented across both default investment options and alternative lifestyles are set out below (with effect 12 December 2023):

- Reduced the level of currency hedging within the Roche World ESG Equity Tracker Fund by including a 50% allocation to the unhedged version of the BlackRock ACS World ESG Equity Tracker Fund (to form an overall 50% currency hedge on developed equity).
- Replaced the existing BlackRock Emerging Markets Equity Fund with an ESG-tilted version, the L&G Future World Emerging Markets Equity Index Fund (white-labelled the “Roche Emerging Market ESG Equity Tracker Fund”).
- Incorporated absolute return bonds alongside the existing passive corporate bond fund by creating a white labelled “Roche World Bond Fund”. This fund is made up of an equal split of the BNY Mellon Global Dynamic Bond Fund and the BlackRock Corporate Bond All Stocks Index Fund.

In addition to the above, the following changes were made to the Fund’s self-select fund range:

- Updated the Roche World ESG Equity Tracker Fund to form a 50% currency hedge (as above).
- Replaced the existing BlackRock Emerging Markets Equity Fund with the Roche Emerging Market ESG Equity Tracker Fund (as above).
- Added the Roche World Bond Fund to the fund range.

The above changes were implemented on 12 December 2023.

Separately, as a result of a fund closure triggered by the investment manager, the BlackRock Aquila Connect Global Minimum Volatility Index Fund was replaced by the L&G MSCI World Minimum Volatility Index Fund on 7 June 2023 (this fund is used exclusively in the Lifestyle Strategies and is not available as a self-select option).

Assessment of how the policies in the SIP have been followed for the year to 31 March 2024

The information provided in the below tables highlights the work undertaken by the Trustee during the Fund year, and longer term where relevant, and sets out how this work followed the Trustee’s policies in the SIP, relating to the Fund as a whole and the default investment option. The SIP is attached as an Appendix and sets out the policies referenced below.

In summary, it is the Trustee’s view that the policies in the SIP have been followed during the year to 31 March 2024.

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	Requirement	Policy	In the year to 31 March 2024
1	Securing compliance with the legal requirements about choosing investments	<p><i>The Statement has been prepared by the Trustee of the Fund in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.</i></p> <p><i>The Trustee has obtained and considered written advice from a suitably qualified individual whom they believe to have a degree of knowledge and experience that is appropriate for the management of the Fund's investments</i></p> <p><i>SIP Section 1 (1.2 to 1.5)</i></p>	<p>Following the triennial investment strategy review, undertaken on 6 March 2023 and 26 May 2023, a number of changes were made to the Fund's default investment options, alternative lifestyle strategies and self-select fund range with effect 12 December 2023. As part of this review, the Trustee received formal Section 36 advice from their Investment Adviser. Further information regarding the changes is set out on page 2.</p> <p>In addition to the above, as a result of a fund closure triggered by the investment manager, the BlackRock Aquila Connect Global Minimum Volatility Index Fund was replaced by the L&G MSCI World Minimum Volatility Index Fund on 7 June 2023 (this fund is used exclusively in the Lifestyle Strategies and is not available as a self-select option).</p> <p>No further changes were made to the Fund's investment strategy over the year to 31 March 2024.</p>
2	Kinds of investments to be held	<p><i>The DC Section provides lifestyle options that aim to ensure that members' funds are invested in appropriate funds at the appropriate time, based on their age and the number of years until their selected retirement date.</i></p> <p><i>The Trustee has selected a range of investment options for members which offer a range of risk/reward characteristics. These funds are predominantly passively managed. Three actively managed multi-asset funds and a part actively managed global sustainable equity fund are also available.</i></p> <p><i>While no single option will be sufficient to manage the various risks associated with DC pension investments, the range is designed to be wide enough to enable individuals to manage</i></p>	<p>During the 2023 formal investment strategy review, the investments (fund type, management style and asset allocations) were reviewed as part of this exercise. A number of changes were made to the Fund's default investment options, alternative lifestyle strategies and self-select fund range with effect 12 December 2023. Further information regarding the changes is set out on page 2.</p> <p>A list and description of the funds and lifestyle strategies, which are currently offered via the Fund, are set out in the Statement of Investment Arrangements ("SIA"). These remained consistent with the Trustee's policy, as set out in the SIP during the Fund year to 31 March 2024.</p>

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	Requirement	Policy	In the year to 31 March 2024
		<p><i>the risks identified as they become relevant, according to each member's individual assessment of these risks.</i></p> <p><i>SIP Section 4 (4.14, 4.23 & 4.24)</i></p>	
3	The balance between different kinds of investments	<p><i>The Trustee will maintain a suitably diverse range of funds, which in turn are considered to be appropriately diverse within their specific objectives. To minimise the risk of any one particular investment having a substantial effect on the Fund's overall investment performance, the Trustee invests the Fund's assets in pooled funds, ensuring members' investments can achieve sufficient diversification and that investments may be readily realisable. Members may choose which investment options meet their own personal risk assessment, out of the range of investment options available to them.</i></p> <p><i>SIP Section 4 (4.26)</i></p> <p><i>The current default investment option places the emphasis on aiming to deliver an efficient, cost effective way of growing members' retirement savings without exposing them to unreasonable risk. This also encompasses a switch into asset classes designed to provide some protection against equity market falls, and for the Roche Flexible Retirement Lifestyle Strategy, asset classes that help protect against market volatility while allowing for some growth in the years approaching the Member's selected target retirement age.</i></p> <p><i>SIP Section 5 (5.3)</i></p>	<p>During the 2023 formal investment strategy review, the investments (fund type, management style and asset allocations) were reviewed as part of this exercise. A number of changes were made to the Fund's default investment options, alternative lifestyle strategies and self-select fund range with effect 12 December 2023. Further information regarding the changes is set out on page 2.</p> <p>The Trustee receives a quarterly investment performance report that monitors the risk and return of all investment options within the Fund. The performance of the funds is compared against their stated objectives/benchmarks. The report also includes changes to the Investment Adviser's Manager Research Ratings and notes any other relevant developments at the underlying investment managers.</p> <p>The SIP has been updated to reflect these changes and to include the Trustee's policies on illiquid assets. The 2024 version of the SIP will be signed after the period covered by this Statement.</p>

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	Requirement	Policy	In the year to 31 March 2024
4	Risks, including the ways in which risks are to be measured and managed	<p><i>In determining which investment options to make available, the Trustee has considered the investment risk associated with Defined Contribution pension investments. The risk can be defined as the uncertainty in the ultimate amount of savings available to provide retirement benefits. There are a number of factors, which contribute to this uncertainty. Some of these factors (such as the amount of contributions paid and the length of time these contributions are invested) cannot be managed by the investment options made available to members.</i></p> <p><i>The Trustee recognises that the investment of assets in financial markets results in an exposure to risk. Risk can be defined in a number of ways. The main risks that the Trustee considers and the Trustee's objective for each risk are described in Section 4.10. The risk set out in the SIP are inflation risk, capital risk, interest rate/pension conversion risk, manager risk, currency risk, liquidity risk and ESG risk.</i></p> <p><i>SIP Section 4 (4.8, 4.9 & 4.10)</i></p>	<p>The Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>The list of different risks that members are exposed to, including how they are monitored and managed, is reviewed at least every three years, or as regulatory requirements arise (whichever is sooner), as part of the SIP review. These risks are primarily reviewed as part of the investment strategy review undertaken at least triennially with the most recent review undertaken on 6 March 2023 and 26 May 2023. In addition, the Trustee reviewed a number of these risks on a quarterly basis during the year as part of their regular investment performance monitoring.</p> <p>A 2024 version of the SIP was drafted during the Fund year to reflect the changes set out on page 2 as well as the Trustee's policies on illiquid assets and will be signed after the period covered by this Statement.</p> <p>The Fund maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. The risk register is reviewed annually and the latest version was reviewed at the Q1 2024 Trustee Meeting on 8 March 2024.</p>
5	Expected return on investments	<p><i>Alongside the default the Trustee has made available a range of investment options, with sufficient variation in expected risk and return to enable members to tailor their investment strategy to their own needs.</i></p> <p><i>SIP Section 4 (4.41)</i></p>	<p>The Trustee receives a quarterly investment performance report that monitors the risk and return of all investment options within the Fund. The performance of the funds is compared against their stated objectives/benchmarks.</p> <p>The underlying components of the default investment strategy are specifically monitored against their respective aims and objectives.</p>

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	Requirement	Policy	In the year to 31 March 2024
		<p><i>During the growth phase of the Default Investment Option, the Trustee aims for the strategy to generate returns in excess of inflation whilst managing downside risk. As members approach retirement, the strategy aims to reduce investment risk for members, with the aim of providing assets that are broadly appropriate for an individual planning for a flexible retirement, i.e. combining income drawdown with a tax-free cash lump sum at retirement.</i></p> <p><i>SIP Section 5 (5.10)</i></p>	<p>The trade-off between risk and return was considered in detail during the formal 2023 investment strategy review.</p>
6	Realisation of investments	<p><i>The Investment Managers have responsibility for the realisation and trading of the underlying assets. The day-to-day activities which the Investment Managers carry out for the Trustee, are governed by the arrangements between the Investment Managers and Fidelity. All funds available are daily priced and trade daily.</i></p> <p><i>SIP Section 4 & 5 (4.42 & 5.11)</i></p>	<p>The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines.</p> <p>As confirmed in the Chair's Statement, the Trustee was satisfied with the service level performance by Fidelity over the year. The Trustee, with their DC adviser, review the key administration processes adopted by Fidelity from time to time and receives assurances from Fidelity in respect of their checking and peer review processes, in order to minimise the risks of inaccurate or late payment of core financial transactions.</p> <p>Assets in the Fund are invested in long-term insurance contracts. The assets underlying the insurance contracts are daily traded pooled funds which hold liquid assets. There were no liquidity concerns arising in respect of the Fund's investment fund holdings over the Fund year to 31 March 2024.</p>
7	Financially material considerations over the appropriate time	<p><i>In choosing the Fund's investments, the Trustee takes account of all factors that it deems financially material over the relevant time horizons for the Fund's membership. As a</i></p>	<p>Following the 2023 formal investment strategy review, in December 2023, the Trustee implemented changes to the default investment option, additional lifestyles and self-select fund range in order to</p>

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	Requirement	Policy	In the year to 31 March 2024
	<p>horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments</p>	<p><i>result, the Trustee makes available a range of lifestyle investment strategies reasonable for any member not willing or able to make his/her own investment strategy decisions, as well as self-select options for members that wish to create bespoke portfolios specific to their individual circumstances.</i></p> <p><i>SIP Section 4 (4.5)</i></p> <p><i>The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.</i></p> <p><i>SIP Section 4 (4.31)</i></p>	<p>further enhance the integration of sustainable investment. The Trustee replaced the existing BlackRock Emerging Markets Equity Fund with an ESG-tilted version, the L&G Future World Emerging Markets Equity Index Fund (white-labelled the “Roche Emerging Market ESG Equity Tracker Fund”).</p> <p>The Trustee receives a quarterly investment performance report that monitors the Investment Adviser’s Manager Research Ratings (overall and ESG ratings). All managers remained highly rated during the year. When implementing a new manager, the Trustee considers the ESG fund rating of the manager.</p> <p>The Trustee carried out an ESG Ratings Review at the Q4 ISC Meeting on 27 November 2023, as part of the annual ESG Project, which included reviewing each of the fund’s ESG ratings relative to the average ESG rating of the Investment Adviser Universe. The average ESG rating for each asset class in the Fund is above that of its corresponding Universe.</p> <p>The SIP includes the Trustee’s policy on ESG factors, stewardship and Climate Change. This policy sets out the Trustee’s beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. In order to establish, review and enhance these beliefs and policies, the Trustee undertakes training on a regular basis, provided by its Investment Adviser.</p> <p>The Trustee reviewed the climate-disclosure report in line with the Task Force for Climate Related Financial Disclosures (“TCFD”) at the Q3 ISC Meeting on 8 September 2023. TCFD is a regulatory requirement for the Fund, the disclosure was finalised and published online ahead of the 31 October 2023 deadline.</p>

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	Requirement	Policy	In the year to 31 March 2024
			<p>The Trustee discussed the DC Section's Climate Metrics in detail at the Q4 ISC Meeting on 27 November 2023. This included metrics on Carbon Footprint, Weighted Average Carbon Intensity ("WACI"), Absolute Emissions, Implied Temperature Rise and SBTI (Science Based Targets Initiative). Climate Scenario Analysis for the default investment option was also discussed.</p> <p>The Trustee also discussed progress against the Fund's Climate Target for the DC Section of the Fund; "<i>The Trustee commits to the aims of the Paris Agreement. The Trustee expects to reduce carbon emissions associated with its default portfolio by at least 45% (from 2019 levels) by 2030 and fully (i.e. to net zero) by 2050, which is currently understood to be consistent with limiting global warming to 1.5 degrees above pre-industrial levels</i>". The WACI for the default investment option reduced by 25% over the 36 month period to 31 December 2022, from 167.2 to 125.1 tCO₂e/\$million sales.</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p><i>Individual member views are not taken into account in the selection, retention and realisation of investments. However, the Trustee considers feedback from members and where appropriate, will reflect on feedback received as part of any discussions relating to the available fund range.</i></p> <p><i>SIP Section 4 (4.39)</i></p>	No proof required. No changes were made during the year to this policy, which reflects the Trustee's current practice.
9	The exercise of the rights (including voting rights) attaching to the investments	<i>The Trustee expects its underlying managers to evaluate ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.</i>	Investment managers are expected to provide voting reporting on a regular basis, at least annually. The reports are reviewed by the Trustee to assess the extent to which the managers are engaging with the underlying companies in which they invest. Over the last 12 months, the Trustee has not actively challenged any of its

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	Requirement	Policy	In the year to 31 March 2024
		<p><i>The Trustee support and expect the investment managers who are registered with the FCA to comply with the UK Stewardship Code and UK Corporate Governance Code, including public disclosure of compliance via an external website.</i></p> <p><i>The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee expects the underlying investment managers to undertake engagement activities and encourages the Fund's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings.</i></p> <p><i>SIP Section 4 (4.32 & 4.34)</i></p>	<p>investment managers on their voting activity. The Trustee has equity exposure through the following funds:</p> <ul style="list-style-type: none"> • Roche World ESG Equity Tracker • L&G MSCI World Small Cap ESG Exclusions Equity Index • Roche Emerging Market ESG Equity Tracker • L&G MSCI World Minimum Volatility Index • BlackRock World ex UK Equity Index • BlackRock UK Equity Index • HSBC Islamic Global Equity Index • Roche Diversified Growth Fund <ul style="list-style-type: none"> ○ Nordea Diversified Return ○ BlackRock ESG Strategic Growth • Roche Sustainable Equity Fund <ul style="list-style-type: none"> ○ Baillie Gifford Positive Change ○ BlackRock ACS World ESG Equity Tracker (Hedged) <p>Updated guidance was provided by the DWP in June 2022, which requires trustees to define their key stewardship themes / priorities and to report on significant votes. During the previous Fund year, the Trustee agreed the following key areas of focus; Environment: Climate Change, Pollution and natural resource degradation; Social: Human rights and Governance: Diversity, Equity and Inclusion (DEI).</p> <p>Voting activity information for the above funds, where provided, is summarised in the Appendix.</p>
10	Undertaking engagement activities in respect	<i>The Trustee expects its underlying managers to evaluate ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached</i>	Investment managers are expected to provide reporting on a regular basis, at least annually, including stewardship information. These are reviewed by the Trustee annually as part of the Fund's

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	Requirement	Policy	In the year to 31 March 2024
	of the investments (including the methods by which, and the circumstances under which, Trustee would monitor and engage with relevant persons about relevant matters)	<p><i>to the investments, in accordance with their own corporate governance policies and current best practice.</i></p> <p><i>SIP Section 4 (4.32)</i></p>	<p>review of the governance documents at the Q3 2023 ISC and Trustee Meetings.</p> <p>Apart from those exercised by the Fund's investment managers, no additional engagement activities were undertaken in the year to 31 March 2024.</p> <p>The Trustee asks investment managers to highlight key engagement activity when presenting to the Trustee. The Investment Adviser is in attendance at such presentations to ensure that appropriate questions are asked. However, no investment managers attended ISC or Trustee Meetings over the year to 31 March 2024 in relation to the DC Section.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee policies mentioned in sub-section (b) of the legislation.	<p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class in which they invest.</i></p> <p><i>The Trustee considers its Investment Adviser's forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on an assessment of the manager's idea generation, portfolio construction, implementation and business management in relation to the particular investment fund that the Plan invests in. The appointment of the investment managers will be reviewed by the Trustee from time to time, based on the results of their monitoring of performance and process.</i></p> <p><i>SIP Section 6 (6.1)</i></p>	<p>The Trustee holds regular meetings with its Investment Adviser to satisfy itself that the investment managers continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Fund.</p> <p>The manager arrangements were formally assessed as part of the 2023 triennial investment strategy review during the Fund year. Manager arrangements are also assessed on an ongoing basis when concerns are identified.</p> <p>In the Fund year to 31 March 2024, the Trustee regularly discussed the continued appointment of the managers on a quarterly basis and were happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p>
12	How the arrangement	<i>The Trustee will consider how ESG and stewardship are integrated into the investment process as well as ensuring</i>	The Trustee carried out an ESG Ratings Review at the Q4 ISC Meeting on 27 November 2023 as part of the annual ESG Project,

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	Requirement	Policy	In the year to 31 March 2024
	<p>incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.</p>	<p><i>fees are competitive within the asset class. The Trustee considers the Investment Adviser's manager research ratings when taking decisions on selection and retention of manager appointments.</i></p> <p><i>SIP Section 4 (4.18)</i></p> <p><i>The Trustee holds regular meetings with its Investment Adviser and the investment managers to satisfy itself that they continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Fund.</i></p> <p><i>SIP Section 6 (6.2 & 6.3)</i></p>	<p>which included reviewing each of the fund's ESG ratings relative to the average ESG rating of the Investment Adviser Universe. The average ESG rating for each asset class in the Fund is above that of its corresponding Universe.</p> <p>In the year to 31 March 2024, the Trustee has discussed their continued appointment of its investment managers and are happy that the contractual arrangement in place continues to incentivise the manager to make decisions based on medium to long term financial and non-financial performance.</p> <p>The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviewed both absolute and relative performance of the funds on a quarterly basis, including assessments of both shorter and longer time horizons.</p>
13	<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in sub-section (b) of the legislation.</p>	<p><i>The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year and 3 years. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis.</i></p> <p><i>The Trustee maintains a focus on long term performance. It may review a manager's appointment if the manager has extended periods of underperformance, there is a material change in personnel or there is other news that may severely impact the outcome of the investment.</i></p> <p><i>SIP Section 6 (6.4)</i></p>	<p>The Trustee considers 3 months, 1 year and 3 years performance metrics as part of its review of the quarterly performance reports for all funds (since inception figures are also considered where required). The Trustee reviews both absolute and relative performance against benchmark, including assessments of both shorter and longer time horizons.</p> <p>Over the 3-year period to 31 March 2024, the majority of funds were in line with their respective benchmarks or targets. The Trustee continues to monitor those funds that have not performed in line with their respective benchmark or target over this period.</p> <p>The Trustee, with the help of their Investment Adviser, takes a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead,</p>

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	Requirement	Policy	In the year to 31 March 2024
			<p>changes would be driven by a significant downgrade of a fund(s) Manager Research Rating. This in turn would be due to a significant reduction in confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.</p> <p>The Trustee is satisfied that the investment fund managers' short term performance will not impact long-term goals. In particular, none of the funds have performance fees in place, which could encourage managers to make short term investment decisions to hit their short term profit targets at the expense of longer term performance.</p> <p>The Trustee also considers their Investment Adviser's views of the investment manager, and is comfortable that the longer term performance and forward-looking capabilities remained suitable.</p>
14	How the Trustee monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>The Trustee asks investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee. The Trustee consider portfolio turnover costs as part of the annual Value for Members assessment.</i></p> <p><i>SIP Section 6 (6.7)</i></p>	<p>Over the year to 31 March 2024, the Trustee considered the levels of transaction costs as part of their annual Chair's Statement and Value for Member's assessment.</p> <p>The Trustee found that the charges borne by members are competitive in comparison to current market rates and represent good value for members relative to the benefits of membership of the Fund's DC arrangements. However they note the challenges in assessing transaction costs due to the lack of an industry-wide benchmarks for such transaction costs.</p> <p>Given that the Fund invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Fund.</p>

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	Requirement	Policy	In the year to 31 March 2024
15	The duration of the arrangement with the asset manager	<p><i>The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement.</i></p> <p><i>SIP Section 6 (6.8)</i></p>	<p>The default investment options, alternative lifestyle strategies and self-select fund range are reviewed on at least a triennial basis. The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Trustee will cease using a fund if it is no longer considered to be optimal nor have a place in the Fund's investment strategy.</p> <p>The investment strategy changes that were implemented over the Fund year to 31 March 2024 are set out on page 2 of this Statement.</p>

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Appendix A – Manager Voting Activity

The Trustee expects its underlying managers to evaluate ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.

Voting Activity Summary 1 April 2022 to 31 March 2024

Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 31 March 2024 is summarised in the table below. Where fund managers have not been included, this is due to not being able to supply voting information at the time of finalising this report.

Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Default Investment Option					
Roche World ESG Equity Tracker	7,296	98.0%	97.5%	2.5%	0.3%
Roche Emerging Market ESG Equity Tracker	25,715	100.0%	80.0%	19.6%	0.4%
L&G MSCI World Small Cap ESG Exclusions Equity Index	43,857	99.8%	74.0%	25.9%	0.1%
L&G MSCI World Minimum Volatility Index	4,291	99.4%	74.2%	25.6%	0.2%
Roche Diversified Growth Fund					

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Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Nordea Diversified Return	2,069	99.9%	82.9%	12.4%	2.5%
BlackRock ESG Strategic Growth	14,192	95.3%	95.6%	4.4%	1.1%
Self-Select					
BlackRock ACS UK Equity	14,654	96.7%	96.3%	3.7%	1.1%
BlackRock ACS World ex UK Equity	24,856	97.7%	94.0%	6.0%	0.4%
HSBC Islamic Global Equity Index	1,702	96.0%	76.7%	23.3%	0.1%
Roche Global Sustainable Equity Fund					
BlackRock ACS World ESG Equity Tracker (Hedged)	7,296	98.0%	97.5%	2.5%	0.3%
Baillie Gifford Positive Change	323	95.1%	96.7%	2.9%	0.3%

Source: Investment Managers.

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

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Sample of significant votes

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 updated guidance was produced which is effective for all scheme year ends on or after 1 October 2022. The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information should also include details explaining why each vote has been categorised as most significant, what the vote was, and why the manager voted in the way it did. The Trustee agreed the below areas of focus for the Fund. For reference, the suggestion is to give more focus to fewer topics with appropriate strength, than to too many topics, which may lead to low impact in the end. Further, all topics are closely linked to UN Sustainable Development Goals ("SGDs"):

ESG	Priority	Description
Environment	Climate Change	Low-carbon transition and physical damages resilience.
Environment	Pollution and natural resource degradation	Air, water and land (forests, soils and biodiversity).
Social	Human rights	Modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones.
Governance	Diversity, Equity and Inclusion (DEI)	Inclusive and diverse decision making.

The Fund's investment managers have provided significant vote information across the funds previously noted as containing equity. The significant vote information included in this Statement focuses on the areas described above. These votes were selected from the underlying holdings that were above 1% of the funds used in the default investment option (where available). The final outcome column below represents the result of the resolution: Passed (✓) or Not-Passed (✗).

The "Holdings in the Fund" column indicates the fund size and % it represents within the total assets under management of the DC Section. The "Company (% holding)" column indicates the % holding in the named company for each fund as at 31 March 2024 (% holding at the date of the vote was not provided).

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Fund	Holdings (c.£m)	ESG Priority	Company (% Holding)	Date	Resolution	How Manager Voted and Rationale *	Final Outcome **
Roche World ESG Equity Tracker	179.6 (50.0%)	Environment (Pollution)	Amazon.com, Inc. (2.5%)	24/05/23	Report on efforts to reduce plastic use	AGAINST: The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.	<input type="checkbox"/>
Roche Emerging Market ESG Equity Tracker	33.2 (9.2%)	Environment (Climate Change)	Tencent Holdings Limited (3.5%)	17/05/23	Elect Jacobus Petrus (Koos) Bekker as Director	AGAINST: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk. LGIM voted against management recommendation.	<input checked="" type="checkbox"/>
Nordea Diversified Return	28.2 (7.9%)	Environment (Climate Change)	Comcast Corporation (1.4%)	07/06/23	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	FOR: Nordea believe that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change-related risks.	<input type="checkbox"/>
		Environment (Climate Change)	Alphabet (4.8%)	02/06/23	Report on physical risks of climate change and Report on climate lobbying.	AGAINST: A vote against is applied as the dominant position of Google, its impact on society and integrity of individuals is very important for Nordea as investors.	<input type="checkbox"/>
		Social (Human Rights)	Microsoft Corporation (4.5%)	07/12/23	Report on risks of operating in countries with significant human rights concerns	FOR: Nordea voted for the shareholder proposal since increased disclosure regarding how the company is managing human rights-related risks in high-risk countries helps investors in their assessment of the company.	<input type="checkbox"/>

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Fund	Holdings (c.£m)	ESG Priority	Company (% Holding)	Date	Resolution	How Manager Voted and Rationale *	Final Outcome **
L&G MSCI World Minimum Volatility Index	12.1 (3.4%)	Governance (Diversity, Equity and Inclusion)	Republic Services, Inc. (1.1%)	12/05/23	Elect Director Michael Larson	AGAINST: A vote against is applied as LGIM expects a company to have at least one-third women on the board. LGIM voted against management recommendation.	<input checked="" type="checkbox"/>
		Social (Human Rights)	McDonald's Corporation (1.0%)	25/05/2023	To adopt policy to phase out use of medically-important antibiotics in beef and pork supply chain	FOR: Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and they consider AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification. In line with the shareholder resolution on AMR that LGIM has co-filed and LGIM's conviction that AMR is a systemic risk, they will be voting for.	<input checked="" type="checkbox"/>
		Governance (Diversity, Equity and Inclusion)	The Southern Company (1.0%)	24/05/23	Elect Director Anthony F. "Tony" Earley, Jr.	AGAINST: A vote against is applied as LGIM expects a company to have at least one-third women on the board. LGIM voted against management recommendation.	<input checked="" type="checkbox"/>

Source: Investment managers

Note that a number of the funds used in the default investment option do not have holdings of more than 1% and have therefore not been included in the above table.

* Where investment managers voted against management, both BlackRock and LGIM communicate their voting intent to the company either before or just after casting votes. Nordea does not communicate their intent to the company ahead of casting votes against management.

** All investment managers will continue to support shareholder proposals and engage with investee companies, advocating their position on the above issues as long as the company is not showing substantial improvements. All investment managers will monitor developments and assess whether the company has addressed their concerns.

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Summary of Proxy Voting Services as at 31 March 2024

The Trustee does not use the direct services of a proxy voter, details of the proxy voting services used by the Fund's investment managers are included in the table below.

Manager	Proxy Voting Service Details
BlackRock	<p>BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). Voting decisions are made by members of the team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.</p> <p>BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process. BlackRock primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritize those companies where our own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting.</p>
Baillie Gifford	<p>Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Votes are in line with in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.</p>
LGIM	<p>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 they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p>
HSBC	<p>HSBC's uses the leading voting research and platform provider ISS to assist with the global application according to their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC's team reviews voting policy recommendations according to the scale of the overall holdings. The bulk of holdings are voted in line with the recommendation based on internal guidelines.</p>
Nordea	<p>Nordea's proxy voting is supported by two external vendors ISS and Nordic Investor Services ('NIS') to facilitate the proxy voting, execution and to provide analytic input. Specifically, Nordea's team relies on ISS for proxy voting, execution as well as research, while NIS is mainly used for analysis.</p>