Annual Engagement Policy Implementation Statement

London United Busways Retirement Benefits Plan (the "Plan")

Introduction

This Implementation Statement (the "Statement") sets out the Trustee's assessment of how, and the extent to which, they have followed their Statement of Investment Principles ("SIP") which includes their engagement policy and their policy with regard to the exercise of rights (including voting rights) attaching to the Plan's investments during the one-year period to 31 December 2023 (the "Plan Year").

This statement has been produced in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 along with guidance published by the Pensions Regulator.

For the Defined Benefit ("DB") Section, the Trustee has decided to implement its investment strategy using Mercer's (as fiduciary manager) engagement and voting policy and monitors it regularly to establish whether it aligns with the Trustee's policies. In the Defined Contribution ("DC") Section, the Trustee has decided to adopt its investment manager's engagement and voting policies subject to monitoring where possible. Those policies are attached to this Statement in Appendix A.

The Trustee invests the DB assets of the Plan in a fiduciary arrangement with Mercer Limited ("Mercer"). Under this arrangement Mercer are appointed as a discretionary investment manager and day-today management of the Plan's assets is by investment in a range of specialist pooled funds (the "Mercer Funds"). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited ("MGIE"). MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party asset managers for each Mercer Fund's assets.

Under these arrangements, the Trustee accepts that it does not have the ability to directly determine the engagement or voting policies or arrangements of the managers of the Mercer Funds. However, the Trustee has made Mercer aware that they expect MGIE to manage assets in a manner, as far as is practicably possible, that is consistent with the Trustee's engagement policy and their policy with regard to the exercise of rights attaching to the Plan's investments. The Trustee reviews regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their policies are being properly implemented.

The publicly available Sustainability Policy[1] sets out how Mercer addresses sustainability risks and opportunities and considers Environmental, Social and Corporate Governance (ESG) factors in decision making across the investment process. The Stewardship Policy[2] provides more detail on Mercer's beliefs and implementation on stewardship specifically. Under these arrangements, the Trustee understands that they do not have the ability to directly determine the engagement or voting policies or arrangements of the managers of the Mercer Funds. However, the Trustee has reviewed these policies and note an awareness of engagement topics that are important to the Plan. The Trustee is able to review

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[1] https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Sustainability Policy 2023.pdf
[2] https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Mercer ISE Stewardship Policy.pdf

reports from Mercer with regard to the engagement and voting undertaken within the Mercer Funds in order to consider whether the policies remain aligned with those of the Trustee.

This Statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated September 2023. The table later in the document sets out how, and the extent to which, the policies in the Plan's SIP have been followed and whether there were any deviations from the SIP in the Plan Year.

The SIP is comprised of 3 parts:

(A) Part 1: Investment principles governing investment decisions for the purposes of providing defined benefits from the Plan (in this Statement referred to as the DB Section).

(B) Part 2: Investment principles governing investment decisions for the purposes of providing money purchase benefits from the Plan (in this Statement referred to as the DC Section).

(C) Part 3: Investment principles governing investment decisions for the purposes of the Plan's money purchase default arrangement (i.e. currently the use of the Clerical Medical With Profits Fund).

Investment Objectives of the Plan

The objectives of the Plan are set out in the SIP, which is available online[3]. The current SIP was agreed in September 2023.

Review of the SIP

During the year the Trustee, in consultation with the Plan's principal employer RATP Dev UK Ltd, reviewed the Plan's SIP for the DB and DC Sections.

Each time the SIP is updated the Trustee consults with the Plan's principal employer.

Assessment of how the policies in the SIP have been followed for the year to 31 December 2023

The information provided in the following table highlights the work undertaken by the Trustee (or on behalf of the Trustee) during the year, and longer term where relevant, and sets out how this work was consistent with the Trustee policies in the SIP, relating to the Plan as a whole. Unless specifically noted in the table below, there were no deviations from the SIP during the Plan Year. As noted, the SIP is available online and sets out the policies referenced below.

[3] The SIP can be viewed on the pensions section of the RATP Dev website: https://www.ratpdevlondon.com/pensions
The direct link to the SIP is: https://www.ratpdevtransitlondon.com/sites/default/files/LUB%20-%20SIP%20-%20September%202023%20(online%20version).pdf

	Requirements	Policy	In the year to 31 December 2023
1	Securing compliance with the legal requirements about choosing investments	DB Section *In preparing the SIP, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In addition, consultation has been undertaken with RATP Dev UK Ltd to ascertain whether there are any material issues of which the Trustee should be aware in agreeing the Plan's investment arrangements and, in particular on the Trustee's objectives.*	DB Section Over the year to 31 December 2023, the Trustee received investment advice from the Plan's Investment Consultant on the suitability of the investment arrangements. This included advice in relation to the appointment or removal of investment vehicles, changes to asset allocation and the continuing suitability of existing investment vehicles. The Trustee's appointed Fiduciary Manager (Mercer) had been delegated the authority to invest the assets across various asset classes both with the aim of earning an investment return above the rate of growth in the Plan's liabilities and managing the various risks to which the Plan is exposed.

		<u>DC Section and Default SIP (Part 2, Section 1)</u> *The Trustee is responsible for the investment of the PIP and AVCs assets and arranging administration of these policies. Where the Trustee is required to make an investment decision, it will first receive written advice from an Investment Adviser. The Trustee believes that this, together with their own expertise, ensures that they are appropriately familiar with the issues concerned and that the advice received and arrangements implemented are consistent with the requirements of section 36 of the Pensions Act 1995 (as amended).*	<u>DC Section & Default SIP</u> The Plan's DC advisor attended all DC Working Party meetings during the year. They also attended the DC specific Trustee meetings held on 25 May 2023 and 30 November 2023. Where regulated investment advice was required, an appropriately qualified adviser attended the meetings. A formal update on fund performance and appropriateness of the funds used was last presented to the DC Working Party at its meeting on 10 November 2020. As the Trustee is in the final stages of negotiating a bulk transfer of PIP and AVC assets out of the Plan, no formal update was completed in 2023. That said, performance and appropriateness of the funds is also included as part of the Plan's annual Value for Members assessment.
2	Kinds of investments to be held	*<u>DB Section</u>* *The Trustee has appointed Mercer to act as discretionary investment manager, by way of Mercer's Dynamic De-risking Solution ("MDDS"), to implement the Trustee's strategy whereby the level of investment risk reduces as the Plan's funding level improves. In this capacity, and subject to agreed restrictions, the Plan's assets are invested in multi-client collective investment schemes ("Mercer Funds").*	<u>DB Section</u> The Plan invests in Mercer's Dynamic De-risking Solution. During 2023 the Plan's funding level improved and two de-risking triggers were hit; on 24 May 2023 and 14 December 2023 respectively, moving the target growth allocation down from 30.0% to 26.0%. The Plan's hedge ratios (i.e. interest rate and inflation protection) have also increased towards 100%. The Trustee regards the distribution of the assets to be appropriate for the Plan's objectives and liability profile. The Trustee continued to invest in a range of asset classes, regions and sectors to ensure diversification.

		<u>*DC Section (Part 2, Section 6)*</u> *The investment choices comprise a wide range of assets including developed market equities, emerging market equities, gilts, index-linked gilts, with profits and cash. The members can, having considered their own appetite for risk, decide on the balance of different kinds of investments, from the range of funds offered by the Trustee.* *The Trustee monitors the fund range offered by the Investment Platform Manager including the investment strategy and asset allocation of those funds.* *Where practicable the Trustee expects investments to be readily realisable (e.g. investments and disinvestments to be permitted in a daily basis in unit-linked funds).* <u>*Default SIP (Part 3, Section 3.2)*</u> *The Trustee has selected a with profits arrangement which means that the day to day decisions on the kinds of investment and the balance between different kinds to be held are taken by Clerical Medical. The Trustee acknowledges that there are restrictions in the extent that it can control these day to day decisions.*	<u>DC Section & Default SIP</u> There were no changes during the Plan year on the kinds of investments held and the balance between investments. The Plan has available a range of investment options with Utmost Life which includes equity, fixed-income and money market funds. The Plan also offers a with-profits fund with Clerical Medical. The kinds of investment held in the Plan and the balance between those investments remained consistent with the SIP. The Trustee did not undertake a review as at November 2023. This is because of ongoing work by the Trustee to transfer the DC and AVC assets out of the Plan as a result of the current DC arrangement having been assessed as providing 'poor value' for members. The Trustee has provisionally agreed to transfer members' DC and AVC benefits to an alternative arrangement.

3	The balance between different kinds of investments	*DB Section* *The Trustee recognises the risks that may arise from the lack of diversification of investments. To control this risk the Trustee has delegated the asset allocation decisions within the Growth and Matching Portfolios to Mercer (subject to certain restrictions). Mercer aims to ensure the asset allocation policy in place results in an adequately diversified portfolio. Mercer provides the Trustee with regular monitoring reports regarding the level of diversification within the Trustee's portfolio.*	DB Section Mercer and the underlying investment managers had responsibility for ensuring the actual allocation of the Plan's investments in Mercer Funds remains within the agreed tolerance ranges as set out in the Investment Guidelines agreed with Mercer. The respective allocations were monitored in the Plan Year by the Trustee as part of the quarterly reporting process and rebalancing is implemented by Mercer as required.

		DC Section (Part 2, Section 6) *The investment choices comprise a wide range of assets including developed market equities, emerging market equities, gilts, index-linked gilts, with profits and cash. The members can, having considered their own appetite for risk, decide on the balance of different kinds of investments, from the range of funds offered by the Trustee. This will determine their individual expected returns.* *Default SIP (Section 3, Part 3.2)* *The Trustee has selected a with profits arrangement which means that the day to day decisions on the kinds of investment and the balance between different kinds to be held are taken by Clerical Medical. The Trustee acknowledges that there are restrictions in the extent that it can control these day to day decisions.*	DC Section & Default SIP Monitoring of the Plan takes place annually as part of the Value for Members report, with the latest report presented to the Trustee at its meeting on 30 November 2023. Following a number of poor value assessments, the Trustee decided to make changes to the Plan's DC Section. These changes are intended to ensure the suitability of the Plan's overall investment strategy. Further details of these changes can be found in the 'Securing compliance with the legal requirements about choosing investments' section of this document. The default investment option and wider self select review was last subject to a formal investment review in November 2020. The kinds of investment held in the Plan and the balance between those investments remain consistent with the SIP.
4	Risks, including the ways in which risks are to be measured and managed	*DB Section* *The Trustee understands that taking some investment risk, with the support of RATP Dev UK Ltd, is necessary to improve the Plan's current and ongoing funding positions. The Trustee recognises that equity investment (and other growth assets) will bring increased volatility to the funding level, but in the expectation of improvements in the Plan's funding level through asset outperformance over and above the liabilities over the long term.*	DB Section The Trustee considered both quantitative and qualitative measures for the risks when deciding investment policies, and overall risk tolerance. The Trustee reviewed various quantitative risk measures as part of their quarterly investment monitoring over the year, including risk attribution and interest rate and inflation hedge ratios. The Trustee also considered risk levels, their risk appetite and how risks are managed

		There is also a list of risks considered in Section 4 of the SIP.	alongside the Plan's funding status, covenant support and market conditions over the year. Mercer provided the Trustee with regular reports regarding the performance of the underlying asset managers within the relevant Mercer Funds to enable the Trustee to monitor the difference between the expected and experienced levels of risk and return.
		<u>DC Section (Part 2, Section 3)</u> The Trustee recognises a number of risks involved in the investment of PIP and AVC assets. These are set out in Part 2 Section 3 of the SIP. *<u>Default SIP (Part 3, Section 4)</u>* Regarding the Default SIP, the risks and the way they are mitigated are set out in the respective section 4.	<u>DC Section & Default SIP</u> As part of its regular monitoring (at least once a year as part of the Value for Members assessment) the Trustee identifies and monitors risks, including the main investment risks. As part of that reporting risks are measured against likelihood and impact and controls to manage those risks are recorded. The DC working party will also, at least triennially, review market conditions and performance against the Trustee's objectives with their DC investment advisor and consider appropriate actions. The last report was presented to the DC Working Party at its meeting on 10 November 2020. The Trustee did not undertake a review as at November 2023. This is because of ongoing work by the Trustee to transfer the DC and AVC assets out of the Plan as a result of the current DC arrangement having been assessed as providing 'poor value' for members. The Trustee has provisionally agreed to transfer members' DC and AVC benefits to an alternative arrangement.

5	Expected return on investments	<u>*DB Section*</u> *The solution determined by MDDS drives the asset allocation of the Plan with reference to the Plan's funding level (on an actuarial basis using a single discount rate of 0.4% p.a. in excess of appropriate gilt yields), targeting full funding on this basis by 2029. Recognising the progress made in recent years, the target was updated to aim to achieve a funding level of 110% on this basis, as an initial proxy to the potential cost of a buyout with an insurance company in the future.*	<u>DB Section</u> The Trustee received an investment performance report on a quarterly basis – this included the risk and return characteristics of the various funds in which the Plan invests. The investment performance report included information on how each fund/manager is performing relative to the stated benchmark or index, on a net of fees basis. The Trustee also considered performance of the assets relative to the liabilities in their funding monitoring. Over the year the investment strategy was reviewed by the Trustee, with advice and guidance provided by Mercer. Additional de-risking triggers were introduced following the 2022 investment strategy review. These triggers are framed around a strengthened 110% funding target allowed for the continuation of market-driven de-risking and periodic reviews as to the appropriateness of moving to a run-off strategy. At the same time, the higher target funding level more explicitly recognises the higher level of funding required to effect a buyout transaction with an insurer. Based on the latest estimates, the Plan could expect to be 110% funded in 2030, which is broadly aligned to when the private markets assets are expected to have fully distributed.

		<u>*DC Section (Part 2, Section 6)*</u> *The Trustee monitors the fund range offered by the Investment Platform Manager including the investment strategy and asset allocation of those funds. It also monitors actual returns against expected returns with input from the DC Investment Adviser at least annually. The Trustee receives advice from the DC Investment Adviser on the appropriateness of the investment options for Plan members. If concerns are raised about the appropriateness or performance of the funds, the Trustee will consider if and when to explore alternative arrangements, which may include the realisation of investments and transfer of funds elsewhere.* <u>*Default SIP (Part 3, Section 3.1)*</u> *To achieve a smoothed level return over the medium to long term.* *The strategic investment mix is reviewed regularly by Clerical Medical and assets are chosen with a view to getting the best possible long-term performance; and making sure that the with-profits fund can always meet its guarantees.*	<u>DC Section & Default SIP</u> The Trustee monitored the performance of the funds against their stated objectives/benchmarks. This is done on an annual basis as part of the Value for Member assessment, with the last report presented to the Trustee at its meeting on 30 November 2023. An in depth review of performance is undertaken triennially, with the last review presented to the DC Working Party on 10 November 2020. The Trustee did not undertake a review as at November 2023. This is because of ongoing work by the Trustee to transfer the DC and AVC assets out of the Plan as a result of the current DC arrangement having been assessed as providing 'poor value' for members. The Trustee has provisionally agreed to transfer members' DC and AVC benefits to an alternative arrangement.

6	Realisation of investments	<u>*DB Section*</u> *The Trustee on behalf of the Plan holds units in the Mercer Funds. The investment managers to the Mercer Funds (including the underlying third party asset managers appointed by Mercer Global Investments Europe), operate within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments. The Trustee has the ability to terminate its agreement with Mercer, thus disinvesting from the Mercer Funds.*	<u>DB Section</u> Over the year, Mercer took account of the Trustee's objectives when processing any investments or disinvestments that were required to meet cashflows. This involved taking any disinvestment requirements from the most overweight portfolios to help ensure that portfolio risk remained consistent with the Trustee's objectives.
		<u>*DC Section (Part 2, Section 6)*</u> *Where practicable the Trustee expects investments to be readily realisable (e.g. investments and disinvestments to be permitted a daily basis in unit-linked funds).* <u>*Default SIP (Part 3, Section 3.2)*</u> *The selection, retention and realisation of assets within the With Profits fund is delegated to Clerical Medical in line with its Principles and Practices of Financial Management.*	<u>DC Section & Default SIP</u> All unit linked funds are daily-dealt pooled investment vehicles, accessed by an insurance contract. The value of the with-profits funds varies from member to member and is not based on market returns. Clerical Medical will ordinarily realise the investments in a timely fashion, but this may be restricted in cases of market fluctuations. The Trustee monitors this with assistance from its advisors.

7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*DB Section* *Section 10 of the DB Section SIP sets out the Trustee's policy on Corporate Governance and Social, Environmental Investment and their policy on financially material considerations. The Trustee's policy is to integrate factors, including ESG and climate change, that are financially material to a particular investment in the context of the Plan's investment strategy at various stages of the portfolio construction and manager selection processes.* *The Trustee also has a policy that requires Mercer as fiduciary manager to engage with the underlying investment managers to encourage them to exercise any rights attaching to the investments it holds and to engage with the companies held where possible.*	DB Section The Trustee considered financially material considerations over the year when monitoring the investment arrangements and considering new asset classes. Within the funds, consideration of financially material considerations was delegated on a day to day basis to the underlying investment managers and reviewed by the Mercer on an ongoing basis, and by the Trustee periodically to check alignment with the Trustee's own policies, e.g. in the SIP. Mercer engaged with underlying investment managers to encourage them to exercise any rights attaching to the investments it holds and to engage with the companies held where possible. The Trustee considered how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, have provided reporting to the Trustee on a regular basis. A copy of Mercer's ESG, climate change and stewardship policies can be found in Appendix A.
		DC Section (Part 2, Section 4) *Section 4 of the DC Section SIP sets out the Trustee's policy on Corporate Governance and*	DC Section & Default SIP The last full investment review was presented to the Trustee at the 10 November 2020. The funds currently used

		Social, Environmental Investment and their policy on financially material considerations. The Trustee's policy is that the managers approach to financially material factors forms part of the criteria when deciding whether to select or retain a pooled fund product. *Default SIP (Part 2, Section 3.2)* *Clerical Medical has full discretion on the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.*	by the Plan are not researched by Mercer, therefore the ratings for investment managers (and therefore future looking assessment) have not been included. However, the paper presented in November looked at the appropriateness of the funds, including relevant financially material considerations. The Trustee did not undertake a review as at November 2023. This is because of ongoing work by the Trustee to transfer the DC and AVC assets out of the Plan as a result of the current DC arrangement having been assessed as providing 'poor value' for members. The Trustee has provisionally agreed to transfer members' DC and AVC benefits to an alternative arrangement.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*DB Section, DC Section (Section 3) & Default SIP (Section 3.3)* *The Trustee does not take non-financial matters (e.g. anyone's ethical views or personal views in relation to social and environmental impacts or quality of life) into account when making any investment decisions, including selecting, retaining or realising investments. There is not likely to be a common view amongst members. The Trustee will comply with its legal duty to act in the financial interests of the membership as a whole.*	DB Section No changes during the year to this policy. This reflects current practice. The Trustee, on investment advice, focused on financially material factors. DC Section & Default SIP No changes during the year to this policy. Reflects current practice.

9	The exercise of the rights (including voting rights) attaching to the investments	<u>*DB Section*</u> *The Trustee's policy is that the manager's approach to financially material factors, such as ESG and climate change, and stewardship forms part of the criteria used when deciding whether to select or retain the fiduciary investment manager (or other pooled fund products). It should also form an appropriate part of the ongoing monitoring of the fiduciary investment managers' performance. It expects managers (passive and active) to comply with the UK Stewardship Code and UK Corporate Governance Code, and other appropriate engagement activities with the issuers or holders of the assets it invests in.*	<u>DB Section</u> The Trustee delegates the exercise of voting rights associated with investments to the underlying investment managers via Mercer's (as fiduciary manager) own engagement, and reviewed this during the Plan Year to check it was in line with the Trustee's own policies. In respect of the Plan Year, the Trustee was provided with reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their policies are being properly implemented. The Trustee is fully supportive of the UK Stewardship Code ("the Code") published by the Financial Reporting Council and expects the Plan's managers who are registered with the FCA to comply with the Code. The Plan's investment managers are required to (and do) report to Mercer on the extent of their adherence to the UK Stewardship Code on an annual basis. The Trustee considered how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, have provided reporting to the Trustee on a regular basis. A link to Mercer's ESG, climate change and stewardship policies can be found in Appendix A.

		<u>*DC Section & Default SIP (Section 4)*</u> *The Plan is invested in pooled funds. The Trustee does not directly own any of the assets within the funds, which are managed for the benefit of all investors. It does not have any rights like voting rights in relation to the underlying assets and instead relies on the manager's engagement with underlying entities in which the fund is invested.*	<u>DC Section & Default SIP</u> As the Trustee does not directly own any of the assets within the funds, voting rights are the responsibility of the investment managers, who are expected to engage with the investee companies on their behalf. There has been no change in this policy during the year and the policy reflects current practice. The Trustee has requested information on voting records from the platform provider, with whom there is a direct legal relationship. Please see the later section on the Exercise of Rights (Including Voting Rights).
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustee would monitor and engage with relevant persons about relevant matters)	<u>*DB Section*</u> The Trustee does not currently engage in any formal way with other pooled fund investors in order to exert pressure on managers. However, Mercer in its role as fiduciary manager has the combined influence of its pension schemes clients, and as such exert more influence than the Trustee could alone. The Trustee considers this beneficial (to the extent it aligns with the Trustee's beliefs). The Trustee expects their investment managers to engage with the investee companies on their behalf.	<u>DB Section</u> The Trustee has been provided with reports from Mercer (and discussed arising items as appropriate) with regard to the engagement and voting undertaken on their behalf in order to consider whether their policies are being implemented.

		The Trustee ensures it receives appropriate reporting from the fiduciary investment manager, with whom there is a direct legal relationship.	
		<u>*DC Section & Default SIP (Section 4)*</u> *The Plan is invested in pooled funds. The Trustee does not directly own any of the assets within the funds, which are managed for the benefit of all investors. It does not have any rights like voting rights in relation to the underlying assets and instead relies on the manager's engagement with underlying entities in which the fund is invested.*	<u>DC Section & Default SIP</u> As the Plan invests solely in pooled funds, the Trustee requires its investment managers to engage with the investee companies on their behalf. There has been no change in this policy during the year and the policy reflects current practice. The Trustee has requested information on engagement activity from the platform provider, with whom there is a direct legal relationship. Please see the later section on the Exercise of Rights (Including Voting Rights).
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.	<u>*DB Section*</u> *This is set out in full in Section 11 of the SIP of the DB Section. Should Mercer fail to align its investment strategies and decisions with the Trustee's policies, it is open to the Trustee to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.*	<u>DB Section</u> In the year to 31 December 2023, the Trustee received quarterly reports from Mercer setting out the performance and research view of each of the managers in which the Plan invests, including the underlying investment managers within the Mercer Funds. Based on these reports and advice from Mercer, the Trustee reviewed whether the investment managers continued to operate and perform in line with expectations and whether the likelihood of achieving the expected return and risk characteristics had changed. This was considered alongside funding status, covenant strength and market conditions.

		<u>*DC Section & Default SIP (Section 7)*</u> *Policy set out under 'Aligning Manager Investments Strategy and Decisions with Trustee's policies' in Part 2 Section 7 of the SIP.* *The investment manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed and the outcome of the Investment Adviser's regular assessment of the manager. If the Trustee is dissatisfied, it will look to review the appointment.*	<u>DC Section & Default SIP</u> New policy added in September 2020 and reflects current practice. The Trustee receives investment manager performance reports on an annual basis as part of its annual value for members' assessment. The Trustee reviewed the absolute performance and relative performance against sectors of funds with similar investment strategies (where possible) on a net of fees basis. This review demonstrated that performance had been poor. The Trustee has provisionally agreed to transfer members' DC and AVC benefits to an alternative arrangement.
12	How the arrangement 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.	<u>*DB Section*</u> *Neither Mercer, Mercer Global Investments Europe Limited ("MGIE"), nor Mercer AG make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE and Mercer AG to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term.*	<u>DB Section</u> In the year to 31 December 2023, the Trustee has worked with Mercer to review ongoing manager performance and are comfortable 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 (e.g. service levels). Within the Mercer Funds, Mercer are responsible for the appointment and termination of investment managers.

		DC Section & Default SIP *Policy set out under 'Aligning Manager Investments Strategy and Decisions with Trustee's policies' in Part 2 of the SIP.* *The investment manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed and the outcome of the Investment Adviser's regular assessment of the manager. If the Trustee is dissatisfied, it will look to review the appointment.*	DC Section & Default SIP New policy added in September 2020 and reflects current practice. The Trustee receives investment manager performance reports on an annual basis as part of its annual value for members' assessment. The Trustee reviewed the absolute performance and relative performance against sectors of funds with similar investment strategies (where possible) on a net of fees basis.
13	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.	*DB Section* *The underlying third party asset managers are incentivised, as they are made aware by Mercer, that their continued appointment by MGIE and Mercer AG will be based, at least in part, on their success in meeting the expectations of Mercer. As noted above, it is intended that Mercer's expectations align with the Trustee's policies.*	DB Section The Trustee received investment manager performance reports from the managers and Mercer on a quarterly basis throughout the year, which present performance information over 3 month, 1 year, 3 years and since inception periods. The Trustee reviews absolute performance, relative performance against a suitable index used as a benchmark, where relevant, and against the manager's stated performance target (over the relevant time period), on a gross and a net of fees basis.

		DC Section & Default SIP (Section 7) *Policy set out under 'Evaluating Investment Manager Performance' in Part 2 Section 7 of the SIP.*	DC Section & Default SIP The Trustee reviewed longer-term performance in its annual performance reports as part of its annual value for members assessment. The latest Value for Members assessment was approved on 2 July 2024. Under new regulatory guidance, the Trustee is required to undertake a small scheme value for members assessment – which is required for schemes with less than £100m worth of assets.
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*DB Section* *The Trustee does not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Other than in respect of private markets investments where turnover in the Mercer Funds does not usually apply, performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.*	DB Section MiFID II reporting was provided by the investment managers and Mercer over the period where applicable. MIFID compliant Costs and Charges statements are produced annually. Mercer reviewed this on behalf of the Trustee and reported accordingly.

		<u>*DC Section & Default SIP (Section 7)*</u> *The Trustee monitors portfolio turnover costs, which are incorporated in the annual costs and charges, on an annual basis as part of its annual value for members' assessment. The Trustee does not have an explicit targeted portfolio turnover or range. It assesses portfolio turnover in the context of the particular mandate and if it is not will, via the DC Investment Adviser, engage with the manger to find out why.*	<u>DC Section & Default SIP</u> The Trustee considered the levels of transaction costs as part of the annual Value for Members assessment approved on 2 July 2024. However, there is little flexibility for the Trustee to impact transaction costs as the Plan invests in pooled funds. While the transaction costs for the Plan's investments appear to be reflective of costs expected of various asset classes and markets that the Plan invests in, there is not as yet any "industry standard" or universe to compare these to. The Trustee will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value.
15	The duration of the arrangement with the asset manager	<u>*DB Section*</u> *The Trustee is a long-term investor and is not looking to change the investment arrangements on an unduly frequent basis. However, the Trustee does keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above. The arrangements will continue until such time as the Trustee decides that the use of Mercer and/or the Mercer Funds is no longer suitable or the investment objective to be fulfilled by a particular Mercer Fund has been met.*	<u>DB Section</u> Over the year to 31 December 2023, Mercer implemented a number of strategic (SAA) and dynamic asset allocation (DAA) changes to the portfolio on behalf of the Trustee.

		<u>*DC Section & Default SIP (Section 7)*</u> *The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis. However, the Trustee will consider changing if for example:* • *There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;* • *The basis on which the manager was appointed changes materially (e.g. manager fees or investment process).investment process);*	<u>DC Section & Default SIP</u> The Trustee reviewed longer-term performance in its annual value for members assessment. Performance of the funds has generally been mixed, and the Trustee dedicated large amounts of time during 2023 to reviewing its options with advice from its advisors.

APPENDIX A: Engagement policy implementation statement

Policy on ESG, Stewardship and Climate Change

DB Section

The Trustee's policy on ESG for the DB section is set out in the SIP which is available online.

The Trustee considers how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, provide reporting to the Trustee on a regular basis.

The Mercer Sustainability Policy is reviewed regularly. In August 2023, the governance section was updated, and the climate scenario modelling section is now detailed the standalone Task Force on Climate Related Financial Disclosures (TCFD) report.

In line with the requirements of the EU Shareholder Rights Directive II (SDR II), Mercer have implemented a standalone Stewardship Policy to specifically address the requirements of the directive.

The most recent UN Principles of Responsible Investment ("PRI") results (based on 2022 activity) awarded Mercer were awarded 4 stars out of 5 for Policy Governance and Strategy.

The Trustee set Engagement Priorities in 2023, and these are aligned with the reporting outlined in this statement.

Climate Change Reporting and Carbon Foot-printing

Mercer and the Trustee believe climate change poses a systemic risk. Consideration of the impacts of climate change has been central to Mercer's global investment beliefs since 2014. Two areas that are expected to result in potential financial impacts are:

1. The physical damages expected from an increase in average global temperatures
2. The associated transition to a low-carbon economy

Each of these changes presents both risks and opportunities to investors. Mercer therefore considers the potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes.

In early 2021, Mercer announced its aim to achieve net-zero absolute portfolio carbon emissions by 2050 for UK, European and Asian clients with discretionary portfolios and for the majority of its multi-client, multi-asset funds domiciled in Ireland. As part of this, Mercer set a 2030 target to reduce portfolio carbon emissions by 45% from 2019 baseline levels and is on track to achieve this aim. Mercer's approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), including the Mercer Investment Solutions Europe - Investment Approach to Climate Change 2022 Status Report[4].

[4] https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Task Force on Climate-related Financial Disclosures.pdf

As of 31 December 2023, Mercer are on track to meet our long-term net zero portfolio carbon emissions expectation. There has been a notable 33% reduction over the four years since 2019 baseline levels for our Model Growth Portfolio used by most of Mercer's DB client base, bringing the 45% baseline-relative reduction by 2030 well within range.

ESG Rating Review

Where available, ESG ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the DB Working Party and where relevant the full Trustee. ESG ratings are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually - which seeks evidence of positive momentum on ESG integration and compares the Mercer funds overall ESG rating with the appropriate universe of strategies in Mercer's Global Investment Manager Database (GIMD). Engagements are prioritised with managers where their strategy's ESG rating is behind that of their peer universe.

As at 31 December 2022, in the Annual Sustainability Report provided by Mercer, the Trustee's noted over 20% of Mercer Funds have seen an improved ESG rating over the year and the vast majority have a rating ahead of the wider universe. Due to the nature of certain strategies, they do not have an ESG rating (i.e. are N rated) and are therefore excluded from this review. The 2023 Annual Sustainability Report will be finalised this year. Please see Mercer's Guide to ESG Ratings for more information https://www.mercer.com/our-thinking/mercer-esg-ratings.html

Approach to Exclusions

Mercer's and MGIE's preference is to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions Framework. Controversial weapons and civilian firearms are excluded from active equity and fixed income funds, and passive equity funds. In addition, tobacco companies (based on revenue) and nuclear weapons are excluded from active equity and fixed income funds. The Mercer sustainability-themed funds have additional exclusions, for example covering gambling, alcohol, adult entertainment and fossil fuels.

Sustainably themed investments

An allocation to MGIE's Sustainable Equities and Sustainable Listed Infrastructure is included within the Plan's portfolio of Growth assets.

The Mercer annual sustainability report is produced for the active/passive Sustainable Global Equity fund, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

The actively managed Mercer Sustainable Global Equity Fund includes an impact investing strategy employing fundamental analysis to target companies that aim to achieve a positive Environmental and Social Impact. The strategy is diversified across multiple themes including health and sanitation, affordable housing, education and cyber security.

Diversity

Mercer's ambition is to promote diversity extends beyond its own business through to the managers it appoints. This is partly assessed within the manager research process and documented in a dedicated section within research reports.

Gender diversity statistics are also included in the quarterly reporting for the Mercer equity funds and this is being built into a broader Mercer Investment Solutions International policy on Diversity, Equity and Inclusion, sitting alongside Mercer's established Diversity Charter.

Mercer considers broader forms of diversity in decision-making, but currently report on gender diversity. As at 1 April 2023 35% of the Key Decision Makers (KDM's) within Mercer Investment Solutions team are non-male, and Mercer's long term target is 50%.

Within the Fixed Income universe the average fund has 13% non-male KDM's and within the EMEA Active Equity universe the average is 17%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead or aligned, at 15% and 17%.

At the last assessment point covering the year to 31 December 2022, it was reported that there had been an increase across both active equity and fixed income multi-client funds and their respective universes and across both active equity and fixed income multi-client funds, the representation of females KDMs is higher than the broader universe of 13.7%. Mercer expect this number to grow over time both across our funds and the industry as a whole, supported in part through our engagements with managers on the topic and participation in industry initiatives.

In 2022 MGIE was confirmed as a signatory of the UK Chapter of the 30% Club and helped to establish the Irish Chapter over 2023. The 30% Club is a business-led initiative that aims to increase gender diversity on corporate boards and in senior leadership positions.

Exercise of Rights (Including Voting Rights)

The Trustee's policy is to delegate responsibility for the discretionary investment management of Plan's DB assets to Mercer, and to invest the Plan's assets in a range of Mercer Funds for which MGIE or relevant Mercer affiliate acts as investment manager. In order for the Trustee to discharge its obligations with respect of voting and engagement, it requires reporting on the engagement and voting undertaken within the Mercer Funds in order to consider whether the policies align with those of the Trustee.

Voting rights that apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third party investment managers appointed by MGIE. In delegating these rights, MGIE accepts that managers are typically best placed to exercise voting rights and prioritise particular engagement topics by security, given they are expected to have detailed knowledge of both the governance and the operations of the companies and issuers they invest in. However, Mercer has a pivotal role in monitoring their stewardship activities and promoting more effective stewardship practices, including ensuring attention is given to more strategic themes and topics. As such, proxy voting responsibility is given to listed equity investment managers with an expectation that all shares are to be voted in a timely manner and a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each sub-investment manager's capability in ESG engagement and proxy voting, as part of the selection process to ensure it is representing Mercer's commitment to good governance, integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustee does not use the direct services of a proxy voter.

Voting: As part of the monitoring of managers' approaches to voting, MGIE assesses how managers are voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). MGIE portfolio managers will use these results to inform their engagements with managers on their voting activities.

Set out below is a summary of voting activity for the year to 31 December 2023 for a range of Mercer Funds that the Plan's assets are invested in. This may include information in relation to funds that the Plan's assets were no longer invested in at the year end. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer's custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

Voting Activity Summary for the year to 31 December 2023

Fund Name	Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Others	For	Against	No.	Against
Mercer Global Listed Infrastructure Fund	620	596	85%	8%	3%	0%	3%	91%	9%	43	53%
Mercer Global Small Cap Equity Fund	6,463	6,162	86%	8%	0%	4%	2%	91%	9%	544	39%
Mercer Low Volatility Equity Fund	8,216	7,808	84%	7%	0%	5%	4%	92%	8%	483	37%
Mercer Multi-Asset Credit Fund (1)	17	17	94%	6%	0%	0%	0%	94%	6%	6	17%
Mercer Passive Global REITS UCITS CCF	3,217	3,093	75%	19%	0%	4%	2%	78%	22%	322	70%
Mercer Sustainable Global Equity Fund	6,555	6,477	85%	11%	1%	1%	3%	89%	11%	396	57%
MGI Emerging Markets Equity Fund	3,930	3,718	82%	13%	4%	1%	0%	86%	14%	404	40%
MGI Eurozone Equity Fund	4,501	4,308	84%	12%	1%	4%	0%	87%	13%	272	54%
MGI UK Equity Fund	2,082	2,076	98%	2%	0%	0%	0%	98%	2%	94	29%
Mercer China Equity Fund	5,177	5,097	88%	11%	1%	0%	0%	88%	12%	500	44%

(1) Voting Activity figures for the Mercer Multi-Asset Credit fund relate to a small number of equity holdings within the fund's underlying segregated mandates. Please note this does not include voting activity from any underlying pooled strategies within the fund over the period.

- "Eligible Proposals" reflect all proposals of which managers were eligible to vote on over the period
- "Proposals Voted On" reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the "Other" category)"
- "No Action" reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully
- "Others" refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).
- "No. of meetings" represents meetings were eligible to vote at.
- "Against" represents in what % of meetings voted at least once against management.
- "Meetings No." refers to the number of meetings the managers were eligible to vote at.
- "Meetings Against" refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

Significant Votes: The Trustee has determined what it defines as a "significant vote" on the advice of Mercer using its Beliefs, Materiality and Impact (BMI) Framework[5]. In order to capture this in the monitoring and reporting of managers' voting activities, significant votes focus on proposals covering priority areas identified by the BMI Framework. In 2023, the Trustee, on the advice of Mercer, selected Climate Change, Diversity and Modern Slavery as its Engagement Priorities. The Trustee has decided to use the adopted Engagement Priorities to determine what it defines as a "significant vote" for the purposes of reporting voting activity for the Plan Year.

The significant votes below were assessed and selected by the Trustee on the following criteria:

1. The proposal topic relates to an Engagement Priority. In the "Proposal Description" column below, there is reference to the relevant category of the vote; Environmental, Social or Governance.

2. The most significant proposals reported below relate to material holdings; categorised during the year as the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals).

Reported below are the most significant proposals over the period.

[5] https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/responsible-investment/Mercer - Engagement Priorities.pdf

Most significant votes

Fund	**Company** *(Holding Weight)*	**Meeting Date – Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Intention to vote against management communicated – Rationale, if available)*	**Proposal Outcome** *(Next steps to report, if any)*
Mercer Global Listed Infrastructure Fund	**Duke Energy Corp.** *(5.0%)*	04/05/2023: **Shareholder Proposal Regarding Formation of Decarbonization Risk Committee** *(Environmental)*	**Against** *(N/A – The manager voted in line with their policy as the Board has oversight of decarbonisation as well as other sustainability considerations. The manager believes that it is for the Board and management to decide whether a separate division is necessary, or whether the current structure is sufficient to address these risks.)*	**3% Support** Proposal did not pass. *(None to report.)*
Mercer Global Listed Infrastructure Fund	**Southern Company** *(4.2%)*	24/05/2023: **Shareholder Proposal Regarding Report on Net Zero 2050 Goal Progress** *(Environmental)*	**Against** *(N/A – The manager did not support this proposal as they did not feel that there was a need to produce an additional report. The data required for this report could already be found in a number of existing Southern Company disclosure.)*	**Withdrawn** *(The proposal was withdrawn following the managers' vote and the manager has not identified a need for further engagement around disclosure. The manager will continue their engagement efforts in assessing the company's progress towards Net Zero.)*
Mercer Global Listed Infrastructure Fund	**Southern Company** *(4.2%)*	24/05/2023: **Shareholder Proposal Regarding Scope 3 GHG Emissions Targets** *(Environmental)*	**Against** *(N/A – Given Southern Company's existing targets and disclosures, as well as the complexity and uncertainty in setting Scope 3 emissions reduction targets, the manager did not believe that support for this resolution was warranted at this time.)*	**19% Support** Proposal did not pass. *(At this stage, the manager is focused on targets that are meaningful, measurable, and controllable. Therefore their engagement with the company will seek to better understand Southern Company's Scope 3 profile, and what actions the company is taking to reduce these emissions.)*

	Union Pacific Corp. *(3.6%)*	18/05/2023: **Shareholder Proposal Regarding Paid Sick Leave** *(Social)*	**Against** *(N/A – Union Pacific's work force consists of both unionised (c >80%) and non-unionised employees. Sick leave is already provided to non-unionised employees. Unionised employees are given additional days called "personal days" that can be used for sick leave.* *For unionised employees, Union Pacific must bargain with the unions individually, meaning it is not possible to enact an umbrella policy across all unions as the proposal suggests. Therefore the manager could not support it.)*	**12% Support** Proposal did not pass. *(The manager views sick leave for employees as being a material issue for all railroads, and has therefore been engaging with the company on this issue. At the time of this proposal, Union Pacific had reached agreements for additional sick leave with 10 of the 13 unions. When the manager engaged with the company in May 2023, that number had increased to 11. They intend to engage again with Union Pacific's new management team on this topic in the December 2023 quarter.)*
Fund	**Company** *(Holding Weight)*	**Meeting Date – Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Intention to vote against management communicated – Rationale, if available)*	**Proposal Outcome** *(Next steps to report, if any)*
Mercer Global Small Cap Equity Fund	**Denny's Corp.** *(0.4%)*	17/05/2023: **Shareholder Proposal Regarding Paid Sick Leave** *(Social)*	**Against** *(N/A – The manager voted against this proposal, supportive of company management's argument that due to its highly franchised business model, the Company's direct control over the compensation and benefits arrangements is limited to the team members employed in its 66 Company-operated restaurants and corporate support functions, and that dictating employment practices could expose the Company to greater liability)*	**10% Support** Proposal did not pass. *(None to report)*

	Bloomin' Brands *(0.1%)*	18/04/2023: **Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement** *(Environmental)*	**For** *(No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)*	**43% Support** Proposal did not pass. *(Given the proponent also tabled this proposal in 2021, and received a majority vote in support, it was tabled again this year due to lack of progress and insufficient response from company management. The manager will monitor the company's response in light of this.)*
	Texas Roadhouse Inc *(<0.1%)*	11/05/2023: **Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement** *(Environmental)*	**For** *(No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)*	**40%** Proposal did not pass. *(None to report)*
Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
Mercer Low Volatility Equity Fund	**Alphabet Inc** *(2.9%)*	02/06/2023: **Shareholder Proposal Regarding Human Rights Impact Assessment** *(Social)*	**Split** *(No –* ***For (2):*** *Managers who voted FOR this proposal were supportive as an independent Human Rights Impact Assessment would help shareholders better assess Alphabet's management of risks related to human rights* ***Against (1):*** *The manager who voted against felt this proposal did not*	**18% Support** Proposal did not pass. *(None to report)*

			merit support as the company's disclosures pertaining to the item are already reasonable.)	
		02/06/2023: **Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement** *(Environmental)*	**Split** *(No –* ***For (2):*** *Managers who voted FOR this proposal were supportive, as additional reporting on the company's direct and indirect lobbing practices, policies, and expenditures would benefit shareholders in assessing its management of related risks.* ***Against (1):*** *The manager who voted against felt this proposal did not merit support as the company's disclosures pertaining to the item are already reasonable.)*	**14% Support** Proposal did not pass. *(None to report)*
	Microsoft Corporation *(2.7%)*	07/12/2023: **Shareholder Proposal Regarding EEO Policy Risk Report** *(Social)*	**Against** *(No - Managers voted against this proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes "political affiliation" in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on protected class and seeks to promote a culture based on equal opportunity.)*	**1% Support** Proposal did not pass. *(None to report)*

		07/12/2023: **Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern** (Social)	**Split** *For (3):* *(No - Managers who supported this proposal were supportive, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.)* *Against (1):* *(No - The manager who voted against this proposal noted Microsoft has made public commitments to manage human rights risks in line with best practices. The company discloses government and law enforcement requests for content removal and conducts Human Rights Impact Assessments in collaboration with stakeholders to identify risks. Microsoft also published a human rights report which includes information on risks and mitigating actions. The manager acknowledged there is an opportunity for Microsoft to consolidate and strengthen disclosures on specific processes aimed at mitigating country specific risks (through updates to its human rights report last published in 2021), however they ultimately felt current disclosures are adequate and a new report on data operations in human rights hotspots is redundant.)*	**33% Support** Proposal did not pass. *(None to report)*
		07/12/2023: **Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options** (Environmental)	**Against** *(No - Managers did not support this proposal as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.)*	**9% Support** Proposal did not pass. *(None to report)*
	Unitedhealth Group Inc *(1.1%)*	05/06/2023: **Shareholder Proposal Regarding Racial Equity Audit** *(Governance)*	**Against** *(N/A - Managers voted against this proposal, noting the company has taken positive steps towards racial equity. One manager also noted they have been engaging with the company on environmental topics, and raised this as part of their discussions around the company's strategy.)*	**20% Support** Proposal did not pass. *(None to report)*

Fund	Company *(Holding Weight)*	Meeting Date - Proposal Text *(Significance Category)*	Manager Vote Decision *(Communication of vote against management - Rationale if available)*	Proposal Outcome *(Next steps if available)*
Mercer Passive Global REITS UCITS CCF	**Digital Realty Trust Inc** *(2.4%)*	08/06/2023: **Shareholder Proposal Regarding Concealment Clauses** *(Governance)*	**For** *(No - A vote in favour is applied as the manager supports proposals related to improvement in information available in respect of diversity and inclusion policies as the manager considers these issues to be a material risk to companies. In addition, in June 2022, 45.59% percent of Digital Realty's investors supported the request of this resolution. Since this high vote, the company has not released any additional information on its use of concealment clauses, nor has it agreed to a conversation with the resolution's proponents.)*	**Withdrawn** *(The proposal was withdrawn following the managers' vote. The manager will review the proposal if it is tabled again at future AGMs, and continue to monitor the company's D&I disclosure and policies.)*
	Klepierre *(0.3%)*	11/05/2023: **Opinion on Climate Ambitions and Objectives** *(Environmental)*	**For** *(N/A - The manager supported this item, given the company's sufficient disclosures and commitments. The company has committed to a net-zero carbon portfolio by 2030 and its carbon reduction targets for Scopes 1 and 2 emissions, and Scope 3 for downstream leased assets was validated by the SBTi as aligned with a 1.5°C scenario.)*	**93% Support** Proposal passed. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*

Fund	Company (Holding Weight)	Meeting Date - Proposal Text (Significance Category)	Manager Vote Decision (Communication of vote against management - Rationale if available)	Proposal Outcome (Next steps if available)
	Public Storage *(3.4%)*	02/05/2023: **Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement** *(Environmental)*	**For** *(No - A vote in favour is applied as the manager expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.)*	**35% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*

Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
Mercer Sustainable Global Equity Fund	**American Water Works Co. Inc.** *(1.3%)*	10/05/2023: **Shareholder Proposal Regarding Racial Equity Audit** *(Human / Labour Rights)*	**Split** *(No -* ***For (2):*** *Managers who voted FOR this proposal were supportive of the Company disclosing medium- and long-term GHG targets aligned with the Paris Agreement.* ***Against (1):*** *Managers who voted against felt this proposal did not merit support as the company's disclosure and/or practices pertaining to the item are already reasonable.)*	**39% Support** Proposal did not pass. *(This proposal was ultimately withdrawn ahead of the 2022 AGM, but was successfully tabled for the 2023 meeting, receiving a relatively strong support rate which managers expect the company will respond to.)*
	Microsoft Corporation *(4.0%)*	07/12/2023: **Shareholder Proposal Regarding EEO Policy Risk Report** *(Social)*	**Against** *(N/A - Managers voted against this proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes “political affiliation” in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on*	**1% Support** Proposal did not pass. *(None to report.)*

			protected class and seeks to promote a culture based on equal opportunity.)	
		07/12/2023: **Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern** *(Social)*	**Split -** One manager who voted against management's recommendation communicated their intentions to the company ahead of the vote. *(**For (3)**: Managers who voted FOR this proposal were supportive, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries. Managers also provided further context, noting that in 2021 the company announced plans to build 50-100 data centres each year, and is reportedly investing $2.1 billion in cloud computing in Saudi Arabia. Managers acknowledged that whilst disclosure around the company's due diligence process exists, the company has seen recent controversies on its operations in Saudi. Therefore, given the flexibility of the request and the increased investment in Saudi Arabi and other countries with existing or potential human rights risks, managers felt it prudent to provide additional information to shareholders on how the company is expecting to manage these risks.* ***Against (1)**: The manager who voted against this proposal noted Microsoft has made public commitments to manage human rights risks in line with best practices. The company discloses government and law enforcement requests for content removal and conducts Human Rights Impact Assessments in collaboration with stakeholders to identify risks. Microsoft also published a human rights report which includes information on risks and mitigating actions. The manager acknowledged there is an opportunity for Microsoft to consolidate and strengthen disclosures on specific processes aimed at mitigating country specific risks (through updates to its human rights report last published in 2021), however they ultimately felt current disclosures are adequate and a new report on data operations in human rights hotspots is redundant.)*	**33% Support** Proposal did not pass. *(None to report.)*

		07/12/2023: **Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options** *(Social)*	**Split -** One manager who voted against management's recommendation communicated their intentions to the company ahead of the vote. **For (2)**: Managers who voted FOR this proposal agreed that disclosure of how the company is protecting its retirement plan beneficiaries with longer time horizons from systemic climate risk in the company's default retirement groups would be beneficial **Against (2)**: Managers who voted against this proposal did so as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.	**9% Support** Proposal did not pass. *(One manager who voted for the proposal confirmed they intend to watch the success rates of these types of proposals across the landscape to see if they gain momentum. In addition, one manager who voted against noted the intend to continue engaging with the company on this issue as the manager believes it presents material risk to the company, especially as it expands in data centre capabilities.)*
	Schneider Electric SE *(1.2%)*	04/05/2023: **Opinion on Climate Strategy** *(Environmental)*	**For** *(N/A - Managers voted to approve the company's climate strategy, however it was noted that there was room for improvement, particularly with regards to the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.)*	**96% Support** Proposal passed. *(Managers will monitor the company's progress and review any updates to its strategy as they become available.)*

Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
MGI Eurozone Equity Fund	**BP plc** *(0.5%)*	27/04/2023: **Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions** *(Environmental)*	**Against** *(N/A – Given the Company's existing targets and disclosures, as well as the complexity and uncertainty in setting these targets, managers did not support this proposal.)*	**16% Support** Proposal did not pass. *(Concerns with the Company's 2030 targets being reduced in the months leading up to the AGM were noted, particularly following 85% support from shareholders in 2022 when they were asked to approve the company's former targets. This alone didn't warrant a vote in favour, given the belief that the Company should not be required to adhere to a strategy that the board no longer believes is in the best interests of shareholders as a result of changes in the market or in demand.)*
	Engie *(0.7%)*	26/04/2023: **Shareholder Proposal Regarding Annual Say on Climate and**	**For** *(No - The manager voted for the proposed amendments as they would favour additional information of shareholders without infringing on the Board's prerogatives. Despite this, the manager noted concerns raised by investors regarding the debate*	**21% Support** Proposal did not pass. *(None to report)*

		Climate Disclosure *(Environmental)*	*surrounding the use of a bylaw amendment to support the requested additional disclosure and votes on the company's climate strategy.)*	
	TotalEnergies SE *(1.0%)*	26/05/2023: **Opinion on 2023 Sustainability and Climate Progress Report** *(Environmental)*	**For** *(N/A - Managers supported this proposal, noting the company had made sufficient progress over the year and were responsive to engagement efforts from investors. While they felt there was still room for improvements in some areas, they were satisfied that the company committed to reduce by 30 percent scope 3 GHG emissions from oil production by 2030 and committed to disclose absolute targets for GHG emissions covering all activities as well as further information regarding their environmental impact.)*	**86% Support** Proposal passed. *(Managers are continuing to monitor the company against its recent commitments.)*
		26/05/2023: **Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement** *(Environmental)*	**Split** *(No –* ***For (1):*** *The manager who voted FOR this proposal noted its adoption would help to strengthen the company's efforts to reduce its carbon footprint and align its Scope 3 emission targets with Paris Agreement goals and would allow investors to better understand how the company is managing both its transition to a low carbon economy and its climate change-related risks.* ***Against (1):*** *The manager that voted against felt this proposal did not merit support as they were satisfied with the existing progress and disclosures put forward by the company in its climate progress report.)*	**29% Support** Proposal did not pass. *(None to report)*
Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
MGI UK Equity Fund	**BP plc** *(2.4%)*	27/04/2023: **Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions** *(Environmental)*	**Against** *(N/A - Manager voted against as there were concerns that shareholder-mandated revisions of the company's Scope 3 emissions reduction targets would not be in the best interest of shareholders.)*	**16% Support** Proposal did not pass. *(None to report)*

	Legal & General Group plc *(1.5%)*	18/05/2023: **Approval of Climate Transition Plan** *(Environmental)*	**For** *(N/A The Company has adopted a net zero ambition and has set reduction targets for its Scope 1, 2, and 3 emissions. The Company also provides reporting aligned with the TCFD, information concerning its scenario analysis, and has received third-party assurance on its GHG emissions. Overall, we believe its disclosure is sufficient to allow shareholders to understand and evaluate how the Company intends, at this time, to meet its climate objectives.)*	**95% Support** Proposal passed. *(None to report)*
	Shell Plc *(4.5%)*	23/05/2023: **Approval of Energy Transition Progress** *(Environmental)*	**For** *(N/A - Given the totality of circumstances, including the recent energy crisis, the manager acknowledge the potential of utilizing this proposal to express concerns about the ambition of the Company's climate plan, such as its lack of absolute Scope 3 targets. However, on balance, particularly in consideration of the Company's engagement with shareholders on this matter and its robust disclosures, the manager did not believe it was warranted to oppose this proposal.)*	**77% Support** Proposal passed. *(None to report)*
		23/05/2023: **Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement** *(Environmental)*	**Against** *(N/A - Given the Company's existing GHG reduction goals, and its extensive disclosure on the steps it is taking to mitigate its environmental impact, the manager did not believe that adoption of this proposal would benefit the Company or its shareholders.)*	**19% Support** Proposal did not pass. *(None to report)*

DC Section

The Trustee's policy on ESG for the DC section is set out in the SIP which is available online.

Voting and Engagement Activity during the Plan year

The Trustee has delegated its voting rights and engagement activity to the investment managers. The Trustee does not use the direct services of a proxy voter.

The Trustee through its advisor has made multiple attempts to obtain Voting and Engagement Activity from its pension provider, Utmost. This included escalating the request within Utmost.

At its last update on 25 June 2024, Utmost confirmed that it was still missing information from the underlying fund managers in order to provide this information to the Trustee.

The Trustee will continue to request this information and upload an additional version of this statement once received.