Princes Pension Scheme (‘the Scheme’)

Annual Implementation Statement for the Year Ended 31st March 2021

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the year running from 1st April 2020 to 31st March 2021 (the “**Scheme Year**”). 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.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIP that were in place for the Scheme Year, which were the SIP dated October 2019 (covering the period between April 2020 and September 2020) and the SIP dated September 2020 (covering the period between September 2020 and March 2021).

Sections 2.1 and 2.2 of this statement set out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year, respectively.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit (“DB”) Section and Defined Contribution (“DC”) Section of the SIP have been followed. **The Trustees can confirm that all policies in the SIP have been followed in the Scheme Year.**

A copy of the SIP is available at https://www.princesgroup.com/princes-pension-scheme.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Scheme.

2. Statement of Investment Principles

2.1. Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.

DB

For the DB Section, the Trustees’ primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. To guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustees have considered their objectives and adopted the following:

- To target a funding position of 110% on a gilts +0.5% p.a. funding basis (the “lower risk basis”) by 2024-2029.

DC

For the DC section of the Scheme, the Trustees’ principal mission is to help members to maximise the value of the members’ retirement benefits subject to acceptable levels of investment risk, management and administration costs.”, taking into account guidance from the Pensions Regulator and other appropriate industry and regulatory bodies.

In addition to the principal mission as stated above and the investment objectives below, the Trustees also aims to:

- Ensure that the DC Section’s operational structure is sensible and cost effective.
- Provide members with adequate tools and timely information to enable them to make informed investment and retirement decisions.

The Trustees have the following investment objectives related to the DC section of the Scheme:

- To offer suitable default investment strategies that are appropriate for the profile of defaulting members based on their expected risk tolerances and retirement objectives.

2.2. Review of the SIP

During the year, the Trustees reviewed and amended the Scheme's SIP, taking formal advice from its Investment Consultant, Mercer Limited ("Mercer"). A revised SIP was signed on September 2020 in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 to outline the Trustees' arrangements with its asset managers including:

- How the arrangements with the asset managers incentivise them to align their investment strategies and decisions with the Trustees' investment policies.
- How those arrangements incentivise the asset managers 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.
- How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration of asset managers are in line with the Trustees' investment policies.
- How the Trustees monitor "portfolio turnover costs" incurred by the asset managers.
- The duration of the arrangements with the asset managers.

2.3. Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP (dated September 2020), relating to the DB Section and DC Section of the Scheme.

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Scheme Year.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by legislation, the Trustees consult a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant. The policy is detailed in Section 1 (Introduction) of the SIP, which applies to the DB and DC Sections of the Scheme.

DB **How has this policy been met over the Scheme Year?**

Mercer continues to act as discretionary investment manager to implement the Trustees' strategy whereby the level of investment risk reduces as the Scheme's funding level improves. The Trustees continue to be advised by Mercer employees who are sufficiently experienced and FCA regulated to provide advice that is consistent with the requirements of Section 36 of the Pension Act 1995 (as amended).

The Trustees, under advice from Mercer, undertake a full review of the investment strategy on an annual basis. This was undertaken in June 2020. Accordingly, a revised matching portfolio was subsequently updated to accommodate market movements and changes in the Scheme's liability benchmark portfolio, on 27 July 2020.

DC **How has this policy been met over the Scheme Year?**

In November 2019, the Trustees received advice from its advisors, Mercer, in respect of Equitable Life With Profits Fund Assets and uplifts provided on closure and subsequent transfer of these assets to Utmost Life and Pensions (Utmost). The initial recommendation was to invest all of these assets in the Secure Cash Fund until 30 June 2020 and subsequently, for members who were within five years of their retirement age, the Secure Cash Fund investments should transition over the final six months of 2020 to Utmost's Money Market Fund, and younger members should transition to over the final six months to Utmost's "Investing by Age Journey" i.e. multi-asset funds. The advice explained the expected returns of the "Investing by Age Journey" and also the risk and return profile of the Secure Cash Fund.

However, given the changes in the investment markets as a result of COVID 19, in June 2020, the Trustees received revised advice which recommended that assets within the Secure Cash Fund, for all members regardless of their age, transition to the Utmost Money Market Fund over the final six months of 2020.

The Trustees received advice regarding the underlying investments in the Utmost Money Market Fund and the terms and conditions for the Fund. The Trustees also drafted a member communication to outline their decision to follow this recommendation.

Investment Mandates

Realisation of Investments

Policy

The Trustees' policy is that there should be sufficient liquidity within the Scheme's assets to meet short term cashflow requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the Scheme's overall investment policy.

DB **Policy**

Further details are set out in the following sections of the SIP:

- Realisation of Investments (SIP Section 2.4.4)
- Cash Flow Management and Rebalancing Policy (SIP Section 2.4.5)

How has this policy been met over the Scheme Year?

The Scheme's assets are invested in daily-dealt pooled fund investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Where pooled investment arrangements do not invest assets in regulated markets, these are not expected to account for a material proportion of assets. Therefore, assets should be realisable at short notice, based on member and Trustees' demand.

Where disinvestments were arranged during the year, the policies stipulated within the relevant appointment documentation have been followed.

DC **Policy**

Further details are set out in the following sections of the SIP:

- Risk Management and Measurement (SIP Section 3.2.)
- Policies in relation to the default investment option (SIP Section 3.4.1.)
- Realisation of Investments (SIP Section 3.6.)

How has this policy been met over the Scheme Year?

No changes during the year to the liquidity of the funds used by the Scheme. All assets are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on member demand.

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Scheme’s SIP outlines the Trustees’ beliefs on ESG factors (including climate change). Further details are included in Section 6 of the SIP, which applies to the DB and DC Sections of the Scheme. The Trustees keep the policy under regular review.

How has this policy been met over the Scheme Year?

DB DC

Within the DB section, the following work was undertaken during the year relating to the Trustees’ policy on ESG factors, stewardship and climate change, and sets out how the Trustees’ engagement and voting policies were followed and implemented during the year.

Policy Updates

- The Trustees consider 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 Trustees on a regular basis.
- The Mercer Sustainability Policy is reviewed regularly. In August 2020 the Stewardship section was updated to reflect an enhanced approach to monitoring both voting and engagement as well as the Exclusions section to include the implementation of certain exclusions across passive funds from 1 October 2020. In March 2021 there was a further update in relation to sustainability–related disclosures in the financial services sector (“SFDR”) implementation.
- In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone Engagement Policy to specifically address the requirements of the directive.

Climate Change Reporting and Carbon Foot-printing

- Mercer undertake climate scenario modelling and stress testing on the Mercer multi sector funds used by the Scheme on an annual basis, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations, with the latest review as at 31 March 2020. The results of the climate scenario modelling and carbon foot-printing are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2˚C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.
- Carbon Footprint analysis of all equity funds is completed on a six monthly basis. From 31 December 2019 the approach was enhanced to include the top 5 carbon emitters and the top 5 contributors to the Weighted Average Carbon Intensity (WACI) to give the Mercer and MGIE investment teams additional information to drive engagement with managers.

ESG Rating Review

- ESG ratings assigned by Mercer (and its affiliates’) global manager research team, are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees. 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. Since Q3 2020 the quarterly performance report has included the Mercer funds overall ESG rating compared to the appropriate universe of strategies in Mercer’s global investment manager database.

- As at 31 December 2020 the Trustees noted that 95% of Mercer Funds now have an ESG rating equal to or above their asset class universe, a 10% improvement on 2019.

Update to Exclusions

- As an overarching principle, Mercer and MGIE, as the Trustees' discretionary investment manager, prefer an approach of positive engagement rather than negative divestment. However Mercer and MGIE recognises that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.
- Controversial and civilian weapons, and tobacco are excluded from active equity and fixed income funds. From 1 October 2020, the controversial weapons screen was extended to passive equity funds. The Mercer sustainable themed funds have additional exclusions, for example covering gambling, alcohol, adult entertainment and fossil fuels.
- In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, environmental and corruption issues.

Sustainably themed investments

- A detailed standalone report sustainability monitoring report is produced for the Sustainable Global Equity passive fund on a semi-annual basis, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

Diversity

- From 31 December 2020 Gender diversity statistics have also been included in the quarterly reporting for the Mercer equity funds and this is being built into a broader investment policy.

Within the DC Section, the investment performance report, including ESG ratings of the funds, is reviewed by the Trustees on a quarterly basis. The Scheme's investment manager remained highly rated during the year. The investment performance report also includes how each investment manager is delivering against their specific mandates.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters).

Policy

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the investment managers. Further details are set out in Section 6. ESG, Stewardship and Climate Change Section. This section of the SIP, applies to the DB and DC Sections of the Scheme. In addition, it is the Trustees' policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

How has this policy been met over the Scheme Year?

DB DC

The Scheme's investments take the form of shares or units in the Mercer Funds (for the DB section) and LGIM funds (for the DC section).

Within the DB section, any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third party investment managers appointed by MGIE. MGIE accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and has therefore enabled managers to vote based on their own proxy-voting execution policy, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. As such the Trustees do not use the direct services of a proxy voter.

We have set out a summary of voting activity for the year to 31 March 2021 relating to the Mercer and LGIM Funds relevant to the Scheme in section 4.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

Policy

The Trustees' policy is set out in Section 7. (Implementation and Engagement Policy) of the SIP, which applies to the DB and DC Sections of the Scheme.

DB

How has this policy been met over the Scheme Year?

In the year to 31 March 2021, the Trustees have discussed their continued appointment of Mercer as part of a Competition & Markets Authority (CMA) retender exercise. Following a market review, the Trustees agreed to continue to appoint Mercer, who are deemed to have a contractual arrangement in place which continues to incentivise them to make decisions based on medium to long-term considerations.

The investment strategy report or a summarised version was reviewed by the Trustees on a quarterly basis – this includes a comparison of how the Scheme's funding level is progressing versus the projections of the Scheme's funding level from the latest investment strategy review in order to assess whether the Trustees are on track to meet their objective.

DC

How has this policy been met over the Scheme Year?

The Trustees considered the extent to which the investment options and benefits offered by the Scheme represent value for members, compared with other options available in the market. In August 2020, the Trustees undertook a Value for Member's (VfM) assessment. The Trustees concluded that the Scheme's overall benefits and options represent good value for money in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- Transaction costs seem reasonable;
- The funds used by the Scheme are highly rated by Mercer as having good prospects of achieving their risk and return objectives; and
- The performance of the Scheme's funds over the last year to 31st March 2020 compare favourably to the benchmark.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees' policy is set out in Section 7. (Implementation and Engagement Policy) of the SIP, which applies to the DB and DC Sections of the Scheme.

DB

How has this policy been met over the Scheme Year?

The quarterly investment reporting and ad-hoc investment updates were reviewed by the Trustees on a quarterly basis, which includes financial metrics and Mercer Manager Research Ratings for the underlying asset managers that comprise the Mercer Funds.

The Mercer Research Rating includes a Manager Rating which gives an indication of Mercer's view on the likelihood of a manager to achieve their performance objective and an ESG Rating which gives an indication of the extent to which ESG considerations are incorporated into the managers' investment process.

DC

How has this policy been met over the Scheme Year?

The performance of each of the Scheme's funds, including those used in the Lifestyle arrangements, were reviewed by the Investment Committee at each of its quarterly meetings. This included fund performance against their benchmarks over both quarter, 1 year, 3 year and 5 year time periods.

The charges paid to the Investment Manager for their services were analysed as part of the annual VfM assessment for the DC Section, which was conducted by the Scheme's Investment Consultant.

Monitoring the Investment Managers

Monitoring portfolio turnover costs

Policy

The Trustees' policy is set out in Section 7. (Implementation and Engagement Policy) of the SIP, which applies to the DB and DC Sections of the Scheme.

DB

How has this policy been met over the Scheme Year?

As noted in the SIP, the Trustees do not explicitly monitor portfolio turnover costs with respect to the DB Section of the Scheme. Investment manager performance was reported and evaluated net of all fees and transaction costs (costs incurred as a result of buying and/or selling assets), and where possible, performance objectives for investment managers were set on a net basis. In this way, managers were incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.

DC

How has this policy been met over the Scheme Year?

Transaction costs were reviewed by the Investment Committee once a year upon analysis of the Scheme's VfM Assessment and were also disclosed in the annual Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager.

The duration of the arrangements with asset managers

Policy

The Trustees are a long-term investor and does not seek to change the investment arrangements on a frequent basis. Further details of the Trustees' policy are set out in Section 7. (Implementation and Engagement Policy) of the SIP, which applies to the DB and DC Sections of the Scheme.

DB

How has this policy been met over the Scheme Year?

Mercer has been appointed as a fiduciary management partner to assist the Trustees in achieving the Scheme's long-term objectives. In that role, there is an expectation of a longer term relationship until the journey is completed. This will be reviewed periodically. As noted earlier, the Trustees conducted a market review of their fiduciary partner during the year and agreed to retain Mercer.

MGIE provide ongoing oversight of all underlying asset managers and will ensure the asset managers' continued appropriateness. As such there is no set duration for manager appointments.

DC

How has this policy been met over the Scheme Year?

The Trustees considered the extent to which the investment options and benefits offered by the Scheme represent value for members, compared with other options available in the market. In August 2020, the Trustees undertook a VfM assessment. The Trustees concluded that the Scheme's overall benefits and options represent good value for money in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- The performance of the Scheme's funds over the last five years to 31st March 2020 compare favourably to the benchmark.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB

Policy

The Trustees' policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Objectives and Policy (SIP Section 2.1)
- Investment Strategy (SIP Section 2.4)

How has this policy been met over the Scheme Year?

The Trustees have decided to delegate the implementation of the desired investment strategy to Mercer, with pre-agreed funding level de-risking triggers agreed which prompt action being taken by Mercer to progressively de-risk the Scheme's investment strategy.

The Trustees consider the way in which investment risk should be reduced and have delegated the monitoring of the de-risking triggers to Mercer who review the funding level on a daily basis. During the year, the Scheme achieved three de-risking triggers and the target Growth allocation was reduced from 23% to 15%.

MGIE constructs portfolios of investments that are expected to maximise the return (net of all costs) given the targeted level of risk and the investment objectives over the lifetime of the Scheme.

DC

Policy

The Trustees' policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

Further details are set out in the following sections of the SIP:

- Investment Objectives (SIP Section 3.1.)
- Risk (SIP Section 3.2.)
- Investment Strategy (SIP Section 3.3.)
- Overall Aims (SIP Section 3.4.1.)
- Realisation of Investments (SIP Section 3.6.)

The default investment strategies are designed after careful analysis of the membership demographic and other characteristics in order to offer a suitable approach in so far as is practical, to the needs of the Scheme's members. The Trustees carries out regular assessments of the performance of the default investment strategies and their design to ensure they continue to remain appropriate for the membership.

How has this policy been met over the Scheme Year?

Over the year, the Trustees received investment performance reports from the investment manager on a quarterly basis for all of the funds within the Lifestyle arrangement. This included fund performance against benchmarks over both short and longer-term periods. Investment performance is reviewed by the Trustees at the quarterly Trustees' meetings.

The Trustees were satisfied with the performance of the funds over the Scheme year having performed in line with their underlying aims and objectives

Strategic Asset Allocation

Risks, including the ways in which risks are to be measured and managed

DB **Policy**

The Trustees recognises a number of risks involved in the investment of the assets of the DB Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under the following section of the SIP:

- Risk Management (SIP Section 2.3)

How has this policy been met over the Scheme Year?

As detailed in Section 2.3 of the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies and evaluating Mercer and MGIE's actions relating to the strategic asset allocation, dynamic asset allocation and choice of sub investment- managers and asset classes.

The investment strategy report is reviewed by the Trustees on a quarterly basis – this includes the overall funding level risk and as appropriate comments on the other risks to which the Scheme is exposed.

DC **Policy**

The Trustees recognise a number of risks involved in the investment of the assets of the DC Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under the following section of the SIP:

- Risk (SIP Section 3.2.)

In determining which investment options to make available the Trustees consider the investment risk associated with DC pension investment. The risk can be defined as the uncertainty over the ultimate amount of savings available on retirement.

How has this policy been met over the Scheme Year?

The Trustees received administration reports over the year which were reviewed by the Governance Committee to ensure that core financial transactions were processed within agreed service levels and regulatory timelines.

Other risks were managed during the year as described in the SIP (Section 3.4.1. and Section 3.4.2.).

The Trustees also received updates from the Investment Consultant on developments concerning the investment manager. None of these updates resulted in any recommended changes to the DC arrangements.

3. Examples of Engagement Activity by the Scheme's Equity Investment Managers

The following are examples of engagement activity undertaken by the Scheme's Equity investment managers.

Mercer Passive Sustainable Global Equity Fund (within the Scheme's Growth Portfolio) Social and Environmental engagement examples

DB

Social Issue: Labour rights and unionization of workers

- Engagement: The sub-investment manager (along with 70 other investors) engaged with an American multinational technology company management, emphasizing the role that worker representation plays in supporting companies in identifying and managing operating risks. The communication highlighted that workers should be free to exercise their freedom of association and right to collective bargaining.
- Outcome: The company launched its Global Human Rights Principles thereby committing to the UN Guiding Principles on Business and Human Rights. Additionally, the company commissioned a human rights impact assessment by an external consultant. The company is yet to demonstrate how it meets the commitments and hence the engagement will continue.

Environmental Issue: Labour rights and unionization of workers

- Engagement: The sub-investment manager engaged with a consumer goods giant supporting a shareholder proposal to eliminate deforestation from its supply chain, encouraging the company to increase the percentage of sustainably certified pulp.
- Outcome: The company introduced a number of objectives and targets to ensure its business does not impact deforestation. As the company did not respond to CDP Forest disclosure (was viewed as a red flag in terms of its level of commitment), the sub-investment manager will therefore continue to engage with the company on the issue and will monitor its CDP disclosure for improvement.

LGIM engaged with BP, ExxonMobil and Occidental Petroleum to reduce emissions and set broad net zero targets

DC

LGIM has written to about 500 companies with poor climate scores relative to their size, detailing our assessment. Through voting, they will sanction companies that persistently fall short of its minimum standards at the 2021 AGM season. LGIM sanctions will increase over time, with the possibility of divestment from select funds for persistent offenders. Alongside this quantitatively driven process, we have also selected some 60 companies for in-depth engagement. This is centred on the guidance documents we have produced, detailing net zero challenges, opportunities and 'red lines' for each sector, such as a planned coal phase-out for electric utilities. Violation of these red lines could prompt firm-wide voting or divestment sanctions.

Oil majors shifting on net zero

Oil companies have begun to adopt net zero emissions targets, relating not just to their operations, but also the use of their products (by far the largest source of emissions for the industry). BP (LGIM ESG score: 38; unchanged from 2019) plans to curb oil and gas production significantly, broadly in line with global climate targets. "We listened and we learned," said Bernard Looney, BP CEO*, reflecting on shareholder engagement co-led by LGIM, as part of the Climate Action 100+ investor coalition.

But progress has not been uniform: having previously divested from ExxonMobil (ESG score: 26; -1) from some of LGIMs funds due to concerns over governance and climate targets, in 2020 LGIM announced they would be voting against the company's chair-CEO, as well as several other directors. By contrast, Occidental Petroleum (ESG score: 24; +2), another company formerly on LGIM's sanction list, in 2020 became the first US oil major to announce broad net zero targets.

Source: Legal & General

4. Voting Activity during the Scheme Year DB

Set out below is a summary of voting activity for this reporting period relating to the relevant Mercer Funds that are invested within the Scheme's Growth Portfolio (Diversified Growth Fund).

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

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.

"Unvoted" reflects instances where managers have not actioned a vote – these are specific areas where MGIE will follow up to ensure managers have appropriate systems in place to ensure all votes are actioned. "Other" reflects instances where managers have withheld votes in Power of Attorney markets, share blocking markets or where conflicts of interest may be present.

Significant Votes: Mercer Investment Solutions has based its definition of significant votes on its Global Engagement Priorities, based on its Beliefs, Materiality and Impact ("BMI") Framework. This is summarised in the Engagement Section of the MGIE Sustainability Policy. In order to capture this in the monitoring and reporting of managers voting activities, significant votes focus on proposals covering these priority areas, with specific focus placed on shareholder proposals ("SHP") relating to these priority areas and taking into account the size of holding across funds

Fund	Total Proposals	Voted 'For'	Voted 'Against'	Abstained from voting	Unvoted	Other	For Management	Against Management	Use of Proxy Advisor
Mercer Passive Emerging Market Equity	**49,136**	84%	12%	2%	1%	0%	87%	13%	Yes
Mercer Fundamental Indexation UCITS CCF	**2,533**	77%	13%	0%	8%	2%	83%	17%	Yes
Mercer Passive Global Listed Infrastructure UCITS CCF	**3,741**	78%	17%	3%	1%	1%	82%	18%	Yes
Mercer Passive Global REITs	**2,892**	83%	13%	0%	0%	4%	83%	17%	Yes
Mercer Passive Global Small Cap Equity	**44,649**	75%	14%	0%	8%	3%	82%	18%	Yes
Mercer Passive Low Volatility Equity UCITS CCF	**4,509**	79%	15%	0%	4%	2%	80%	20%	Yes
Mercer Passive Sustainable Global Equity UCITS CCF	**14,800**	80%	16%	0%	1%	2%	81%	19%	No

Sample of the most significant votes (1/3)

Fund	Shareholder Proposal ("SHP")	Issuer	Vote Decision
Mercer Passive Emerging Markets Equity *	Management Proposal Regarding Election of Directors	Bank VTB North-West Jsc	Against
	Management Proposal Regarding H-Share Offering and Listing in Hong Kong and Conversion Into A Company Limited	Hangzhou Tigermed Consulting Co Ltd	For
	Management Proposal Regarding Amendments to Procedural Rules for Shareholder	Hangzhou Tigermed Consulting Co Ltd	Abstain
Mercer Passive Fundamental Indexation Global Equity UCITS CCF	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Intel Corp.	Against
	Shareholder Proposal Regarding Climate Change Proxy Voting Practices	T. Rowe Price Assoc Inc.	For
	Shareholder Proposal Regarding Climate Risk Report	iA Financial Corp	For
	Shareholder Proposal Regarding Environmental Impact Report	iA Financial Corp	For
	Shareholder Proposal Regarding Restriction on Investment in the Japan Atomic Power Company	Chubu Electric Power Co Inc	Against
	Shareholder Proposal Regarding Health Risks of Tobacco Sales During COVID-19	Walgreens Boots Alliance Inc	Against
Mercer Passive Global Listed Infrastructure UCITS CCF	Shareholder Proposal Regarding Amending the Byelaws Concerning the Presentation of Climate Transition Reporting	Aena S.M.E. S.A.	For
	Shareholder Proposal Regarding Report on Climate-related Activities	Xcel Energy, Inc.	Against
	Shareholder Proposal Regarding Environmental Expertise on Board	MGE Energy, Inc.	Against
	Shareholder Proposal Regarding Environmentally Friendly Technology	Hokkaido Electric Power Co. Inc	Against
	Shareholder Proposal Regarding Restriction on Investment in the Japan Atomic Power Company	Chubu Electric Power Co Inc	Against
	Shareholder Proposal Regarding Tritium Contamination Investigation Committee	Kyushu Electric Power Co. Inc	Against

** In instances where significant shareholder proposals were not available over the period, management proposals were selected considering holding size and proposal matter.*

Sample of the most significant votes (2/3)

Fund	Shareholder Proposal ("SHP")	Issuer	Vote Decision
Mercer Passive Global REITS UCITS CCF*	Management Proposal Regarding Election of directors	Nippon Prologis REIT Inc.	For
	Management Proposal Regarding Advisory Vote on Executive Compensation	Digital Realty Trust Inc	For
	Management Proposal Regarding Election of directors	Digital Realty Trust Inc	For
	Management Proposal Regarding Advisory Vote on Executive Compensation	Public Storage	For
Mercer Passive Global Small Cap Equity UCITS CCF	Shareholder Proposal Regarding Linking Compensation to ESG Criteria	SNC - Lavalin Group Inc.	For
	Shareholder Proposal Regarding Deforestation and GHG Emissions Report	Bloomin Brands Inc	For
	Shareholder Proposal Regarding Report on Reduction of Water Pollution	Pilgrim`s Pride Corp.	For
	Shareholder Proposal Regarding Board Diversity Report	National Healthcare Corp.	For
	Shareholder Proposal Regarding Environmentally Friendly Technology	Hokkaido Electric Power Co. Inc	Against
Mercer Passive Low Volatility Equity	Shareholder Proposal Regarding Greenhouse Gas Targets	Toronto Dominion Bank	Against
	Shareholder Proposal Regarding Formation of Climate Change Committee	Chevron Corp.	For
	Shareholder Proposal Regarding Diversity and Inclusion Report	Procter & Gamble Co.	For
	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	Chevron Corp.	For
	Shareholder Proposal Regarding Report on Response to Opioid Epidemic	Johnson & Johnson	For
	Shareholder Proposal Regarding Report on Sugar and Public Health	McDonald`s Corp & Pepsico Inc.	For

** In instances where significant shareholder proposals were not available over the period, management proposals were selected considering holding size and proposal matter.*

Sample of the most significant votes (3/3)

Fund	Shareholder Proposal ("SHP")	Issuer	Vote Decision
Mercer Passive Sustainable Global Equity UCITS CCF	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Bank Of New York Mellon Corp	For
	Shareholder Proposal Regarding Linking Compensation to ESG Criteria	Saputo Inc	For
	Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement	JPMorgan Chase & Co.	For
	Shareholder Proposal Regarding Deforestation and Climate Impact Report	Yum Brands Inc.	For
	Shareholder Proposal Regarding Reducing Investments and Underwriting Exposure to Fossil Fuel Assets	QBE Insurance Group	For
	Shareholder Proposal Regarding Diversity and Pay Data Reporting	Charles Schwab Corp.	For
	Shareholder Proposal Regarding Report on Response to Opioid Epidemic	Johnson & Johnson	For
	Shareholder Proposal Regarding Report on Sugar and Public Health	McDonald`s Corp & Pepsico Inc.	Against
	Shareholder Proposal Regarding Health Risks of Tobacco Sales During COVID-19	Walgreens Boots Alliance Inc	Against

Voting Activity during the Scheme Year

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Scheme. Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below. DC investments are managed by Aviva Investors, Clerical Medical, and Legal & General Investment Management (LGIM). At the time of writing Clerical Medical were unable to confirm their voting activity for the Clerical Medical Balanced and UK Growth Funds.

Fund	Aviva Investors 50:50 Global Equity Index Fund	LGIM Multi-Asset (formerly Consensus) Fund	Clerical Medical Balanced Fund	Clerical Medical UK Growth Fund		
Total DC Scheme Allocation at 31 March 2021	£127,814	£87,364	-	-		
Number of meetings eligible to vote at over year to 31 March 2021	2,802	11,238	-	-		
Number of resolutions eligible to vote on over year to 31 March 2021	36,058	114,616	-	-		
Percentage of resolutions voted on where eligible	95.23%	99.76%	-	-		
Of the resolutions voted on, percentage voted with management	74.0%	81.73%	-	-		
Of the resolutions voted on, percentage voted against management	24.0%	17.71%	-	-		
Of the resolutions voted on, percentage abstained	2.0%	0.56%	-	-		

Source: Aviva and LGIM

Sample of the most signficant votes

✗ Resolution not passed ✓ Resolution passed

Fund	Company	Date of vote	How the Manager voted	Rationale of Manager vote	Final outcome following the vote
Multi-Asset (formerly Consensus) Fund	Qantas Airways Limited	23/10/2020	LGIM voted against resolution 3 and supported resolution 4.	The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance.	✓
Multi-Asset (formerly Consensus) Fund	Whitehaven Coal	22/11/2020	LGIM voted for the resolution.	The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation	✗
Multi-Asset (formerly Consensus) Fund	International Consolidated Airlines Group	07/09/2020	LGIM voted against the resolution.	The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model	✓
Multi-Asset (formerly Consensus) Fund	Lagardère	05/05/2020	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardère SB directors (resolutions B,C,E,F,G).	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures.	✗
Multi-Asset (formerly Consensus) Fund	Imperial Brands plc	03/02/2021	LGIM voted against both resolutions.	The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions.	✓
Aviva Investors 50:50 Global Equity Index Fund	Santos Limited	03/04/2020	Aviva supported the shareholder resolution	Aviva supported the resolution given that the company's current level of disclosure regarding its capital expenditure strategy and emissions do not appear to align with Paris goals, under reasonable assumptions.	✓
Aviva Investors 50:50 Global Equity Index Fund	AstraZeneca PLC	29/04/2020	Aviva voted against the resolution.	Marcus Wallenberg is the VC at Investor AB, and chairs the boards of SEB AB, SAAB AB and FAB AB, which the Wallenberg family controls Investor AB. It is recognised that all four of these listed companies are related to his position at Investor AB, on behalf of whom he serves as a shareholder representative. There is no way he is able to devote the necessary time to AstraZeneca and these other companies where all directors are expected to be making themselves available for urgent board meetings etc.	✓
Aviva Investors 50:50 Global Equity Index Fund	Barclays plc	07/05/2020	Aviva supported the shareholder resolution	This resolution set out Barclays' commitment to climate change. Barclays is one of the largest lenders to fossil fuels globally, and it previously showed little intent to reduce its exposure.	✓

Source: Aviva and LGIM (2021)