Annual Implementation Statement ("the Statement") – Year Ending 31 October 2020

Avery Dennison Pension Plan (the "Plan") – Defined Contribution Section

Introduction

This Statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee, relating to the Defined Contribution ("DC") Section of the Plan, has been followed during the year to 31 October 2020. This Statement has been produced in accordance with The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator. The table later in the document sets out the how, and the extent to which, the policies in the DC Section of the SIP have been followed.

We can confirm that all policies in the SIP have been followed in the year to 31 October 2020.

Investment Objectives of the Plan

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

- To make available a range of investment vehicles which serves to meet the varying investment needs and risk tolerances of Plan members.
- To have the assets managed by investment managers believed to be of high quality, i.e. where there is a suitable level of confidence that the manager(s) will achieve their performance objectives.
- To provide a means by which active/passive management can be offered to members
- To achieve competitive investment management and Investment Consultant fees.
- To provide a framework that allows the most efficient fund switching possible in order to reduce members' out-of-market risk.

The Trustee:

- Recognises that members have differing investment needs and that these may change during the course of members' lives, before, at and through retirement.
- Recognises that members have different attitudes to risk.
- Believes that members should make their own investment decisions based on their individual circumstances.
- Regards its duty to make available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.
- Recognises that members may not see themselves as qualified to make investment decisions, and as such makes available a default investment option for those members who do not make an active choice. The default investment option has been chosen in the best interest of members and beneficiaries, taking into account the profile of Plan members.

Review of the SIP

During the year, the Trustee reviewed the Plan's SIP. A revised SIP was signed on 14 September 2020 in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies in SIP.
- How that 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.
- How the method (and time horizon) of the evaluation of asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangement with the asset manager.

Following the Plan year-end, the SIP was also updated in February 2021 to include an additional section on Additional Default Arrangements (Section 5). This section has been included due the creation of additional default funds following the closure of the M&G All Stocks Corporate Bond Fund in December 2019 and the consolidation of AVC assets from Utmost Life and Pensions into the main DC platform held with Aviva in February 2021.

The impacted Funds that are included in the SIP have been identified as 'default arrangements' as members' contributions have been automatically directed to them without members having instructed the Trustee where their contributions are to be invested

In preparing this Statement, only the SIP signed on 14 September 2020 has been considered. The changes made in the SIP dated 24 February 2021 were made after the Plan year-end so they are not considered as this Statement only covers the year to 31 October 2020. The latest version of the Statement of Investment Principles is available on a publicly available website: https://vfm.aviva.co.uk/avery-dennison-pension-F69285/

Investment Strategy Review

The default investment option is reviewed at least triennially as part of the Trustee investment strategy review. The last review was undertaken on 17 September 2018. This review considered the following:

- The trends seen in the overall market, and specifically within the Plan, on how members are accessing their pensions at retirement.
- Current and projected pot sizes of members, using market data to suggest how these members might be likely to access their pension pots in the future.
- Scenario and factor analysis of the current member demographics including both active and deferred members of the Plan.
- The mismatch risk between the retirement destination targeted by an investment strategy and how a member chooses to access their retirement savings.
- Performance of the investment funds and overall default against the aims and objectives, as covered in the quarterly investment report.

The following recommendations were proposed:

- Change the default strategy from targeting annuity purchase to target flexible drawdown. This change was implemented in July 2019.

Assessment of how the policies in the SIP have been followed for the year to 31 October 2020

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee policies in the SIP, relating to the Plan as a whole and the default investment arrangement. The SIP is attached as Appendix A and sets out the policies referenced below.

	Requirement	Policy	In the year to 31 October 2020
1	Securing compliance with the legal requirements about choosing investments	***(3) Investment Policies*** *In considering appropriate investments for the Plan, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions Act 1995*	Two new investments were implemented during the year. On 1 January 2020, holdings in the With-Profits Fund at Equitable Life were transferred to Utmost Life and Pensions. Upon moving, members received an uplift to their benefits; this was compensation for the removal of the guarantees associated with the With-Profits Fund. Member's holdings were invested into the Secure Cash Fund at Utmost Life and Pensions. From 1 July 2020, investments in the Secure Cash Fund were planned to start moving into the Utmost Money Market Fund. The Trustee has subsequently decided to transition these assets into the DC arrangement due to increased governance, lower fees, and more investment choice. The Trustee have received written advice from their investment consultant.
2	Kinds of investments to be held	***Appendix A (2) Default Option Investment Principles*** *A range of asset classes are included within the default option, including: developed market equities, emerging market equities, small capitalisation equities, low volatility equities, real estate, money market investments, gilts, index-linked gilts and corporate bonds . Both active and passive management funds are utilised, depending on asset class.* *The Trustee to the Delegated Investment Manager has delegated the management of the funds within*	The default investment option was subject to its formal triennial review on 17 September 2018. Although this review was not undertaken during this Plan-year, it represents an important exercise for the Trustee that covers the majority of the Plan's investments. This review covered the target for the default lifestyle, the funds that comprise the default lifestyle and the self-select funds available to members. Following this review of the Plan's investment arrangements the Trustee decided to change the default strategy from the Target Annuity Retirement Path to the Target Drawdown Retirement Path. This change was implemented between 3 July 2019 and 23 July 2019. Members were given the option to opt out of this change. Details on the Investment Strategy Review considerations are detailed in the Investment Strategy Review section above. The aims of the default option are now: to generate returns in excess of inflation during the growth phase whilst managing the likelihood and amount of loss that could result from a fall in investment value, to provide a

		the default option. The Trustee has outsourced the investment strategy decisions, or balance of investments, to the Delegated Investment Manager.	strategy that reduces investment risk as the member approaches retirement, and to provide exposure to assets broadly appropriate for an individual planning to take a 25% tax-free cash lump sum at retirement and leave the remainder invested to make withdrawals as required. No other changes were made in addition to the change of default strategy from the Target Annuity Retirement Path to the Target Drawdown Retirement Path and the kinds of investment held in the default strategy are consistent with the SIP. As part of the implementation of these changes the reference to the types of investments used in the default strategy were updated in the Appendix A of the SIP. No changes to the type of investments used in the default have been implemented since this review and the strategy remains consistent with this policy in the SIP.
3	The balance between different kinds of investments	***Appendix A (1) Aims and Objectives*** *The aims of the default option, and the ways in which the Trustee seeks to achieve these aims, are: to generate equity-like levels of growth whilst mitigating inflation erosion and downside risk,* to *provide a strategy that reduces investment risk for members as they approach retirement, to offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits as a mix of cash and long-term variable income / drawdown post-retirement.*	The last Investment Strategy Review covered the target for the default lifestyle, the funds that comprise the default lifestyle and the self-select funds available to members. Following this review of the Plan's investment arrangements the Trustee decided to change the default strategy from the Target Annuity Retirement Path to the Target Drawdown Retirement Path. This change was implemented between 3 July 2019 and 23 July 2019. In making the decision regarding which Target Retirement Path (Annuity, Cash or Drawdown) should be the default investment option, the Trustee considered their understanding of the Plan's membership. Based on this understanding, a default investment option that targets income drawdown and a tax-free cash lump sum (up to 25% of a members' pot) was chosen. The Trustee will continue to review this over time, at least triennially, or after significant changes of the Plan's demographic, if sooner. The Trustee receive a quarterly investment performance report that monitors the risk and return of options within the Plan.

4	Risks, including the ways in which risks are to be measured and managed	***(5) Risk Management*** *The Trustee has considered risk for the DC Section of the Plan from a number of perspectives.*	As detailed in the risk table on Section 5 of the SIP, the Trustee has considered risk for the DC Section of the Plan from a number of perspectives. The list provided in this section is not exhaustive but covers the main risks that the Trustee considers and how these are managed and measured. The Plan maintains a risk register of the key risks, including the market risks, investment manager risks, and ESG risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.
5	Expected return on investments	***Appendix A (2) Default Option Investment Principles*** *The funds available are expected to provide an investment return commensurate with the level of risk being taken.* *In designing the default, the Trustee have explicitly considered the trade-off between risk and expected returns. Generate returns in excess of inflation during the growth phase and de-risk towards the retirement date to match*	The Trustee on a quarterly basis reviews the investment performance report – this includes the risk and return characteristics of the default and additional investment fund choices. The investment performance report includes how investment managers are delivering against their specific mandates. Over the long term, the Mercer Growth fund has outperformed its target, having returned 9.7% p.a., net of investment fees, against its cash plus 4% p.a. over the 5 years to 30 September 2020. The fund achieved these returns with substantially lower levels of volatility and lower downside risk than global equities as measured by the MSCI World (NDR) index. The growth phase of the default is reviewed against inflation and equity volatility. The Default Option Investment Policies are described in Section 2 of the SIP's Appendix A. The Trustee, with support from their advisers, Mercer, undertook a full Value for Members assessment in February 2021 to cover the one year period to 31 October 2020. The Trustee concluded that the Plan's overall benefits and options represent good value for money in comparison to the costs payable by members. The reasons underpinning this conclusion include:

			• Charges for the Plan's default lifestyle are significantly below the charge cap of 0.75% per annum; • Charges on all funds have been assessed by Mercer as comparing favourably with those of peer funds; • The funds used by the Plan are highly rated by Mercer as having good prospects of achieving their risk and return objectives; and, • The performance of the Plan's funds over the 5 years (to 31 October 2020) compare favourably relative to the benchmark set by the Trustee with some exceptions. The Trustee will continue to monitor all funds closely, identifying any funds not achieving its objectives and make changes as required.
6	Realisation of investments	***Appendix A (2) Default Option Investment Principles*** *The Trustee requires that 90% of all investments should be realisable at short notice. All funds are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand.*	The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within SLAs and within regulatory timelines. The Trustee has delegated the administration of Plan member records and investment platform services to Aviva Life & Pensions UK Limited ('Aviva'), under agreement with Mercer Workplace Savings ('MWS'). The Trustee appointed Aviva and MWS in December 2011. The Trustee operates a system of internal controls aimed at monitoring the Plan's administration and management and monitors the extent to which the Plan's core financial transactions are processed promptly and accurately through the following framework:

		The Trustee considers the liquidity of the investment in the context of the likely needs of members.	- Reviewing the contribution payment and investment dates relating to each month's contributions to the Plan. This information is detailed within the administration reports produced by Aviva which are reviewed by the Trustee at each of their meetings. - Reviewing the extent to which Aviva comply with the relevant Service Level Agreement ('SLA') in place for key transactional work items. As confirmed in the Chair's Statement that has been prepared for the year ending 31 October 2020, with data provided from Aviva from Q4 2019 until Q3 2020, the overall performance attained during the reporting period was 97% of events being processed within the agreed target dates. Mercer also oversees the performance of Aviva through the MWS platform that the Plan is operated through. Mercer would raise any concerns with the Trustee. Performance was above the service level failure point throughout the year. There have been some minor issues with the service provided by Aviva. Full details of these can be found below: - "Pensions Freedoms" has seen an increase in members taking advantage of the portability and flexibility of their pension savings. Q1 2019 saw a 25% increase in volumes since Q4 2018. Payments out include: transfers out, payment of tax free cash lump sums, UFPLS payments, drawdown payments. While the increase in volume was noted as a cause of the missed SLA targets, this is an area that MWS has raised with Aviva to improve the servicing on as, while the

			member experience is being managed, there is an identified trend, which is to be addressed. The Plan is invested in daily dealt and daily priced pooled funds.
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	***(8) Responsible Investment and Corporate Governance (Voting & Engagement)*** *The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.* *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	The Trustee on a quarterly basis reviews the investment performance report – this includes ratings (both general and specific ESG) from the investment advisers. All of the managers under the remit of the Delegated Investment Manager remained highly rated during the year. The investment performance report includes how investment managers are delivering against their specific mandates. Where managers are not highly rated by the Manager Research Team from an ESG perspective, as the Delegated Investment Manager, Mercer will engage with those managers to improve ESG practices, or replace these managers with more highly rated ESG managers. This is in line with Mercer's Sustainable Investment Policy. Section 8 of the Plan's SIP includes the Trustee policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. Given the majority of funds are managed by the Delegated Investment Manager; the Trustee has delegated the ESG, climate change and stewardship considerations to the Delegated Investment Manager alongside other investment responsibilities. The Trustee believes that the Delegated Investment Manager has the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four-pillar framework: integration,

			stewardship, thematic investment and screening the Mercer funds incorporate these four-pillars as far as is practical. The Delegated Investment Manager is expected to provide reporting on a regular basis, at least annually, on the ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios. The Trustee acknowledges that managers in fixed income do not have a high ESG rating assigned by the investment consultant due to the nature of the asset class where it is harder to engage with the issuer of debt.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	***(3) Investment Policies*** *Non-financial matters, such as member views, are not taken into consideration.*	Member views are not explicitly taken into account in the selection, retention and realisation of investments.
9	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,	***(8) Responsible Investment and Corporate Governance (Voting & Engagement)*** *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own*	The Trustee has delegated their voting rights to the appointed investment managers. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. Once appointed, the Trustee gives appointed investment managers, including the Delegated Investment Manager, full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best

	and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	*corporate governance policies and current best practice.*	practice, including the UK Corporate Governance Code and UK Stewardship Code. The following funds contain an allocation to equities: - Mercer Defensive - Mercer Moderate Growth - Mercer Growth - Mercer High Growth - Mercer Diversified Retirement - Mercer Target Drawdown - Mercer Active Emerging Markets Equity - Mercer Target Annuity - Aviva Pension Stewardship - MFS Meridian Global Equity Particular focus is placed on Mercer Growth fund, which represents the vast majority of the Plan's assets. The voting records of the investment managers are summarised in Appendix B.
10	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustee policies	***(4.1) The Asset Manager Arrangement*** *The Trustee' policy in relation to investments to be held is set out in section 3 of the SIP.* *In line with section 4 of the SIP, managers are chosen based on their*	The Trustee accesses the Investment Manager's products (or funds) through the Mercer Workplace Savings ("MWS") providers' insurance platforms. The Delegated Investment Manager appoints underlying investment managers and the Trustee selects funds from external investment managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives.

		capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required.	As part of a fund review, Aviva decided to close the All Stocks Corporate Bond Fund on 10 December 2019. Aviva subsequently transferred assets held in the Fund to the Aviva Pension Mercer Defensive / Lower Risk Fund.
11	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.	***(4.3) The Asset Manager Arrangement*** *The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers products (or funds) on a quarterly basis, including assessments of both shorter and longer time horizons.* *Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee are dissatisfied, then they will look to replace the manager.*	The Delegated Investment Manager expects all underlying investment managers to incorporate the consideration of longer-term factors, such as ESG, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments. Investment managers to discuss the performance of an issuer of debt or equity should use Voting and engagement activity. The Delegated Investment Manager engages with underlying investment managers on this activity and if dissatisfied will look to replace the manager. The Trustee expects external investment managers to incorporate consideration of longer-term factors, such as ESG into their decision-making process where appropriate. The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers products (or funds) on a quarterly basis. The Trustee and the Delegated Investment Manager also rely upon Mercer's manager research capabilities. During the Plan year, the Mercer Active Emerging Markets Equity Fund portfolio slightly underperformed the benchmark over the quarter and remains marginally behind as at September 2020. In August, Mercer removed Copper Rock, one of the underlying funds, following a ratings downgrade by the Mercer manager researchers. The assets were allocated to the remaining

			4 sub-investment managers in the fund. Mercer is currently undertaking an in-depth review of value managers in the emerging market space.
12	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' policies.	***(4.5) The Asset Manager Arrangement*** *The Trustee is a long-term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Delegated Investment Manager is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustee is responsible for the selection, appointment and removal of the external investment managers. The Trustee may also choose to remove a fund from the fund range, if no longer considered appropriate. The fund range is formally reviewed on at least a triennial basis.*	The remuneration for Investment Managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for member assessment to ensure they continue to represent value for members. If the Investment Managers' performance is not satisfactory, the Trustee will request an explanation of performance and process from the relevant investment manager. If not satisfied with this, the Trustee may request further action be taken, including a review of fees. The fund range is formally reviewed on at least a triennial basis. MWS provides quarterly views on the Plan's fund range, as well as an overview on how Mercer funds are performing relative to their objective to highlight any deviations from mandate and tolerance ranges. On 1 January 2020, holdings in the With-Profits Fund at Equitable Life were transferred to Utmost Life and Pensions. Upon moving, members received an uplift to their benefits; this was compensation for the removal of the guarantees associated with the With-Profits Fund. Member's holdings were invested into the Secure Cash Fund at Utmost Life and Pensions. From 1 July 2020, investments in the Secure Cash Fund were planned to start moving into the Utmost Money Market Fund. The Trustee has subsequently decided to transition these assets into the DC arrangement due to increased governance, lower fees, and more investment choice.
13	How the trustee monitor portfolio turnover costs	***(4.4) The Asset Manager Arrangement***	Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members' assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The

	incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members' assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for member's assessments. Importantly, performance is reviewed net of portfolio turnover costs.*	Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members' assessments. Importantly, performance is reviewed net of portfolio turnover costs. Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement (the latest Statement is available: https://vfm.aviva.co.uk/avery-dennison-pension-F69285/). We have obtained costs for each underlying fund from Aviva based on the 'slippage cost' methodology. The slippage methodology captures the change in price of the relevant asset between the decision to execute a transaction and the actual execution. It is based on identifying the price at the decision point, which is referred to as the arrival price. The slippage methodology is based on a price being available for the asset at the time the decision was made to execute. If a price is not available from the time of the decision, then a price needs to be taken from the nearest time before the decision point when a price is available – the price that is found is then compared with the execution price. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs. It is worth noting that transaction costs can be negative, thus contributing positively to performance. While the transaction costs provided appear to be reflective of costs expected of the various asset classes and markets that the Plan invests in, there is not as yet any "industry standard" or universe to compare these to. As such any

			comments around transaction costs at this stage can only be viewed as speculative.
14	The duration of the arrangement with the asset manager	***(4.5) The Asset Manager Arrangement*** *There is no set duration for the manager appointment. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustee are dissatisfied with the managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustee.*	As described on Section 4.5 of the Plan's SIP, the Trustee is a long-term investor, all funds are open-ended and therefore there is no set duration for manager appointments. Over the period, only the M&G All Stocks Corporate Bond Fund and the Utmost Unit Linked AVC's were closed due to reasons mentioned in items 10 and 12 above.

Appendix A – Statement of Investment Principles

Avery Dennison Pension Plan

Statement of Investment Principles – Defined Contribution Section

1. Introduction

Avery Dennison Pension Trustee Limited (the "Trustee") has drawn up this Statement of Investment Principles (the "Statement") to comply with the requirements of the Pension Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (the "Regulations") as amended. This Statement sets out the principles governing decisions about the investment of the assets of the Avery Dennison Pension Plan (the "Plan").

In preparing the Statement, the Trustee has consulted with the sponsoring employer to ascertain whether there are any material issues that the Trustee should be aware of in agreeing the Plan's investment arrangements. The Trustee has also received and considered written advice from Mercer Limited (the "Investment Consultant").

The Plan comprises two sections: one providing defined benefits ("DB") and the other providing a defined contribution ("DC"). There is no cross-subsidy between the different sections.

2. Investment Objectives

The following encapsulates the Trustee's objectives for the DC Section of the Plan:

- To make available a range of investment vehicles which serves to meet the varying investment needs and risk tolerances of Plan members.
- To have the assets managed by investment managers believed to be of high quality, i.e. where there is a suitable level of confidence that the manager(s) will achieve their performance objectives.
- To provide a means by which active/passive management can be offered to members

- To achieve competitive investment management and Investment Consultant fees.
- To provide a framework that allows the most efficient fund switching possible in order to reduce members' out-of-market risk.

The Trustee:

- Recognizes that members have differing investment needs and that these may change during the course of members' lives, before, at and through retirement.
- Recognizes that members have different attitudes to risk.
- Believes that members should make their own investment decisions based on their individual circumstances.
- Regards its duty to make available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.
- Recognizes that members may not see themselves as qualified to make investment decisions, and as such makes available a default investment option for those members who do not make an active choice. The default investment option has been chosen in the best interest of members and beneficiaries, taking into account the profile of Plan members. More details regarding the default option are available in Appendix A of this Statement.

3. Investment Policies

The Trustee has appointed Mercer Workplace Savings ("MWS") for the provision of services related to corporate investment platform where the Plan's assets are invested. The Trustee has delegated the ongoing governance and monitoring of Aviva Life & Pensions UK Limited ("Aviva"), as the provider of the corporate investment platform, to MWS that aims to ensure Aviva remains market leading and to ensure it provides access to a range of investment strategies. The investment strategies the Plan access on the corporate investment platforms include funds ("Mercer funds") whose management has been delegated by the Trustee to Mercer Limited (the "Delegated Investment Manager") and funds ("externally managed funds") that are highly rated by Mercer Limited. The Trustee is responsible for the management of these externally managed funds. Further information on the Mercer and externally managed funds can be found in Appendix B.

The Trustee undertakes to review the DC Section's externally managed funds offered to members and the Delegated Investment Manager arrangements on a regular basis. In considering appropriate investments for the Plan, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Trustee makes available a range of funds and lifestyle strategy options for the DC Section of the Plan that they believe provide appropriate strategic choices for members' different saving objectives, risk profiles and time horizons. Members themselves determine the fund(s) in which they choose to invest.

Members who do not indicate a preference are invested in the default option that a lifestyle strategy designed for members is intending to access their benefits at retirement via income drawdown. Members' assets are de-risked as they approach retirement via the use of target date funds. More information on the default option can be found in Appendix A of this Statement.

In addition, two alternative lifestyle strategies are available to members that reflect the alternative ways in which members might take their benefits at retirement (Annuity or Cash). Assets will be switched into investments that seek to more closely match how the member wishes to access their pension savings as they approach retirement.

In addition to the above mentioned lifestyle strategies the DC Section comprises of a core and a non-core fund range. Active management options are offered to members within both fund ranges.

The core fund range is a range of four risk-profiled funds, offering slightly less flexibility to members in the selection of investments. These funds target different levels of risk and return and aim to provide members with a diversified multi-asset investment suitable to their risk tolerance. The Delegated Investment Manager is responsible for making decisions on asset allocations, selection, appointment, removal and monitoring of underlying external investment managers within these risk profiled funds. The underlying asset allocation of the risk-profiled funds depends on the risk and return objectives of the fund. These funds, in order of risk and return (low to high) are:

- Aviva Pension Mercer Defensive
- Aviva Pension Mercer Moderate Growth
- Aviva Pension Mercer Growth
- Aviva Pension Mercer High Growth

The non-core fund range allows members full flexibility in the selection of investments and is comprised of developed market equities, emerging market equities, real estate, money market investments, corporate bonds, multi-asset funds, and pre-retirement funds. The Delegated Investment Manager and the Trustee, for the respective funds under their purview (see Appendix B), are responsible for the selection, appointment, removal and monitoring of underlying investment managers.

Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

The Trustee requires that 90% of all investments should be realisable at short notice. All funds are daily-dealt pooled investment arrangements, which are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. The selection, retention and realisation of investments within these pooled funds is the responsibility of the chosen investment managers.

Member views are not explicitly taken into account in the selection, retention and realisation of investments.

4. The Asset Manager Arrangement

4.1 The Trustee accesses the Investment Manager's products (or funds) through the Mercer Workplace Savings ("MWS") providers' insurance platforms. The Delegated Investment Manager appoints underlying investment managers and the Trustee selects funds from external investment managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustee invests in pooled or multi-client investment vehicles they accept that they have no ability to influence the Investment Managers to align their decisions with the Trustee's policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.

4.2 The Delegated Investment Manager expects all underlying investment managers to incorporate the consideration of longer term factors, such as ESG, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Delegated Investment Manager engages with underlying investment managers on this activity and if dissatisfied will look to replace the manager. The Trustee expects external investment managers to incorporate consideration of longer term factors, such as ESG into their decision-making process where appropriate.

4.3 The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers products (or funds) on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustee and the Delegated Investment Manager also rely upon Mercer's manager research capabilities. The remuneration for Investment Managers used by the Scheme is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members. If the Investment Managers' performance is not satisfactory, the Trustee will request an explanation of performance and process from the relevant investment manager. If not satisfied with this, the Trustee may request further action be taken, including a review of fees.

4.4 Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.

4.5 The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Delegated Investment Manager is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustee is responsible for the selection, appointment and removal of the external investment managers. The Trustee may also choose to remove a fund from the fund range, if no longer considered appropriate. The fund range is formally reviewed on at least a triennial basis.

5. Risk Management

The Trustee has considered risk for the DC Section of the Plan from a number of perspectives. The below list is not exhaustive but covers the main risks that the Trustee considers and how these are managed and measured. The risks considered are:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that investment returns do not keep pace with inflation.	The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.

<table>
<tr>
<td>Currency risk</td>
<td>The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.</td>
<td rowspan="3">Members are able to set their own investment allocations, in line with their risk tolerances.

The multi-asset risk profiled funds are considered to have adequate diversification across asset class, region and within each asset class. Management of these funds is the responsibility of the Delegated Investment Manager.

Within active funds, management of these risks are the responsibility of the external investment manager. The trustee monitors the externally managed investment funds and outsources this responsibility to the Delegated Investment Manager for the relevant funds.

The Trustee regularly reviews performance of investment funds.</td>
</tr>
<tr>
<td>Credit risk</td>
<td>The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.</td>
</tr>
<tr>
<td>Equity, property and other risks</td>
<td>Risks additional to those above where the income or the capital value of an asset is uncertain owing to, for example, changes in the profitability of an issuing company.</td>
</tr>
<tr>
<td>Environmental, Social and Corporate Governance risk</td>
<td>The risk that environmental, social or corporate governance concerns (including climate change) have a financially material impact on the return of the Plan's assets.</td>
<td>The management of ESG related risks is delegated to the investment managers.

See Section 7 of this Statement for the Trustee's responsible investment and corporate governance statement.

The Trustee reviews the Mercer Stewardship Monitoring Report on an annual basis.</td>
</tr>
</table>

Investment Manager risk	The risk that the investment fund underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	For the externally managed funds the Trustee considers the Investment Consultant's opinion of these strategies. The Delegated Investment Manager takes responsibility for the management of this risk for the Mercer funds. The Trustee regularly reviews performance of investment funds.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice in line with member demand.	The Plan is invested in daily dealt and daily priced pooled funds.
Mismatch risk	The risk that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustee makes available three lifestyle strategies for DC members. Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age. Members can select a lifestyle strategy in accordance with their personal preferences and retirement objectives. The asset allocation and management of these lifestyle strategies is the responsibility of the Delegated Investment Manager.

The above items in Section 3 and 4 of this Statement are in relation to what the Trustee considers ‘financially material considerations’. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

Inactive Investment Options

The Prudential With-Profits Fund and Scottish Mutual With-Profits Fund (now managed by Phoenix Life Limited) are closed to new members. The Scottish Mutual With-Profits Fund option was closed to increases in contributions from existing members from August 2014, but members who have previously invested in the fund can continue to make existing investments at the same monetary contribution level. Members who have previously invested in the Prudential With-Profits Fund can continue to make existing, as well as additional, investments.

These funds are actively managed to give each policyholder a return which reflects the earnings on the underlying investments, whilst smoothing investment performance and offering competitive long term returns.

The funds’ performance objective is to offer competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements

6. Additional Voluntary Contributions

The Trustee has made the following options available to members in the past, these are now closed to new contributions:

a) Investment in a With-Profits Fund managed by Legal & General Assurance Society Ltd.

b) Investment in the Money Market Fund managed by Utmost.

The Trustee currently offer the investment options in the main DC arrangement, as set out in Section 3, for those members that wish to make additional voluntary contributions.

7. Ex-Fasson Money Purchase Section

Former members of the Fasson Section have assets invested in the Money Market Fund managed by Utmost.

8. Responsible Investment and Corporate Governance (Voting & Engagement)

The Trustee believes that environmental social and corporate governance ("ESG") issues can affect the performance of investment portfolios and should therefore be considered as part of the investment process.

The Trustee believes that good stewardship can enhance long-term portfolio performance, and is therefore in the best interests of the Plan's beneficiaries and aligned with fiduciary duty.

Once appointed, the Trustee gives appointed investment managers, including the Delegated Investment Manager, full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee also regularly reviews the Investment Consultant's ESG ratings of the appointed investment managers.

In particular, given the majority of funds are managed by the Delegated Investment Manager, the Trustee has delegated the ESG, climate change and stewardship considerations to the Delegated Investment Manager alongside other investment responsibilities. The Trustee believes that the Delegated Investment Manager has the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four-pillar framework: integration, stewardship, thematic investment and screening the Mercer funds incorporate these four-pillars as far as is practical. The Delegated Investment Manager is expected to provide reporting on a regular basis, at least annually, on the ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

The Trustee has not set any additional investment restrictions on Mercer or the external investment managers in relation to particular products or activities in excess of those already put in place by the investment managers.

9. Review of this Statement

The Trustee will review this Statement at least every three years and promptly following any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension Plan investments. The Trustee will also consult the sponsoring employer prior to making changes to the Statement.

Avery Dennison Pension Trustee Limited

Appendix A: Statement of Investment Principles – DC Section Default Option

Members who do not indicate a preference are invested in the default investment option. Typically, a proportion of members will actively choose the default investment option because they feel it is the most appropriate option for them. However, the vast majority of Defined Contribution members do not make an active investment decision and are, therefore, automatically invested in the default investment option. The default investment option for Plan members who do not make a proactive fund choice is the Mercer Target Drawdown Retirement Path.

1. Aims and Objectives

The aims of the default option, and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- To generate equity-like levels of growth whilst mitigating inflation erosion and downside risk

  The growth phase invests in a diversified range of assets (equities, bonds and non-traditional assets). A member is in the growth phase if they are more than eight years away from their expected retirement date.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that it is appropriate to utilise a lifestyle approach to reduce investment risk as the member approaches retirement. The reduction of investment risk in the run up to retirement is expected to reduce the impact of market shocks producing unfavourable outcomes for members at retirement.

- To offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits as a mix of cash and long-term variable income / drawdown post-retirement.

  At the member's selected retirement date, 75% of the member's assets will be invested in a fund that aims to provide a close match to variable income/drawdown requirements and 25% in a money market fund.

2. Default Option Investment Policies

A range of asset classes are included within the default option, including: developed market equities, emerging market equities, small capitalisation equities, low volatility equities, real estate, money market investments, gilts, index-linked gilts and corporate bonds . Both active and passive management funds are utilised, depending on asset class.

The management of the funds within the default option has been delegated by the Trustee to the Delegated Investment Manager. The Trustee has outsourced the investment strategy decisions, or balance of investments, to the Delegated Investment Manager.

The Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. The asset allocation is consistent with the expected amount of risk that is deemed appropriate given the age of the member and when they expect to retire.

Assets in the default option are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole. The Trustee requires that 90% of all investments should be realisable at short notice. All funds are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. The selection, retention and realisation of investments within these pooled funds is the responsibility of the chosen investment managers.

Any investment in derivative instruments (either directly or within the underlying pooled funds) contributes to risk reduction, or efficient portfolio management.

Member views are not explicitly taken into account in the selection, retention and realisation of investments within the default investment option.

Other default options

In July 2020, members who were previously invested in the Utmost Life Secure Cash Fund were transferred to the Utmost Life Money Market Fund. The Trustee sees the Utmost Life Money Market Fund as an appropriate interim investment until these assets can be moved into the Aviva arrangement in the second half of 2020. Details on this default are included in Appendix B.

3. Risk Management

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed:

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that investment returns do not keep pace with inflation.	The Trustee regularly reviews performance of investment funds. The Trustee monitor the performance of the growth phase against inflation. The strategy for the default investment option is set with the intention of diversifying these risks to reach a level deemed appropriate. The asset allocations within the default option are the responsibility of the Delegated Investment Manager.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
	Equity, property and other risks	Risks additional to those above where the income or the capital value of an asset is uncertain owing to, for example, changes in the profitability of an issuing company.	

Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns (including climate change) have a financially material impact on the return of the Plan's assets.	In line with the main DC Section.
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	In line with the main DC Section.
Liquidity risk	The risk that the Plan's assets cannot be realised at short notice in line with member demand.	In line with the main DC Section.
Mismatch risk	The risk that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The default option is a lifestyle strategy which automatically switches member assets as they approach retirement age into investments whose value is expected to be less volatile relative to variable income/ drawdown and taking a 25% cash lump sum. As part of the triennial default review, the Trustee ensures the default destination remains appropriate.

The above items in Sections 2 and 3 of this Appendix, are in relation to what the Trustee considers 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

4. Members' Interests

In making the decision regarding which Target Retirement Path (Annuity, Cash or Drawdown) should be the default investment option, the Trustee considered their understanding of the Plan's membership. Based on this understanding, a default investment option that targets income drawdown and a tax-free cash lump sum (up to 25% of a members' pot) was chosen.

The Trustee will continue to review this over time, at least triennially, or after significant change sot the Plan's demographic, if sooner.

Members will be supported by clear communications regarding the aims of the default and the access to alternative approaches. The default option does not mean that members have to take their benefits in this format at retirement – it merely determines the investment strategy in place prior to retirement. Moreover, prior to the de-risking periods, members will be asked whether they wish to remain the default investment option or to transfer to an alternative Target Retirement Path.

Appendix B: Mercer and Externally Managed Funds

Mercer has been selected as the Delegated Investment Manager for the DC Section of the Plan, and is responsible for the day-to-day management of the assets in funds provided by Mercer. The Trustee has selected five externally managed funds to be made available for Plan members, the Trustee is responsible for the management of these funds. The funds as managed by Mercer as Delegated Investment Manager and by the Trustee are laid out in the following table:

Mercer funds	Externally managed funds
Mercer Defensive *	Aviva Pension Stewardship
Mercer Moderate Growth *	MFS Meridian Global Equity
Mercer Growth *	M&G Feeder of Property
Mercer High Growth *	BlackRock Institutional Liquidity Fund
Mercer Annuity Retirement	
Mercer Cash Retirement	

Mercer Diversified Retirement

Mercer Target Annuity (target date funds)

Mercer Target Cash (target date funds)

Mercer Target Drawdown (target date funds)

Mercer Active Emerging Markets Equity

Mercer Inflation-Linked Pre-Retirement

**These funds form the core fund range constructed by MWS and each consists of different risk and return characteristics*

Utmost Life Money Market Fund

At the start of 2020, the assets previously held in the Equitable Life With Profits Fund were transferred into the Utmost Life Secure Cash Fund without members' consent. This occurred as part of the transfer of the Equitable Life Assurance Society's UK policies to Utmost Life and Pensions Limited.

This Fund was being used as a temporary measure following the transfer from Equitable Life to Utmost Life. The Trustee transitioned the holdings in the Utmost Life Secure Cash Fund to the Utmost Life Money Market Fund in July 2020.

Trustee policies that are not explicitly mentioned in this Appendix are as outlined in the main SIP. In line with regulatory requirements, the Trustee will continue to review the following over time.

The Trustee sees the Utmost Life Money Market Fund as an appropriate interim investment before the transfer to the L&G arrangement.

The fund's investment objective is to preserve capital whilst aiming to provide a return in line with prevailing short term money market rates. The fund invests in the short term deposits.

The Trustee notes that the Utmost Life Money Market Fund value is unlikely to keep pace with inflation.

Other policies are in line with the main DC Scheme.

Appendix B – Voting Activity during the Plan year

The Trustee has delegated their voting rights to the investment manager. The SIP states *"Once appointed, the Trustee gives appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code."*

The Plan invests in the following daily dealt and daily priced pooled funds:

Mercer funds	Externally managed funds
Mercer Defensive	Aviva Pension Stewardship
Mercer Moderate Growth	MFS Meridian Global Equity
Mercer Growth	M&G Feeder of Property
Mercer High Growth	BlackRock Institutional Liquidity Fund
Mercer Annuity Retirement	
Mercer Cash Retirement	
Mercer Diversified Retirement	
Mercer Target Annuity (target date funds)	
Mercer Target Cash (target date funds)	
Mercer Target Drawdown (target date funds)	
Mercer Active Emerging Markets Equity	
Mercer Inflation-Linked Pre-Retirement	

Overview of use of proxy services

MFS has entered into an agreement with Institutional Shareholder Services, Inc. (ISS) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. While they also receive research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc., MFS analyses all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS' voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms.

All proxy voting decisions are made in what MFS believe to be the best long-term economic interests of its clients.

Aviva Investors uses ISS and IVIS. For a number of years, ISS has been providing them with voting recommendations based on our own policy in order to ensure the most efficient approach to voting thousands of meetings a year. Aviva can of course override these recommendations to consider other factors including additional context provided in the ISS standard research and other internal and external research considerations.

Overview of voting activity, on behalf of the Trustee, for the Mercer funds containing equity

We have been provided with the voting disclosures relating to the Mercer funds containing equity. The data relates to the period 1 January to 30 September 2020, due to a change in data provider. Next year will include the full 12-month period.

Fund	Mercer Active Emerging Markets Equity	Mercer Diversified Retirement Fund	Mercer Growth	Mercer Moderate Growth	Mercer Defensive	Mercer High Growth	MFS Meridian Global Equity Fund	AI Stewardship UK Equity Fund
How many meetings were you eligible to vote at?	1226	7680	6933	6933	1917	6933	100	49
How many resolutions were you eligible to vote on?	11582	88485	77607	77607	21492	77607	1430	877

What % of resolutions did you vote on for which you were eligible?	88%	94.1%	93.3%	93.3%	99.0%	93.3%	98%	100%
Of the resolutions on which you voted, what % did you vote with management?	79.3%	83.7%	82.0%	82.0%	82.9%	82.0%	94%	97.72%
Of the resolutions on which you voted, what % did you vote against management?	16.4%	15.7%	17.3%	17.3%	13.5%	17.3%	6%	2.28%
Of the resolutions on which you voted, what % did you abstain from voting?	3.5%	0.7%	0.7%	0.7%	1.5%	0.7%	1%	0.34%

Significant votes undertaken in the Mercer Growth Fund containing equity for the period of 1 January to 30 September 2020

As the Mercer Growth Fund represents the vast majority of the Plan's assets, we have assumed part significance is determined by the Plan's largest holdings. Mercer determined the most significant votes as those that are associated with any of the fund’s top 10 holdings (as at the relevant reporting date) and where it was voted against management.

Significant vote #1	
Funds that vote is relevant to	**Mercer Growth Fund**
Company	**Tencent Holdings Ltd**
Items	**Authority to Issue Shares w/o Pre-emptive Rights** **Authority to Issue Repurchased Shares**
Date	13 May 2020
Criteria for assessing as significant	Associated with one of the fund's top 10 holdings and have voted against management.
Vote Decision	Against both.

Significant vote #2	
Funds that vote is relevant to	**Mercer Growth Fund**
Company	**NextEra Energy Inc.**
Items	**Advisory Vote on Executive Compensation** **Shareholder Proposal Regarding Political Contributions and Expenditures Report** **Shareholder Proposal Regarding Right to Act by Written Consent**
Date	21 May 2020
Criteria for assessing as significant	Associated with one of the fund's top 10 holdings and have voted against management.
Vote Decision	Against all.

Significant votes undertaken in the MFS Meridian Global Equity Fund containing equity for the period of 1 November 2019 to 31 October 2020

Significant vote #1	
Company	**Oracle Corporation**
Summary of the resolution	**Report on Gender Pay Gap**
Date	19 November 2019
Criteria for assessing as significant	Gender pay equality is significant to our engagement policy/strategy.
Vote Decision	Against management
Rationale for the voting decision	The report could provide shareholders with a better gauge of how the company's diversity initiatives are improving opportunities for women. While our proxy voting policy leverages a gender requirement for board diversity, we believe in using our proxy vote to support meaningful proposals that encourage diversity throughout the organization.

Significant vote #2	
Company	**Johnson & Johnson**
Summary of the resolution	**Report on Governance Measures Implemented Related to Opioids**
Date	23 April 2020
Criteria for assessing as significant	Understanding the company's oversight and management of such risks is an area of focus for our ESG team.
Vote Decision	Against management

Rationale for the voting decision	Additional information around the governance measures implemented would allow shareholders to better gauge how well the company is managing opioid-related risks.

Significant vote #3	
Company	**Honeywell International Inc.**
Summary of the resolution	**Report on Lobbying Payments and Policy**
Date	27 April 2020
Criteria for assessing as significant	Understanding the initiatives that the company supports through its lobbying and trade association membership allows us to compare alignment to the company's sustainability efforts.
Vote Decision	Against management
Rationale for the voting decision	Additional reporting on the company's lobbying-related practices and policies, including its indirect lobbying through trade associations and other organizations, would benefit shareholders in assessing the risks associated with the company's public policy engagements.

Significant vote #4	
Company	**United Parcel Service, Inc.**
Summary of the resolution	**Report on Climate Change**
Date	14 May 2020
Criteria for assessing as significant	Understanding the company's oversight and management of climate-related risks is an area of focus for our ESG team.

Vote Decision	Against management
Rationale for the voting decision	MFS voted FOR the proposal as we felt shareholders would benefit from additional information on how the company plans to manage its Greenhouse Gas emissions as well as climate related risks and align its operations with the Paris Agreement goals.

Significant votes undertaken in the Aviva Investors Stewardship UK Equity Fund containing equity for the period of 1 November 2019 to 30 September 2020

Significant vote #1	
Company	**Tesco plc**
Summary of the resolution	**Approve Matters Relating to the Disposal of the Asia Business to C.P. Retail Development Company Limited**
Date	14 May 2020
Criteria for assessing as significant	This vote was selected as it was commercially significant especially as it was a relatively large holding
Vote Decision	Supported the resolution
Rationale for the voting decision	We were supportive of the disposal of the Asia business (valued at $10.6 billion /£8.2 billion) as we shared the same view as the Board in that the Disposal will realise a significantly higher value than could be generated from the Company's continued ownership and investment. It will enable the Company to return significant proceeds to shareholders, with approximately £5.0 billion expected to be returned via a special dividend, and to further de-risk the business by reducing indebtedness through a significant pension contribution of £2.5 billion.

Significant vote #2	
Company	**Phoenix Group Holdings plc**

Summary of the resolution	**Approve Acquisition of ReAssure Group plc**
Date	13 April 2020
Criteria for assessing as significant	This vote was selected, as it was commercially significant especially as Phoenix is a large holding.
Vote Decision	Supported the resolution
Rationale for the voting decision	The Board sought shareholder approval to acquire ReAssure Group plc from Swiss Re Finance Midco (Jersey) Ltd, an indirect subsidiary of Swiss Re Group, for a total consideration of £3.2 billion. The transaction is supported by compelling rationale and is underpinned by significant capital and cost synergies.

Significant vote #3	
Company	**London Stock Exchange Group plc**
Summary of the resolution	**Approve Acquisition of Refinitiv**
Date	26 November 2019
Criteria for assessing as significant	This vote was selected as it was commercially significant especially as LSE is a large holding.
Vote Decision	Supported the resolution
Rationale for the voting decision	We supported the Refinitiv Transaction as it represents a compelling strategic opportunity to transform the Company's position and create a global financial markets infrastructure leader of the future, including in North America (the world's largest financial market), Asia and fast-growing emerging markets. It will also significantly enhance the Company's customer proposition in data and analytics, utilising the Combined Business' intellectual property to offer innovative new services and will deepen and expand the Company's and Refinitiv's shared core principles of open access and customer partnership. The combination of the Company and

	Refinitiv is also expected to deliver a highly attractive financial profile for the Combined Business and create significant value for the Company's shareholders, offering amongst other things enhanced revenue mix with attractive growth.

Significant vote #4	
Company	**AstraZeneca PLC**
Summary of the resolution	**Re-elect Marcus Wallenberg as Director**
Date	29 April 2020
Criteria for assessing as significant	This vote was selected given it's a relatively large shareholding and effective Board oversight is a critical governance issue.
Vote Decision	Against the resolution
Rationale for the voting decision	Marcus Wallenberg is the Vice Chair at Investor AB, and chairs the boards of SEB AB, SAAB AB, and FAM AB, an asset management company through 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. This is not the point however, and there is no way he is able to devote the necessary time to AstraZeneca and these other companies especially during the current COVID-19 crisis where all directors are expected to be making themselves available for urgent board meetings etc. In addition, he holds directorships at private entities such as Temasek Holdings Ltd.

Significant vote #5	
Company	**BT Group plc**
Summary of the resolution	**Approve Remuneration Policy**
Date	16 July 2020

Criteria for assessing as significant	This vote was selected given it's a relatively large shareholding and as it represents how effective engagement can lead to positive outcomes / better alignment of interest between management and shareholders.
Vote Decision	Supported the resolution
Rationale for the voting decision	Under normal circumstances, we would have voted against the new remuneration policy to reflect our concerns that the company's current performance-based LTIP with a restricted share plan (i.e. a plan without formal performance conditions), for which the vesting of awards would only be subject to a set of underpins. Further, given the significant award levels available under the new plan, we do have some reservations over whether the reductions in quantum opportunity appropriately offsets the increased certainty of reward outcomes. However, we exceptionally supported the new policy as firstly, the Company provided a strong justification for this type of plan. The Company explains "at the heart of our business strategy, is the need to deliver the best converged network in the UK through our rollout of Fibre-To-The-Premises (FTTP) and 5G. The technology and infrastructure build that this requires are complex and will take many years to deliver. We must also navigate multiple and sometimes conflicting requirements from different stakeholder groups (e.g. the Government, the regulator, customers, other communication providers, and shareholders). To ensure we support the right management behaviours to do the right things in a considerate way for all stakeholders we believe we need a new long-term incentive plan." Secondly, following extensive engagement with the Company, whilst the "normal" maximum award level has been set at 200% of salary (representing a 50% reduction on the traditional LTIP awards), the initial awards have been reduced to 160% of salary. We welcome this decision, which we have also considered in the broader context i.e. the reduction in the CEO's earnings potential (reduced bonus opportunity and pension) and changes to pay structures that better align management's interests with shareholders.