

Electrical Contractors' Association Limited (1974) Pension Scheme

Annual Implementation Statement to 31 December 2020

Introduction

This Annual Implementation Statement ('the Statement') sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustees of the Electrical Contractors' Association Limited (1974) Pension Scheme ('the Scheme') has been followed during the year to 31 December 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and subsequent amendments.

The table later in the document sets out how, and the extent to which, the policies in the Scheme's SIP have been followed. The Appendices also describes the voting behaviour on behalf of the Trustees along with the relevant statistics over the year.

The DB Section of the Scheme has adopted Mercer's dynamic de-risking solution, whereby Mercer Limited ('Mercer') in the UK has been appointed as discretionary investment manager by the Trustees. Pursuant to that appointment, scheme monies are invested in Mercer Funds, which are collective investment vehicles, managed by Mercer Global Investments Europe Limited (MGIE).

The DC Section of the Scheme has appointed Mercer as Investment Adviser and Mercer Workplace Savings ('MWS') for operational governance and investment services. Members are able to invest in a range of unit-linked funds through the Trustees' long-term insurance policy with Aviva Life & Pensions UK Limited ('Aviva'). The investment objectives of the DC section are:

- To maximise the value of members' assets at retirement
- To maintain the purchasing power of members' savings
- To provide protection for members' accumulated assets in the years approaching retirement against sudden (downward) volatility in capital value; and fluctuations in the (implicit and explicit) costs of securing retirement benefits

Review of the SIP

During the year to 31 December 2020, the Trustees carried out a review of the SIP and a revised version dated September 2020 was agreed (and made publicly available) 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 Trustees' policies in the 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 the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies mentioned in the SIP.
- How the Trustees monitor 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.

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

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, relating to the Scheme as a whole. The SIP is attached as an Appendix to the Accounts and sets out the policies referenced below.

	Requirement	Policy	In the year to 31 December 2020
1	Securing compliance with the legal requirements about choosing investments	DB Section	<p>The Trustees' appointed Fiduciary Manager (Mercer) has been delegated the authority to invest the assets across various asset classes both with the aim of earning an investment return above the rate of growth in the Scheme's liabilities and managing the various risks to which the Scheme is exposed.</p> <p>The Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to third party investment managers.</p> <p>Investment performance and the actions taken by Mercer, MGIE and the sub-investment managers are reviewed by the Trustees on a monthly and quarterly basis.</p>
		DC Section	<p>All the funds made available to members of the DC Section are blended funds-of-funds. These funds are blended by Mercer and MWS using underlying funds managed by other investment management firms.</p> <p>Day-to-day management of the assets in the blended funds-of-funds is delegated to professional Investment Managers who are all authorised or regulated. The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their contracts. They have been selected for their expertise in different specialisations.</p> <p>No changes were made to the range of funds made available to DC Section members over the period covered by this statement, however the selection of the existing range of funds was undertaken following the Trustees receiving advice from Mercer in line with Section 36 of the Pensions Act 1995 (as amended).</p>

	Requirement	Policy	In the year to 31 December 2020
2	Risks, including the ways in which risks are to be measured and managed	DB Section The Trustees recognise that there are various risks to which any pension scheme is exposed. These risks and mitigating techniques are outlined within the SIP.	As detailed in Section 4 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 Section The Trustees have considered investment risk from a number of perspectives. The risks are outlined within the SIP.	As detailed in the section 11 of the SIP, the Trustee considers both quantitative and qualitative measures for the risks outlined when deciding investment policies, strategic asset allocation and the choice of fund managers.

	Requirement	Policy	In the year to 31 December 2020
3	Kinds of investments to be held and the balance between different kinds of investments	<p>DB Section</p> <p>A range of asset classes are included within the Scheme's investment portfolio including: global developed and emerging market equities, emerging market debt, high yield bonds, multi-asset credit, absolute return bonds, property, bonds (gilts and corporate bonds), as well as Liability Driven Investment ("LDI") funds which invest in bond-like investments in order to provide interest rate and inflation exposure and reduce funding level risk.</p>	<p>The Trustees have decided to delegate the implementation of the desired investment strategy to Mercer, with pre-agreed funding level de-risking triggers (which are reviewed approximately annually) which prompt Mercer to transfer assets from the Scheme's growth assets to matching assets. The Trustees will 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. 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.</p> <p>The Trustees on behalf of the Scheme hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying third-party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The investment choices available under the DC Section have been chosen by the Trustees based on their understanding of different member needs. These have been grouped by the following approaches – the default “do it for me”, “help me do it” and “leave me to it”.</p> <p>The Trustees provide members with a range of funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds)</p>	<p>The “Mercer Target Drawdown Path” is the default investment option for the DC Section. This option is suitable for members that do not feel comfortable making their own investment decisions and who plan to take income drawdown in retirement.</p> <p>The default investment option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. In particular, when reviewing the investment strategy of the default investment option, the Trustees consider risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustees also consider risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.</p> <p>Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members. Based on this understanding of the membership, a default investment option that targets income drawdown in retirement is considered appropriate.</p> <p>The Scheme also offers alternative lifestyle investment options, the Target Retirement Paths, which target different retirement benefits than that targeted by the default investment option, namely annuity purchase and cash-out. In addition, a range of self-select funds are offered to members.</p> <p>Mercer formally carries out an interim investment strategy review of the Mercer Target Paths (Drawdown – the Scheme’s Default, Annuity and Cash) on an annual basis via the MWS arrangement. The latest review, entitled ‘Mercer SmartPath Review & Covid-19 Response’, was carried out during May 2020. There were no changes to the Scheme’s investments as a result of this review.</p>

	Requirement	Policy	In the year to 31 December 2020
4	Expected return on investments	DB Section The assets are invested in order to generate an investment return commensurate with the level of risk being taken and the over-arching funding objective.	<p>The investment strategy report is reviewed by the Trustees on a quarterly basis – this includes the risk and return characteristics of the Scheme’s investment portfolio.</p> <p>The investment performance report includes how each fund in which the Scheme’s assets are invested is delivering against their specific mandates.</p> <p>Over the 3 years to 31 December 2020, the Scheme has returned c.7.0% p.a. (net of fees) relative to a liability return of 6.7%. Over the period since inception of the fiduciary management arrangements with Mercer to 31 December 2020, the Scheme’s assets returned 8.2% p.a. (net of fees) relative to a liability return of 7.8% p.a.</p> <p>The investment strategy was reviewed by the Trustees, with advice and guidance provided by Mercer shortly after the year end, however, no significant changes were made by the Trustees to the Scheme’s headline investment strategy (i.e. the target allocation to return seeking assets and risk reducing assets).</p>
		DC Section In designing the default, the Trustees have explicitly considered the trade-off between risk and expected returns.	<p>The investment performance reports are reviewed by the Trustees on a quarterly basis. Within the DC report, this includes the risk and return characteristics of the default, lifestyle and self-select investment fund choices.</p> <p>The investment performance report includes details on how investment managers are delivering against their specific mandates. It also includes changes to the Investment Adviser’s manager research ratings and notes any other relevant developments at the underlying investment managers.</p> <p>Investment performance is also assessed as part as the annual Value for Money assessment to ensure that members are invested in funds providing commensurate value.</p>

	Requirement	Policy	In the year to 31 December 2020
5	Realisation of investments	<p>DB Section</p> <p>The Trustees, on behalf of the Scheme, hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the third party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.</p>	<p>Where disinvestments were requested during the year, noting that the Scheme has a standing disinvestment of £125k per month, the policies stipulated within the relevant appointment documentation have been followed.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The Investment Manager has the responsibility for buying and selling the underlying assets. The day-to-day activities which the Investment Manager carries out for the Trustees are delegated to Mercer, and governed by the arrangements between Mercer and the Trustees.</p>	<p>The Trustees review administration and governance reports on a quarterly basis to confirm that core financial transactions are processed within SLAs and regulatory timelines.</p> <p>The Trustees have delegated the administration of Plan member records and investment platform services to Aviva, under agreement with MWS. Mercer appoints underlying Investment Managers and the Trustees select funds from external Investment Managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required.</p> <p>The Trustees operate a system of internal controls aimed at monitoring the Scheme's administration and management and monitors the extent to which the Scheme's core financial transactions are processed promptly and accurately through the following framework:</p> <ul style="list-style-type: none"> - Reviewing the contribution payment and investment dates relating to each month's contributions to the Scheme. 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. <p>As confirmed in the Chair's Statement, SLA performance has been at acceptable levels consistently throughout the Scheme year, with a platform SLA level of 96.4% and a Scheme Specific SLA of 99.6%.</p> <p>All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets, and therefore should be realisable at short notice, based on member demand.</p>

	Requirement	Policy	In the year to 31 December 2020
6	<p>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</p>	<p>DB Section</p> <p>The objectives set out in Section 3 of the SIP as well as the risks and other factors referenced in Section 4 are those that the Trustees determine to be financially material considerations.</p>	<p>The Trustees review the investment strategy regularly and in accordance with relevant legislation. The Scheme's SIP details a number of financially material risks, which are considered by the Trustees in designing the investment strategy. Where appropriate, the Trustees will look to reduce the extent of these risks, whilst continuing to support the achievement of the respective objectives for the DB Section.</p> <p>The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. In order to establish these beliefs and produce this policy, the Trustees undertook investment training provided by their investment consultant on responsible investment which covered ESG factors, stewardship, climate change and ethical investing. This training was provided in July 2019.</p> <p>The Trustees keep their policies under regular review with the SIP subject to review at least triennially.</p> <p>Where sub-investment managers may not be highly rated from an ESG perspective the Trustees continue to monitor Mercer's efforts at working with the managers to improve their ESG rating, noting that when MWS considers investing in a new sub-investment manager they would consider the ESG rating of the manager as part of the selection process.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates. This report is reviewed by the Trustees on a quarterly basis – this includes ratings (both general and specific ESG) for the underlying managers of the Mercer Funds.</p> <p>The Trustees acknowledge that there is limited scope for engagement on ESG related matters in relation to the majority of the passively managed DB allocations within the Scheme's growth portfolio and that sub investment managers in fixed income do not have a high ESG rating assigned by the Mercer Research team due to the nature of the asset class where it is harder to engage with the issuer of debt.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The objectives set out in Section 10 of the SIP and the risks and other factors referenced in Section 11 are those that the Trustees consider to be financially material considerations in relation to the DC Section as a whole.</p> <p>The Trustees believe that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent on the member's age and when they expect to retire.</p> <p>In designing the lifestyle options, including the default investment option, MWS has taken the proximity to the target retirement date into account when designing the strategy and the associated financially material risks over the strategy's full time horizon.</p>	<p>The investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from the investment advisers. Where rated by Mercer, all of the managers remained generally highly rated during the year.</p> <p>The Scheme's SIP includes the Trustees' policy on ESG factors, stewardship and climate change. This policy sets out the Trustees' principles on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. In order to establish these principles and produce this policy, the Trustees undertook investment training on ESG considerations in July 2019.</p> <p>Where managers are not highly rated by the Manager Research Team from an ESG perspective, Mercer will engage with those managers to improve ESG practices, or may replace these managers with more highly rated ESG managers.</p> <p>The Trustees undertook a number of activities that involved the Trustees giving detailed consideration to various aspects of the Scheme. For the year covered by this statement, as part of the requirement under the DC Code of Conduct, the Trustees reviewed the performance of each investment option against the relevant aims and objectives and take into account relevant industry benchmarks. At meetings throughout the year, the Trustees have considered updates from their professional advisors on forthcoming changes to pension laws and their impact on the Scheme.</p>
7	The extent (if at all) to which non-financial matters are taken into account in the selection,	<p>DB & DC Sections</p> <p>Member views are not taken into account in the selection, retention and realisation of</p>	No proof required.

	Requirement	Policy	In the year to 31 December 2020
	<p>retention and realisation of investments</p> <p>DB & DC - Section 19 of SIP – Environmental, Social and Corporate Governance, Stewardship and Climate Change</p>	<p>investments. However, the Trustees believe that the delegation of portfolio construction to Mercer will lead to ESG considerations that are in the best interests of the Scheme's members.</p>	
8	<p>The exercise of the rights (including voting rights) attaching to the investments</p>	<p>DB Section</p> <p>The Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise 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 Trustees will review the investment managers' policies and engagement activities, where applicable, on an annual basis.</p>	<p>The Trustees' investments take the form of shares or units in the Mercer Funds. 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.</p> <p>We have set out a summary of key developments with respect to ESG considerations and a summary of voting activity for the year to 31 December 2020 relating to the Mercer Funds relevant to the Scheme in Appendix A.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The Trustees have appointed Mercer as Investment Adviser and MWS for operational governance and investment services. Underlying asset managers appointed by MWS are expected to evaluate ESG factors, including climate change considerations, and exercise 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 Trustees will review the investment managers' policies and engagement activities, where applicable, on an annual basis.</p>	<p>The Trustees have delegated their voting rights to the underlying investment managers used within the MWS Funds, Investment managers are expected to provide voting summary reporting on a regular basis, at least annually.</p> <p>The Trustees give 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.</p> <p>The following funds contain an allocation to equities:</p> <ul style="list-style-type: none"> - Mercer Defensive - Mercer Moderate Growth - Mercer Growth - Mercer High Growth - Mercer Diversified Retirement - Mercer Target Drawdown Funds - Mercer Active Emerging Markets Equity - Mercer Diversified Growth - Mercer Passive UK Equity - Mercer Passive Overseas Equity - BlackRock – Passive Global Equity (40:60) - Aviva Pacific Basin <p>The voting records of the investment managers are summarised in Appendix B. Particular focus is placed on the voting activity of the Mercer Growth Fund, as it represents the vast majority of the Schemes' assets.</p> <p>The Trustees have not actively challenged managers on voting activity.</p>

	Requirement	Policy	In the year to 31 December 2020
9	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	<p>DB & DC Sections</p> <p>The Trustees have appointed Mercer to act as discretionary investment manager in respect of the Scheme's DB assets and such assets are invested in a range of Mercer Funds managed by MGIE. Funds under the DC Section are provided by MWS. Asset managers appointed to manage the Mercer Funds (through MGIE and MWS) are expected to evaluate ESG factors, including climate change considerations, and exercise 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 Trustees will review the investment managers' policies and engagement activities, where applicable, on an annual basis.</p>	<p>DB Section</p> <p>Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the Trustees.</p> <p>As the DB Section invests solely in pooled funds managed by MGIE the Trustees require that sub-investment managers appointed by MGIE engage with the investee companies on their behalf.</p> <p>The Trustees are looking to enhance their reporting on manager engagement by reviewing an annual voting and engagement report which will be produced by the Trustees' fiduciary manager.</p> <hr/> <p>DC Section</p> <p>Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the Trustees.</p> <p>The Trustees give 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.</p> <p>The voting records of the investment managers are summarised in Appendix B. The Trustees have not actively challenged managers on voting activity.</p>

	Requirement	Policy	In the year to 31 December 2020
10	<p>How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies</p>	<p>DB Section</p> <p>As Mercer manages the Scheme's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds.</p> <p>However, the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy.</p> <p>The Trustees keep Mercer's performance under ongoing review and should Mercer fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.</p>	<p>In the year to 31 December 2020, the Trustees have discussed their continued appointment of Mercer and were happy that the contractual arrangement in place continues to incentivise Mercer to make decisions based on medium to long-term considerations.</p> <p>Additionally, the Trustees will be carried out a competitive tender process for the Scheme's investment manager in early 2021.</p> <p>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.</p> <p>As at 31 December 2020 the Scheme's funding level on a 'gilts + 0.25%' basis was 88.0% (excluding deficit contributions) versus an expected level of 87.9% following outperformance of the Scheme's growth assets over final three quarters of 2020.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>As the DC Section is invested via MWS, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds.</p> <p>The Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment objectives as outlined in Sections 10 of the SIP.</p>	<p>The Trustees access underlying investment manager funds through the MWS providers' insurance platform. Mercer appoints underlying investment managers and the Trustees select 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.</p> <p>All the underlying funds are open-ended with no set end date for the arrangement. The fund range and default investment option are reviewed as part of the triennial investment strategy review.</p> <p>The Trustees monitor, and evaluate, the fees they pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives.</p> <p>The Trustees are satisfied that the arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p>

	Requirement	Policy	In the year to 31 December 2020
11	<p>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.</p>	<p>DB Section</p> <p>The Trustees have appointed Mercer as the discretionary investment manager who has invested the Scheme's assets in a range of Mercer Funds managed by MGIE.</p> <p>Neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity.</p> <p>Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third-party asset managers appointed by MGIE to manage assets within the Mercer Funds.</p>	<p>The quarterly investment strategy report or a summarised version and the investment performance was 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.</p> <p>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.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The Trustees are long term investors and are not looking to change their investment arrangements on an unduly frequent basis. Within the DC Section, all the underlying funds are open-ended with no set end date for the arrangement. The Fund Range and Default Investment Option are reviewed on at least a triennial basis.</p>	<p>Mercer 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.</p> <p>Mercer engages with underlying investment managers on voting and engagement activity and if dissatisfied may look to replace the manager. The Trustees expect external investment managers to incorporate consideration of longer-term factors, such as ESG into their decision-making process where appropriate.</p> <p>The Trustees' focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustees reviews both absolute and relative performance of the Scheme's investment options on a quarterly basis. The Trustees also rely upon Mercer's manager research capabilities.</p> <p>The Trustees are satisfied that the arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p>

	Requirement	Policy	In the year to 31 December 2020
12	<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies.</p>	<p>DB Section</p> <p>The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, monthly and quarterly reporting provided by Mercer.</p> <p>The Trustees monitor, and evaluate, the fees they pay for asset management services on an ongoing basis taking into account the progress made in achieving their investment strategy objectives.</p> <p>Mercer's, and MGIE's, fees are based on a percentage of the value of the Scheme's assets under management which covers the design and annual review of the DB de-risking strategy, and investment management of the assets. In addition, the underlying third-party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.</p>	<p>The quarterly investment strategy report or a summarised version and the investment performance which contains the long-term return for the Scheme's overall investment portfolio and individual Mercer Funds and investment fees incurred over a quarter were reviewed by the Trustees on a quarterly basis.</p> <p>During the year in review, Mercer were able to negotiate a number of reductions to the investment manager costs, which were all passed on to the Plan:</p> <ul style="list-style-type: none"> • 15% reduction of fees on the Mercer Tailored Credit Fund 1 as the negotiated fee for the new manager in the fund was lower than that of the existing managers • 25% reduction of fees on the Multi-Asset Credit Fund as a result of negotiations with underlying managers utilising Mercer's increased buying power • 35% reduction of fees within the Mercer "Flexi" Fund range following successful negotiations with the underlying manager.

	Requirement	Policy	In the year to 31 December 2020
		<p>MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Scheme. Mercer's, MGIE's, and the third-party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustees, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee.</p>	

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The Trustees monitor, and evaluate, the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives as outlined in Sections 12 to 14. All the funds are open-ended with no set end date for the arrangement.</p>	<p>The remuneration for the 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 Member Assessment to ensure they continue to represent 'good' value. If the investment managers' performance is not satisfactory, the Trustees will request an explanation of performance and process from the relevant investment manager. If not satisfied with this, the Trustees may request further action be taken, including a review of fees.</p> <p>A Value for Member Assessment for the Scheme year ending 31 December 2019 was undertaken during in May 2020, the Assessment concluded that the Scheme provided good value for members in relation to member-borne deductions. The underlying funds are highly rated by Mercer, are being offered at a competitive fee rate (for investment management and bundled administration services), and are generally not underperforming their benchmarks. Over the longer term, we believe that they can be considered as offering 'good' value for members.</p>

	Requirement	Policy	In the year to 31 December 2020
13	<p>How the trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.</p> <p>DB & DC - Section 20 of SIP – Trustees’ policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers and portfolio turnover costs</p>	<p>DB Section</p> <p>The Trustees do not have an explicit targeted portfolio turnover range within the DB Section, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.</p>	<p>The quarterly investment strategy report or a summarised version and the investment performance which contains the long-term return for the Scheme’s overall investment portfolio (noting that this is net of portfolio turnover costs) was reviewed by the Trustees on a quarterly basis.</p>
		<p>DC Section</p> <p>The Trustees do not currently define target portfolio turnover ranges for investment managers, particularly as the Trustees use pooled fund structures which may limit the ability to do so.</p>	<p>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://www.aviva.co.uk/dwp-library/documents/view/eca_chair_statement_for_year_ended_31_december_2019.pdf).</p> <p>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.</p>

	Requirement	Policy	In the year to 31 December 2020
14	The duration of the arrangement with the asset manager	<p>DB Section</p> <p>There is no set duration for Mercer's appointment by the Trustees or an asset managers' appointment by MGIE. Mercer's appointment is reviewed by the Trustees as to their continued suitability and could be terminated either because the Trustees are dissatisfied with Mercer's ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustees.</p> <p>Similarly, the continued appointment of the underlying asset managers is reviewed by MGIE.</p>	<p>Following the year end, in early 2021, the Trustees carried out a review of their Fiduciary Manager and re-appointed Mercer following a Competitive Tender process.</p>

	Requirement	Policy	In the year to 31 December 2020
		<p>DC Section</p> <p>The Trustees assess the continuing suitability of the Investment Manager on a periodic basis. The Trustees' investment adviser is available to provide help in monitoring the Investment Managers, both in the form of written reports or attendance at meetings as required by the Trustees. The Trustees will review the appointment of the Investment Manager for any reason it considers appropriate.</p>	<p>Within the DC Section, all the funds are open-ended with no set end date for the arrangement.</p>

Appendix A – Policy on ESG, Stewardship and Climate Change and Voting Activity for DB Section

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 Footprinting

- Mercer undertake climate scenario modeling 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 footprinting 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.
- Since Q3 2020 carbon foot- printing metrics for Mercer active equity funds have been included in the quarterly reporting reviewed by the Trustees, and a comparison of these against the metrics of their representative benchmarks. Over 2020 there has been a 15% reduction in the WACI across the Mercer discretionary equity funds and, as at 31 December 2020, 100% of the active equity funds used by the Scheme have a carbon intensity lower than the benchmark. In the Q4 report, this analysis was extended to include Mercer passive equity funds.

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

- An allocation to Sustainable Equities is directly made by the Scheme, with the strategic allocation to Sustainable Equities within the Growth Portfolio increasing by 4.5% over the year.
- A detailed standalone report sustainability monitoring report is produced for the Sustainable Global Equity fund on a semi-annual basis, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals, and is available to the Trustees.

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.

Set out below is a summary of voting activity for the year to 31 December 2020 relating to the relevant Mercer Funds.

- **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

Voting Activity Summary 1 January 2020 to 31 December 2020

Fund	Total Proposals	Voted ‘For’	Voted ‘Against’	Abstained from voting	Unvoted	Other	For Management	Against Management	Use of Proxy Advisor
Mercer Low Volatility Equity	7,683	92%	6%	0%	1%	1%	93%	7%	Yes
Mercer Sustainable Global Equity	5,258	89%	9%	1%	0%	1%	90%	10%	Yes
Mercer Emerging Market Equity	14,042	75%	12%	3%	10%	0%	84%	16%	Yes
Mercer Global Small Cap Equity	8,157	91%	6%	1%	1%	1%	93%	7%	Yes*
Mercer Eurozone Equity	4,890	83%	14%	2%	2%	0%	84%	16%	Yes*
Mercer Global Listed Infrastructure	680	89%	10%	27%	13%	0%	89%	11%	Yes
Mercer Fundamental Indexation CCF	2,055	84%	9%	0%	5%	2%	87%	13%	Yes
Mercer Passive Global REITs	2,797	83%	13%	0%	0%	4%	83%	17%	Yes

*Proxy advisor not used by at least one underlying manager of the fund.

Sample of Significant Votes over the period 1 January 2020 to 31 December 2020

Fund	Shareholder Proposal (“SHP”)	Issuer	Vote Decision
Mercer Low Volatility Equity	SHP Regarding Aligning GHG Reductions with Paris Agreement	JPMorgan Chase & Co.	For
	SHP Regarding GHG Reduction Targets	Royal Dutch Shell Plc	For
	SHP Regarding linking Executive Pay to Sustainability and Diversity	Alphabet	Split*
	SHP Regarding Median Gender and Racial Pay Equity Report	7 Companies **	For
	* 2 managers voted for and 1 voted against		
**7 Companies includes Amazon.com Inc., American Express Co., Bank Of America Corp. Facebook Inc, Intel Corp. JPMorgan Chase & Co., & Wells Fargo & Co.			
Mercer Sustainable Global Equity	SHP Regarding Deforestation Report	Procter & Gamble Co.	For
	SHP Regarding Reporting on the Use of Non-Recyclable Packaging	Kroger Co..	Against
	SHP Regarding Report on Sugar and Public Health	McDonald’s Corp	Against
	SHP Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	For
	SHP Regarding Gender and Ethnicity Pay Equity Report	Oracle Corp.	For
Mercer Emerging Market Equity	SHP Regarding Report on Sugar and Public Health	Pepsico	Against
	SHP Regarding Report on Response to Opioid Epidemec	Johnson & Johnson	For
	SHP Regarding Independent Chair	Johnson & Johnson	For
Mercer Global Small Cap Equity	SHP Regarding Deforestation and GHG Emissions Report	Bloomin Brands Inc	For
	SHP Regarding phase out of oil and gas	Beach Energy Lrd	For
	SHP Regarding Human Rights Reporting	Tesla	Against
	SHP Regarding Management Diversity Report	IPG Photonics Corp	For
Mercer Eurozone Equity	Proposal to approve Remuneration Policy (vote decision taken on basis not sufficiently long term and not in line with best market practice)	Ferrari N.V	Against
	Proposal to re-appoint auditors (vote decision taken on basis auditors tenure exceeded 15 years)	Novo Nordisk	Abstain

	Proposal to Elect Director (vote decision taken on basis that the gender diversity at Board level is less than 30% and candidate was male)	Silka AG	Abstain
Mercer Global Listed Infrastructure	SHP Regarding Amending the Byelaws Concerning the Presentation of Climate Transition Reporting	Aena S.M.E. S.A.	For
	SHP Regarding Presentation of Climate Transition Plan	Aena S.M.E. S.A.	For
Mercer Fundamental Indexation Global Equity CCF	SHP Regarding Paris-Aligned Greenhouse Gas Emissions Reduction Targets	RIO Tinto Ltd.	For
	SHP Regarding Environmental Impact Report	iA Financial Corp	For
	SHP Regarding Use of Antibiotics	Walmart Inc	For
	SHP Regarding Report on Non-Management Employee Representation on the Board	Microsoft Corporation	For
Mercer Passive Global REITS UCITS CCF	SHP Regarding Election of Gary Weiss	Cromwell Property Group	Split
	** Please note that there were 15 votes in favour of the above mentioned Directors and 1 vote against election of Gary Weiss.		

Appendix B – Voting Activity for DC Section

Sample of Significant Votes over the period 1 January 2020 to 31 December 2020

Fund	Meetings eligible to vote	Resolutions Eligible to Vote	Resolutions Voted	With Management	Against Management	Voted and Abstain
Mercer Passive UK Equity	1,168	15,622	97%	94%	6%	2%
Mercer Passive Overseas Equity (Hedged and Unhedged)	2,207	27,008	94%	94%	6%	0.4%
Mercer Active Emerging Markets equity	1,427	14,042	90%	81%	16%	3%
Mercer Diversified Growth	8,223	87,558	96%	82%	17%	1%
Mercer Diversified Retirement	9,391	103,180	96%	84%	15%	1%
Mercer Growth	8,223	87,558	96%	82%	17%	1%
Mercer Moderate Growth	8,223	87,558	96%	82%	17%	1%
Mercer High Growth	8,223	87,558	96%	82%	17%	1%
BlackRock – Passive Global Equity (40:60)	3,128	39,461	95%	94%	6%	1%

Voting activity information was unavailable as at the report date from Pacific Basin Fund. Also, significant voting data for Mercer Active Emerging Markets Equity and Mercer Diversified Retirement Fund was not available as at the report date.

Sample of Significant Votes for the Mercer Passive UK Equity over the period 1 January 2020 to 31 December 2020

Significant vote #1	
Company	EXXON MOBIL CORP
Items	Item 1.2: Elect Director Angela F. Braly Item 1.4: Elect Director Kenneth C. Frazier Item 4: Require Independent Board Chair
Date	27 th May 2020
Board Recommendation	The company recommends shareholders vote FOR the re-election of these directors and AGAINST the shareholder proposal.
Vote Decision	BlackRock voted against: Director Angela F. Braly for insufficient progress on TCFD aligned reporting and related action. BlackRock voted against: Director Kenneth C. Frazier for insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the approximate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business. BlackRock voted for: The Independent Chair proposal on account of BlackRock belief that the board would benefit from a more robust independent leadership structure given the concerns noted.
Rationale for the voting decision	As BlackRock has discussed during their most recent conversations with Exxon Mobil Corporation (Exxon), they continue to see a gap in the company's disclosure and action with regard to several components of its climate risk management. When effective corporate governance is lacking, BlackRock believes that voting against the re-election of the responsible directors is often the most impactful action a shareholder can take.

Significant vote #2	
Company	CHEVRON CORPORATION
Items	Item 6: Report on climate lobbying aligned with Paris Agreement goals
Date	27 th May 2020
Board Recommendation	The company recommends shareholders vote AGAINST this shareholder proposal.
Vote Decision	BIS voted FOR this proposal, as greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.
Rationale for the voting decision	In their view, the company could provide investors with a more detailed explanation of the alignment between Chevron's political activities and the goal of the Paris Agreement to limit global warming to no more than two degrees Celsius, which the company supports.

Sample of Significant Votes for the Mercer Passive Overseas Equity over the period 1 January 2020 to 31 December 2020

Significant vote #1	
Company	AGL ENERGY LTD
Items	Item 7b. Approve Coal Closure Dates
Date	7 th October 2020
Board Recommendation	The board recommended voting AGAINST the proposal
Vote Decision	BlackRock Investment Stewardship voted FOR this proposal because we believe the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades.
Rationale for the voting decision	They supported this proposal because they believe the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades. AGL's 1.5-degree scenario analysis, aligned with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD), implies it is possible to close the coal-fired Loy Yang plant twelve years ahead of the current scheduled closure. The proposal, and our support of it, affords the AGL board and executives the discretion to manage that timing to ensure an effective and safe closure at the appropriate time.

Significant vote #2	
Company	VOLKSWAGEN AG
Items	Multiple
Date	30th September 2020
Board Recommendation	FOR all management items presented
Vote Decision	BlackRock voted AGAINST the discharge of a number of Management Board and Supervisory Board members (items 3.1, 3.3, 3.5 and items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21) due to ongoing concerns with (i) oversight in relation to the emissions scandal, (ii) the insufficient level of independence on the Supervisory Board and its sub-committees, and (iii) the independence of the external auditor. They voted AGAINST item 5 to re-elect Dr. Hussain Ali Al Abdulla as Supervisory Board member due to the insufficient level of independence on the Supervisory Board.
Rationale for the voting decision	BlackRock voted against the discharge of members of the Board of Management who were already serving at the time of the emissions incident. In doing so, we are holding those individuals accountable for the deficiencies in VW's governance practices and management of its material risks. This is consistent with our approach since VW's 2016 AGM. In light of BIS' concern regarding the independence of the external auditor, they voted against the discharge of Supervisory Board

members B. Dietze, M. Heiß, B. Osterloh, F.O. Porsche and C. Schönhardt, all of whom served on the audit committee during fiscal year 2019.

Sample of Significant Votes for the Mercer Diversified Growth over the period 1 January 2020 to 31 December 2020

Significant vote #1	
Company	RIO TINTO LTD
Items	Shareholder proposal regarding Paris-aligned greenhouse gas emission reduction targets
Date	21 st April 2020
Vote Decision	Voted FOR
Outcome of the Vote	Approved

Significant vote #2	
Company	AENA S.M.E S.A.
Items	Shareholder Proposal Regarding Amending the Byelaws Concerning the Presentation of Climate Transition Reporting
Date	16 th October 2020
Vote Decision	Voted FOR
Outcome of the Vote	Approved

Sample of Significant Votes for the Mercer Growth over the period 1 January 2020 to 31 December 2020

Significant vote #1	
Company	DEALTA AIR LINES, INC
Items	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement
Date	6 th April 2020
Vote Decision	Voted FOR
Outcome of the Vote	Approved

Significant vote #2	
Company	UNION PACIFIC CORP
Items	Shareholder Proposal Regarding Report on Plans to Reduce Total Contribution to Climate Change
Date	5 th May 2020

Vote Decision	Voted FOR
Outcome of the Vote	Approved

Sample of Significant Votes for the Mercer Moderate Growth over the period 1 January 2020 to 31 December 2020

Significant vote #1	
Company	BEACH ENERGY LTD
Items	Shareholder Proposal Regarding Phase Out of Oil and Gas
Date	10 th November 2020
Vote Decision	Voted FOR
Outcome of the Vote	Approved

Significant vote #2	
Company	JP MORGAN CHASE & CO
Items	Shareholder Proposal Regarding Climate Change Strategy
Date	30 th April 2020
Vote Decision	Voted FOR
Outcome of the Vote	Approved

Sample of Significant Votes for the Mercer High Growth over the period 1 January 2020 to 31 December

Significant vote #1	
Company	AMAZON.COM INC.
Items	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report
Date	21 st May 2020
Vote Decision	Voted FOR
Outcome of the Vote	Approved

Sample of Significant Votes for the BlackRock – Passive Global Equity (40:60) over the period 1 January 2020 to 31 December

Significant vote #1	
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Company	BARCLAYS PLC
Items	Resolution 29: Approve Barclays' Commitment to Tackling Climate Change Resolution 30: Approve ShareAction Requisitioned Resolution
Date	7 th May 2020
Board Recommendation	Vote FOR Resolution 29 and AGAINST Resolution 30
Vote Decision	Voted in line with board recommendation
Rationale for the voting decision	The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.

Note: Significant voting information not available for Mercer Active Emerging Markets Equity and Mercer Diversified Retirement as at the date of this report.