

# TREMCO ILLBRUCK UK PENSION PLAN – ANNUAL IMPLEMENTATION STATEMENT

## Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 5 April 2021. 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 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 DB and DC Sections of the SIP have been followed.

## **Review of the SIP**

During the Plan year, the Trustees reviewed the Plan's SIP twice. A revised SIP was agreed and dated August 2020 in order to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019, relating to the following:

- How the arrangements with the asset managers incentivise the asset managers to align their investment strategies and decisions with the Trustees' policies in the SIP;
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term;
- How the method (and time horizon) of the evaluation of 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 managers and how they define and monitor targeted portfolio turnover or turnover range;
- The duration of the arrangements with the asset managers.

Additionally, the SIP was revised, agreed and dated March 2021 in order to reflect changes to the investment objectives and investment strategy of the DB Section of the Plan, whereby the remaining allocation to growth assets (the Insight Diversified Growth Fund) was liquidated and transferred to the LDI portfolio with LGIM.

## **Assessment of how the policies in the SIP have been followed for the year to 5 April 2021**

The information provided in the following table 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 Plan as a whole. The SIP is attached as an Appendix and sets out the policies and investment governance arrangements referenced below.

	Requirement	Policy (Relevant SIP Section)	In the year to 5 April 2021
1	Securing compliance with the legal requirements about choosing investments	<p><i>DB and DC Sections (1)</i></p> <p><i>In considering the appropriate investments for both the DB and DC sections of the Plan, the Trustees have obtained and considered the written advice of their Investment Consultant, Mercer Ltd, who is registered with the appropriate regulator in relation to investment services. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</i></p> <p><i>DC Section (3.1)</i></p> <p><i>The Trustees recognise that members of the Plan have differing investment needs, and that these may change during the course of their working lives. The Trustees also recognise that members have different attitudes to risk and believe that members should make their own investment decisions based on their individual circumstances.</i></p> <p><i>In making decisions, the Trustees have taken appropriate, professional advice. In the Trustees' opinion, this is consistent with the requirements of Section 36 of the Pensions Act 1995. Following such advice, the Trustees undertake dialogue from which a decision is made.</i></p>	<p><b>DB Section</b></p> <p>During the year, the Trustees received investment advice regarding the changes to the Plan's investment arrangements reflected in the changes to the SIP, specifically the termination of the Insight diversified growth mandate in December 2020.</p> <p><b>DC Section</b></p> <p>No changes to the investments (i.e. the funds available to members) took place over the year, and hence there was no requirement for formal investment advice consistent with Section 36 of the Pensions Act 1995.</p> <p>Elements of investment governance, including asset allocations have been delegated to Mercer Workplace Savings ('MWS') and as a result some changes took place over the year 'under the bonnet'.</p> <p>Annually, MWS review the continued appropriateness of the investment solutions underlying the Plan. The most recent review took place in Q1 2021, which was presented to the Trustees in June 2021.</p>
2	Kinds of investments to be held	<p><i>DB Section (2.1, 2.2 &amp; 2.3)</i></p> <p><i>The Trustees funding objective is that the Plan has sufficient and appropriate assets to pay its benefits as they fall due (the technical provisions). Additional objectives are as follows:</i></p> <ul style="list-style-type: none"> <li><i>• To achieve and maintain a funding level between 108% and 115% on the 2020 Technical Provisions basis with a view to the liabilities being bought out by an insurance company in 1 to 3 years' time.</i></li> <li><i>• To achieve an investment return on the Plan's assets which is compatible with the level of risk considered appropriate.</i></li> </ul>	<p><b>DB Section</b></p> <p>The Trustees regard the basic distribution of the assets to be appropriate for the Plan's revised objectives and liability profile. The Trustees noted that interest rate and inflation risks remained the key risks to achieving the objectives.</p> <p>The Trustees decided to reduce risk via the termination of the allocation to growth assets, in particular the removal of the allocation to the diversified growth fund. The Trustees are comfortable that the Plan's DB assets were predominantly invested in regulated markets during the year and that the policy on investment in</p>

		<ul style="list-style-type: none"> <li>• <i>To pay due regard to the Company's interest in the size and incidence of contribution payments.</i></li> </ul> <p><i>Documents governing the investment managers' appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The managers are prevented from investing in asset classes outside of their mandate without the Trustees' prior consent. The managers are registered with the appropriate regulators.</i></p> <p><i>The Trustees manage risks by allocating all of the Plan's assets to LDI and corporate bonds, which possess similar characteristics to the Plan's liabilities.</i></p> <p><i>The Trustees recognise the risks of underperformance introduced by the use of active managers but also recognise the potential benefits of active management. As such, a balanced approach is taken, with half of the Plan's corporate bond assets and the entire LDI portfolio managed on a passive (index tracking) basis.</i></p> <p><i>No direct investment is allowed in securities issued by the Company or affiliated companies (other than any such securities held within a pooled fund in which the Trustees invest).</i></p> <p><a href="#">DC Section (3.2)</a></p> <p><i>The Trustees consider the characteristics of a range of members and their associated investment needs when choosing which types of investment to make available.</i></p> <p><i>The range of funds offered include those which offer the prospect of growth which exceeds the rate of inflation in the long term, as well as funds that provide greater protection against changes in the cost of securing retirement benefits or volatile nominal market values.</i></p>	<p>securities issued by the Company was followed.</p> <p><a href="#">DC Section</a></p> <p>In addition to the MWS Strategy review mentioned above, the Trustees received quarterly investment performance reports, monitoring each fund's respective performance versus an appropriate benchmark over both short and longer-term periods.</p> <p>The Trustees were satisfied with the performance of the funds over the Plan year, which have performed in line with their underlying aims and objectives. As such, the Trustees are comfortable that the range of lifestyle arrangements and self-select funds remain appropriate for the Plan's membership.</p> <p>As at the date of this Statement, the Trustees are in the process of carrying out their own strategy review, taking into account membership demographics, industry trends and the self-select range available to members.</p> <p>The Trustees conduct an annual Value for Members (VfM) assessment. At the time of writing, the assessment for the year to 5 April 2021 is under review.</p>
3	The balance between different kinds of investments	<p><a href="#">DB Section (2.4 &amp; 2.6)</a></p> <p><i>The Trustees have set a Plan specific benchmark which will be expected over the long term to achieve the investment objectives.</i></p>	<p><a href="#">DB Section</a></p> <p>The Plan's asset allocation is allowed to deviate relative to the benchmark allocation set within specified ranges. The Trustees are comfortable that the allocation, where it deviated from the benchmark over the year, remained</p>

		<p><i>Within the DB Section, the Trustees have put in place a rebalancing policy that aims to retain the overall level of strategic risk within acceptable limits taking into account transactions costs and to “bank” gains from outperforming asset classes and re-distribute amongst underperforming asset classes which have breached their ranges.</i></p> <p><i>The Trustees monitor the Plan’s asset allocation on a regular basis to ensure that the allocations do not deviate significantly from the benchmark.</i></p> <p><b>DC Section (3.3)</b></p> <p><i>The Trustees have considered the types of assets and the different style of investment management at their disposal and believe that their investment objectives will be met by offering members a range of funds across different asset classes as well as giving members the options of active or passive management, so that members can choose their investment arrangements according to their risk tolerance and return expectations.</i></p> <p><i>Members can combine the investment funds in any proportion in order to determine the balance between different kinds of investments. This will also determine the expected return on a members’ assets and should be related to the members’ own risk appetite and tolerances. Each of the available finds is considered to be diversified across a reasonable number of underlying holdings/issuers.</i></p> <p><i>A default investment option is made available should members not wish to make their own investment decisions or are not comfortable in doing so.</i></p>	<p>appropriate during the Plan year. No rebalancing activities were carried out over the year as a result of a breach in the set policy ranges.</p> <p><b>DC Section</b></p> <p>The Trustees received investment performance reports on a quarterly basis which monitor the Plan’s investments.</p> <p>The Plan’s investments, including the default investment option are reviewed by the Trustees on a triennial basis, with expected risk and return requirements being considered as part of the review.</p> <p>As at the date of this Statement, the Trustees are in the process of carrying out the strategy review.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p><b>DB Section (2.3)</b></p> <p><i>The Trustees recognise the various risks to which any pension scheme is exposed. The Trustees have considered these and adopted a policy on the factors they consider to be financially material when making decisions relating to selection, retention and realisation of investments over the Plan’s anticipated</i></p>	<p><b>Both Sections</b></p> <p>As detailed in the respective DB and DC risk sections of the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>All monitoring activity detailed in the SIP was undertaken during the Plan</p>

		<p><i>lifetime, including the Trustees' policy on risk management.</i></p> <p><i>The risks considered are documented in the SIP.</i></p> <p><a href="#">DC Section (3.4)</a></p> <p><i>There are various risks to which any pension scheme is exposed, which the Trustees believe may be financially material to the Plan. The Trustees have considered risk from several perspectives over the Plan's anticipated lifetime. 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 take their benefits from the Plan.</i></p> <p><i>The primary risks considered are documented in the SIP.</i></p>	<p>year, and there were no issues to report back.</p> <p>Growth asset risk (the risk that growth asset valuations fluctuate in an uncorrelated way with the value of the liabilities) and currency risk (resulting from investments in overseas markets) were removed following the termination of the diversified growth portfolio managed by Insight in December 2020.</p> <p>No other changes were made to the investment arrangements as a result of these considerations.</p>
5	Expected return on investments	<p><a href="#">DB Section (2.5)</a></p> <p><i>Given the investment strategy adopted, over the long term, the Trustees expect to generate a return of approximately 0.3% p.a. above that which would have been achieved had no investment risk been taken within the portfolio (i.e. had it invested solely in a portfolio of long dated Government debt, which can be used as a proxy for the growth of the Plan's liabilities). It is recognised that over the short term, performance may deviate significantly from the long term target and there are no guarantees that such a return will be achieved.</i></p> <p><i>The Trustees utilise a combination of passive and actively managed portfolios, therefore the Plan's assets are expected to outperform the benchmark over long term periods.</i></p> <p><a href="#">DC Section (3.3)</a></p> <p><i>The Trustees have considered the types of assets and the different style of investment management at their disposal and believe that their investment objectives will be met by offering members a range of funds across different asset classes as well as giving members the options of active or passive management, so that members can choose their investment</i></p>	<p><a href="#">DB Section</a></p> <p>The investment performance report is reviewed by the Trustees on 6-monthly basis.</p> <p>The investment performance report includes how each investment manager is delivering against their specific mandates.</p> <p>Over the 3 years to 31 December 2020 (the latest date available before the end of the Plan year), the Plan returned 7.5% p.a., net of fees, relative to a benchmark of 7.6% p.a.</p> <p><a href="#">DC Section</a></p> <p>The Trustees monitor the performance of the funds against their stated objectives/benchmarks through quarterly investment reports, this is done at each meeting. The performance reports also include the Plan's investment adviser's manager research ratings.</p> <p>Over the 3 years to 31 March 2021, the growth phase of the default investment option (where the majority of the Plan's assets are invested) returned 8.6% p.a. net of fees, relative to a benchmark of 4.6% p.a.</p>



		<p><i>arrangements according to their risk tolerance and return expectations.</i></p> <p><i>Members can combine the investment funds in any proportion in order to determine the balance between different kinds of investments. This will also determine the expected return on members' assets and should be related to the members' own risk appetite and tolerances.</i></p>	<p>The Trustees took no actions over the year in respect of manager appointments.</p>
6	Realisation of investments	<p><a href="#">DB Section (6)</a></p> <p><i>The Plan's investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.</i></p> <p><a href="#">DC Section (6)</a></p> <p><i>The Plan's investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.</i></p>	<p><a href="#">DB Section</a></p> <p>The Plan invests in pooled funds only.</p> <p>Member contributions are used primarily to fund the Plan's cashflow requirements, reducing the risk of being forced to sell assets to meet expenditure. All disinvestments / investments required for cashflow purposes were sourced from / directed to the L&amp;G Sterling Liquidity Fund during the year, in line with the Trustees' default policy.</p> <p><a href="#">DC Section</a></p> <p>The Trustees received administration reports on a quarterly basis to ensure that core financial transactions were processed within service level agreements and regulatory timelines.</p> <p>All funds are daily dealt pooled vehicles, accessed through an insurance contract. These pooled arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Therefore, assets should be realisable at short notice, based on member and Trustees demands.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection,	<p><a href="#">DB Section (2.3)</a></p> <p><i>The Trustees consider 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.</i></p> <p><a href="#">DC Section (3.4)</a></p> <p><i>The Trustees have considered risk from a number of perspectives and believe that the appropriate time horizon within which to assess these risks should be</i></p>	<p><a href="#">DB Section</a></p> <p>The investment performance report was reviewed by the Trustees on a six-monthly basis – this included investment manager ratings (both general and specific ESG) from the investment advisers. The Trustees were comfortable with the ratings applied to the manager, and continued to closely monitor these ratings and any significant developments.</p> <p>In considering ESG ratings the Trustees considered the manager's</p>

	retention and realisation of investments	<p><i>viewed at the member level. This will be dependent on the member's age and when they expect to take their benefits from the Plan. These considerations are taken into account when making decisions relating to the selection, retention and realisation of investments.</i></p>	<p>absolute rating and also how this compares with other managers in the same asset class noting that fixed income managers have not had high ESG ratings assigned by the investment consultant due to the nature of the asset class where there is less scope to engage with the issuer of debt.</p> <p>No changes to manager appointments were made as a result of the Trustees' ongoing assessment.</p> <p><b>DC Section</b></p> <p>The Trustees review investment performance on a regular basis via investment performance reports – this includes ratings (both general and ESG specific) from the investment adviser. All of the managers remained highly rated during the year.</p> <p>If managers are not highly rated by the investment adviser from an ESG perspective, MWS will engage with those managers to improve ESG practices, or replace these managers with more highly rated managers. This is in line with their Sustainable Investment Policy.</p> <p>If ratings, either general or ESG, are downgraded, MWS will look to find a suitable alternative where appropriate.</p> <p>The Plan'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. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and	<p><b>DB and DC Sections (7)</b></p> <p><i>The Trustees periodically review the responsible investment policies of the appointed investment manager(s). The Trustees will, where it is deemed necessary, engage the manager(s) in discussion on their policies. It will however be made clear to the manager(s) that any decisions taken by the manager(s) should be in the best</i></p>	<p><b>Both Sections</b></p> <p>No member views related to investments were received during the Plan year.</p>

	<p>realisation of investments</p>	<p><i>long term financial interest of the Plan and its members.</i></p> <p><i>The Trustees have not set any ESG related investment restrictions on the appointed investment manager(s) in relation to particular products or activities, but may consider this in future.</i></p> <p><i>Member views are not taken into account in the selection, retention and realisation of investments but the Trustees retain the right to seek member views in future.</i></p> <p><i>In selecting any new or replacement investment manager(s), the Trustees will explicitly consider, where relevant, potential managers' approaches to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making.</i></p> <p><i>DC Section (3.4)</i></p> <p><i>Member views on non-financial matters (where "non-financial" include members' ethical views separate from financial considerations such as financially material ESG issues), are not taken into account in the selection, retention and realisation of investments. However, the Trustees have made two funds available which members are able to invest in:</i></p> <ul style="list-style-type: none"> <li><i>- A UK equity fund which screens out companies that are deemed to do unacceptable harm to people, animals or the environment.</i></li> <li><i>- A global equity fund which invests in companies whose business is deemed to be compliant with the principles of Shariah Law.</i></li> </ul>	
9	<p>The exercise of the rights (including voting rights) attaching to the investments</p>	<p><i>DB and DC Sections (7)</i></p> <p><i>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.</i></p>	<p><b>DB Section</b></p> <p>The Trustees delegate their voting rights to the investment managers, indirectly through owing units in a pooled fund. During the year, the Plan held shares in the diversified growth fund managed by Insight, which held some voting rights in relation to infrastructure assets. Further details are set out in the next section below.</p>



			<p><b>DC Section</b></p> <p>The exercising of voting rights is delegated to MWS.</p> <p>Over the Plan year, the Trustees have not actively challenged the investment managers on their voting activity.</p> <p>Voting activity information for funds where the Plan has equity exposure is summarised in the appendix.</p>
10	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><b>DB and DC Sections (7)</b></p> <p><i>The Trustees periodically review the responsible investment policies of the appointed investment manager(s). The Trustees will, where it is deemed necessary, engage the manager(s) in discussion on their policies. It will however be made clear to the manager(s) that any decisions taken by the manager(s) should be in the best long term financial interest of the Plan and its members.</i></p>	<p><b>DB Section</b></p> <p>No specific activity took place.</p> <p><b>DC Section</b></p> <p>Where underlying investment managers are not meeting expectations, the Trustees expect MWS to engage with these managers.</p> <p>Over the Plan year, the Trustees remained satisfied that the contractual arrangement in place with Aviva and MWS remained appropriate.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees policies	<p><b>DB and DC Sections (8.1)</b></p> <p><i>As the Trustees invest in multi-client pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the funds, but appropriate mandates can be selected to align with the overall investment strategy. The Trustees will therefore select vehicles that best align with their own policy in terms of investment objectives and guidelines. The investment managers are incentivised by the knowledge that the Trustees will review their appointment if, over time, they do not meet expectations.</i></p> <p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected to manage over a suitable time horizon.</i></p>	<p><b>DB Section</b></p> <p>Following a review of the Plan's investment strategy in November 2020, the Trustees decided to reduce risk via the termination of the allocation to growth assets as these were felt no longer required to meet the Trustees' funding and investment objectives. The Trustees subsequently terminated the appointment of Insight, who managed a diversified growth fund on behalf of the Plan, as this fund was no longer consistent with the Trustees' objectives.</p> <p>The Trustees will continue to review the alignment of their policies with the investment managers' arrangements going forward, and will take corrective action if inconsistencies are identified.</p> <p><b>DC Section</b></p> <p>The Trustees access funds through the MWS insurance platform. MWS appoints underlying investment managers and the Trustees select funds from external investment</p>

			<p>managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research ratings reflect Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives.</p> <p>The Trustees will continue to review the alignment of their policies with the investment managers' arrangements going forward, and will take corrective action if inconsistencies are identified.</p>
12	<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><i>DB and DC Sections (8.2)</i></p> <p><i>The Trustees do not have a policy about making investment decisions based on their assessment of the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the investment managers, where applicable. These managers may be in a position to engage directly with such issuers in order to improve their performance in the medium to long term.</i></p>	<p><b>DB Section</b></p> <p>During the year, the Trustees remained comfortable that the arrangements in place with their investment managers continued to provide adequate incentive for the managers to make decisions based on medium to long-term financial and non-financial performance.</p> <p>The Trustees are working towards securing the Plan's liabilities with an insurance company, and will continue to review whether the existing manager appointments are consistent with this objective.</p> <p><b>DC Section</b></p> <p>The Trustees expect all underlying managers to incorporate the consideration of longer-term factors, such as ESG, into their decision making process where appropriate, and remain comfortable that this is the case.</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 reviewed performance of the funds on a quarterly basis. The fund range is formally reviewed on at least a triennial basis.</p>
13	<p>How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration</p>	<p><i>DB and DC Sections (8.3)</i></p> <p><i>As part of regular reporting to the Trustees, within the DB Section of the Plan the Trustees receive performance reports on a six-monthly basis from their Investment Consultant, and within the DC Section, the Trustees receive investment reports on a quarterly basis. For both sections, the Trustees review</i></p>	<p><b>Both Sections</b></p> <p>During the year, the Trustees received performance reports from their investment consultant on a six-monthly (DB Section) and quarterly (DC Section) basis. The Trustees reviewed both the absolute performance and the relative performance against a suitable index used as the benchmark, on a net</p>

	<p>for asset management services are in line with the trustees' policies</p>	<p><i>the absolute performance and relative performance against a suitable index used as the benchmark over various time periods. The Trustees' focus is on long-term performance but will put a manager 'on watch' if there are short-term performance concerns.</i></p> <p><i>The investment managers are remunerated by way of a fee calculated as a percentage of assets under management. In each case, the principal incentive is for the investment manager to retain their appointment (in full), by achieving their objectives, in order to continue to receive their fee in full. Investment managers are not remunerated based on portfolio turnover.</i></p>	<p>of fees basis, and did not draw any concerns around short or long-term performance of any of the Plan's investment managers.</p> <p>Over the year, there were no changes to the remuneration arrangements with any of the Plan's investment managers.</p> <p>Within the DC Section, the charges that members pay are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members.</p>
14	<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><a href="#">DB and DC Sections (8.4)</a></p> <p><i>The Trustees do not currently monitor portfolio turnover costs in respect of the DB Section, and have no set portfolio turnover targets.</i></p> <p><i>For the DC Section, transaction costs, which include portfolio turnover costs, are monitored and assessed within the annual Value for Money ("VfM") assessment.</i></p>	<p><a href="#">DB Section</a></p> <p>At present, the Trustees do not monitor portfolio turnover costs, instead opting to monitor the performance of their investment managers net of the impact of such costs.</p> <p><a href="#">DC Section</a></p> <p>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual VfM assessment. The ability to assess the appropriateness of these costs is limited by the availability of data.</p> <p>The Trustees will continue to monitor industry developments in how to assess these costs and will incorporate this in future assessments. Importantly, performance is reviewed net of portfolio turnover costs.</p>
15	<p>The duration of the arrangement with the asset manager</p>	<p><a href="#">DB and DC Sections (8.5)</a></p> <p><i>The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. There is no set duration for investment manager appointments. The Trustees will retain the investment managers unless there is a change to the overall investment strategy that no longer requires exposure to that asset class or manager, or the manager appointment has been reviewed and the Trustees have decided to terminate the mandate.</i></p>	<p><a href="#">DB Section</a></p> <p>Following a review of the Plan's investment strategy in November 2020, the Trustees reduced risk via the termination of the growth assets as these were felt no longer required to meet the Trustees' objectives. The Trustees subsequently terminated the appointment of Insight, who managed a diversified growth fund on behalf of the Plan, as this exposure was no longer required.</p> <p>There were no other changes to the Plan's investment arrangements, nor were any of the Plan's other investment</p>

		<p><i>Within the DC Section, all the funds are open-ended with no set end date for the arrangement. The fund range and default strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range. Where the Trustees identify potential improvement during the annual Value for Money assessment, the Trustees will take action.</i></p> <p><i>Investment 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 Trustees are dissatisfied, then they will look to replace the manager.</i></p>	<p>managers placed under review by the Trustees.</p> <p>These actions are consistent with the Trustees' desire not to make frequent changes to the investment arrangements unless it is deemed necessary.</p> <p><b>DC Section</b></p> <p>The Trustees are long-term investors, all funds are open-ended and therefore there is no set duration for manager appointments. MWS are responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustees may also choose to remove a fund from the fund range if no longer considered appropriate. No changes to the funds available to members took place over the year.</p>
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**Assessment of how the voting and engagement policies in the SIP have been followed for the year to 5 April 2021**

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' voting and engagement policies in the SIP, relating to both DB and DC Sections of the Plan.

**Additional Information on Voting and Engagement Activity by the Plan's DB Investment Managers**

The Trustees delegate their voting rights to the investment managers, indirectly through owning units in a pooled fund.

During the period to 5 April 2021, the Plan was exposed to equity markets via investment in the Insight Broad Opportunities Fund (the Plan's 'diversified growth' allocation, which was terminated on 10 December 2020). However, as the exposure is gained through the use of derivatives, the Fund did not carry any voting rights in relation to equity holdings.

Additionally, the Fund held infrastructure assets that did carry voting rights, which are depicted below. Insight are not able to provide intra quarter information on the Fund, hence this information is shown for the 1-year period to 5 April 2021.

Voting Statistic	Response
How many meetings were you eligible to vote at?	14
How many resolutions were you eligible to vote on?	122
What % of resolutions did you vote on for which you were eligible?	100
Of the resolutions on which you voted, what % did you vote with management?	100
Of the resolutions on which you voted, what % did you vote against management?	--
Of the resolutions on which you voted, what % did you abstain from voting?	--

## Additional Information on Voting and Engagement Activity by the Delegated DC Investment Manager

The Trustees have delegated their voting rights to MWS who in turn delegates this to external investment managers. The Trustees do not use the direct services of a proxy voter.

MWS includes stewardship within their Sustainable Investment Policy. In particular, MWS expects all shares to be voted on by external investment managers in a manner deemed most likely to protect and enhance long-term value for investors.

Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 31 March 2021 is summarised in the table below:

Fund	How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Mercer Growth/Balanced Risk	97,692	96%	82%	17%	1%
Mercer High Growth/Higher Risk	97,692	96%	82%	17%	1%
Mercer Diversified Retirement Fund	113,434	96%	84%	15%	1%
Mercer Active UK Equity	1,000	100%	96.7%	2.2%	1.1%
Mercer Active Global Equity	6,981	99.8%	90.7%	7.6%	1.7%
Mercer Sustainable Global Equity	5,622	99.9%	88.9%	9.9%	1.2%

### Examples of Significant Votes

Fund	Company	Proposal	How the manager voted
Mercer Growth/Balanced Risk	Walmart Inc.	Shareholder proposal requesting that Walmart report on the number of single-use plastic shopping bags used	For (against management)
Mercer High Growth/Higher Risk	Intel Corp.	Shareholder proposal requesting that Intel Corp. report on median gender and racial pay equity report	Against (with Management)