

Annual Implementation Statement

The Jiffy and Ambassador Pension Scheme

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 30 April 2022. 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 how, and the extent to which, the policies in The Jiffy and Ambassador Pension Scheme (the 'Scheme') SIP have been followed.

Investment Objectives of the Scheme

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

DB Section

The Trustees' primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. In meeting this objective the Trustees' further objectives are to:

- Reach a position such that the Scheme's assets would be sufficient to exceed the liabilities as determined, in the event of the Scheme winding-up, on the basis of a buyout with an insurance company.
- By means of an agreed combination of investment return and funding budget from the Sponsor, move the Scheme to a position of being 110% funded on a de-risked funding basis (gilts +0.0% p.a.) by 2026-31.
- In doing so, to opportunistically reduce the degree of risk in the Scheme's investment arrangements, thereby helping to protect the Scheme's improving funding position.

DC Section

The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances. The Trustees' objective is therefore to make available a range of investment options for this purpose. The Trustees also recognise that members may not believe themselves qualified to take investment decisions. As such, the Trustees make a default option available.

These objectives translate into the following principles:

- Offering members a 'Lifestyle' investment strategy for the default investment option and ensuring that the other lifestyle investment strategies allow members to plan for their specific retirement objectives;
- Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Scheme members – this includes offering active and passive funds;
- Providing general guidance as to the purpose of each investment option;
- Encouraging members to seek impartial financial advice from an appropriate party in determining the most suitable option for their individual circumstances;
- In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustees aim to make available a range of options which satisfy the needs of the majority of members.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme. Detail on the Trustees' objectives with respect to the default investment option, the alternative lifestyle options and the self-select fund range are outlined in the SIP.

There were no changes made to the SIP in the year to 30 April 2022

A revised SIP was adopted in September 2020 to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 to outline the Trustees' arrangements with its asset managers including:

- How the arrangements with the asset managers incentivise them to align their investment strategies and decisions with the Trustees' investment policies.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration of asset managers are in line with the Trustees' investment policies.
- How the Trustees monitor "portfolio turnover costs" incurred by the asset managers.
- The duration of the arrangements with the asset managers.

Investment Strategy Review

DB Section

The investment strategy for the DB section is reviewed approximately annually by Mercer and any changes to the strategy are discussed and agreed with the Trustees in the context of their investment objectives. The most recent review was carried out in December 2021 and the strategy was subsequently updated from Diversified Growth Fund (“DGF”) to a Low Cost Growth Portfolio. At each investment strategy review the Trustees consider:

- The longer term investment objectives in the context of the Scheme’s parameters, including covenant strength, risk appetite, target-de risking basis and any deficit contributions.
- How the Scheme has progressed towards the long term objective since the last strategy review.
- If the level of the de-risking funding level triggers remain appropriate given any updated objectives, parameters, or experience.
- The asset allocation within both the Growth and Matching portfolios.

The resulting strategy is designed to maximise the likelihood of meeting the Scheme’s long-term objective within the agreed parameters and risk appetite.

DC Section

The default investment option is reviewed at least triennially as part of the Trustees’ investment strategy review. The last default review was formally undertaken in April 2020 and considered the following:

- How the arrangements with the asset managers incentivise them to align their investment strategies and decisions with the Trustee’s investment policies.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of the asset managers’ performance and the remuneration of asset managers are in line with the Trustee’s investment policies.
- How the Trustee monitors “portfolio turnover costs” incurred by the asset managers.
- The duration of the arrangements with the asset managers.

Assessment of how the policies in the SIP have been followed for the year to 30 April 2022

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 Scheme as a whole, the DB investment arrangements and the default DC investment arrangement. The SIP sets out the policies referenced below.

	Requirement	Policy	In the year to 30 April 2022
1	Securing compliance with the legal requirements about choosing investments	<p>DB Section: <i>The Trustees have appointed a Fiduciary Manager who provides expert advice and chooses investment vehicles that can fulfil the Scheme’s investment objectives. In the Trustees’ opinion, this is consistent with the requirements of Section 36 of the Pensions Act 1995.</i></p> <p>DC Section: <i>In considering the appropriate investments for the Scheme, the Trustees have obtained and considered the written advice of an Investment Consultant, whom the Trustees believe to be suitably qualified to provide such advice. 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>DB Section: Mercer continues to act as discretionary investment manager to implement the Trustees’ strategy whereby the level of investment risk reduces as the Scheme’s funding level improves. The Trustees continue to be advised by Mercer employees who are sufficiently experienced and FCA regulated to provide advice that is consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</p> <p>Given the fiduciary arrangement much of the day-to-day management of the Scheme’s investments is delegated to Mercer. This includes, but is not limited to, setting the strategic and dynamic asset allocation of the Growth Portfolio and Matching Portfolio, carrying out portfolio rebalancing and managing the level of interest rate and inflation sensitivity of the liability-hedging portion of the Scheme’s assets in the Matching Portfolio.</p> <p>The Scheme’s assets are primarily 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>The Trustees remain informed of the actions taken by Mercer with respect to the Scheme’s investments, and monitor Mercer’s performance against the Trustees’ strategic objectives, through monthly and quarterly reports as well as verbal updates from Mercer at each Trustee meeting.</p> <p>DC Section: No changes to the investments (i.e. the funds available to members) took place over the year, and hence</p>

			<p>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 has been delegated to Mercer Workplace Savings ('MWS') and as a result some changes took place over the year to the proportion of the allocation that is dynamic.</p> <p>Annually, MWS review the continued appropriateness of the investment solutions underlying the Scheme. The most recent review took place in Q1 2021.</p>
2	<p>Kinds of investments to be held</p>	<p>DB Section: <i>The Trustees have decided to implement a de-risking strategy. The Trustees, having taken advice, set the strategic split between portfolios of growth and matching assets at each stage of the strategy. As the funding level improves, investments will be switched from growth assets to matching assets with the aim of reducing investment risk. The Trustees have delegated the implementation of the agreed de-risking strategy to Mercer.</i></p> <p>DC Section: <i>As members are able to make their own investment decisions the balance between the different kinds of investments can be their decision. This balance will determine the expected return on a member's assets and should be related to the</i></p>	<p>DB Section: The Trustees set the overall strategy and de-risking trigger framework with advice from Mercer. Thereafter, the Trustees have delegated the day-to-day management of the Scheme's investments, including the underlying asset allocation within the Growth Portfolio and Matching Portfolio to Mercer. The Scheme's investment strategy was reviewed by the Trustees in December 2021. The strategy was subsequently updated from DGF to a Low Cost Growth Portfolio.</p> <p>MGIE has constructed portfolios of investments during the year 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>During the year a range of asset classes have been included within the Scheme's investment portfolio to achieve the above, including: global developed and emerging market equities, emerging market debt, high yield bonds, multi-asset credit, absolute return bonds, and REITs, as well as alternative assets such as hedge funds and a "Matching Portfolio" which includes UK bonds (gilts), global (hedged) corporate bonds as well as Liability Driven Investment ("LDI") funds which invest in bond-like investments in order to</p>

		<p><i>member’s own risk appetite and tolerance.</i></p> <p><i>The Trustees offer a default lifestyle strategy and two alternative lifestyle strategies. Four additional Mercer “Risk-Rated” funds and one cash based “building block” fund are also available for members to choose from.</i></p>	<p>provide interest rate and inflation exposure and reduce funding risk.</p> <p>DC Section: The default investment option was subject to its formal triennial review by the Trustees in April 2020. Although this review was not undertaken during this year, it represents an important exercise for the Trustees that covers the investment policies the Trustees have in place. No changes were made following this review and the kinds of investment held in the default strategy are consistent with the SIP.</p> <p>No changes to the type of investments used in the default have been implemented since this review and the strategy remains consistent with this policy in the SIP.</p> <p>In addition to the Trustees’ and the separate 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 Scheme year, which have broadly 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 Scheme’s membership.</p> <p>The Trustees conduct an annual Value for Members (VfM) assessment. For the year to 30 April 2021, the assessment concluded that the Scheme provides good value for members.</p>
3	The balance between different kinds of investments	<p>DB Section: <i>The Trustees, with advice from the Scheme’s Investment</i></p>	<p>DB Section: The Trustees’ review of the Scheme’s investment strategy in December 2021 confirmed that the practices of the de-risking framework as outlined in the SIP remained appropriate.</p>

		<p><i>Consultant, reviewed the Scheme’s investment strategy in 2021.</i></p> <p><i>Following the review, the key decision was to seek a long term solution to “de-risk” the Scheme’s assets relative to its liabilities over time using a dynamic trigger based de-risking framework. The de-risking framework mandates the following practices:</i></p> <ul style="list-style-type: none"> • <i>To hold sufficient growth assets to target 110% funding on a gilts +0.0% basis by 2026-31;</i> • <i>To reduce the volatility in the funding level by reducing un-hedged liability exposures;</i> • <i>To monitor the progress in the funding level and to capture improvements in the funding level promptly, if they arise.</i> <p>DC Section: <i>Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk in line with their own attitude towards, and tolerance of risk.</i></p> <p><i>Within the default option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default option.</i></p>	<p>At the Scheme year end the strategic allocation to growth assets was 32.5% with 67.5% being strategically allocated to matching assets, compared to 37.6% and 62.4% respectively for the prior year end.</p> <p>DC Section: The Trustees monitor the performance of the funds against their stated objectives/benchmarks. This is done on a quarterly basis. The performance report also includes changes to the investment adviser’s manager research rating and notes any other relevant developments at the underlying investment managers. Part of the rating process is to consider risk management.</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>The strategic asset allocation of the default investment option is reviewed on a triennial basis. The date of the last review was April 2020. This confirmed that the strategic asset allocation was appropriate to meet the stated aims and objectives of the default.</p>
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<p>4</p>	<p>Risks, including the ways in which risks are to be measured and managed</p>	<p>DB Section: <i>There are various risks to which any pension scheme is exposed which the Trustees believe may be financially material to the Scheme.</i></p> <p><i>The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme’s assets and its liabilities and the Sponsor’s ability to support this mismatch risk.</i></p> <p><i>To control the risk outlined above, the Trustees, having taken advice, set the split between the Scheme Growth and Matching Portfolios such that the expected return on the overall portfolio is expected to be sufficient to meet the Trustees’ objectives. As the funding level improves, investments will be switched from the Growth Portfolio into the Matching Portfolio with the aim of reducing investment risk.</i></p> <p>DC Section: <i>The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment option.</i></p> <p><i>The Trustees pay close regard to the risks which may arise from the lack of diversification of investments. The Trustees believe that the choice of</i></p>	<p>DB Section: During the Scheme year Mercer has continued to act under its delegated authority to manage the Scheme’s assets with the major risks in mind, as detailed in the SIP, for all decisions taken on the Trustees’ behalf. These include, but are not limited to, the mismatch between assets and liabilities, diversification of assets, manager specific risk, illiquidity, currency risk and ESG factors.</p> <p>During the year, the Trustees have considered 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.</p> <p>The Trustees receive a monthly investment dashboard and an investment strategy report which is reviewed on a quarterly basis. The report includes the overall funding level risk and appropriate comments on the other risks to which the Scheme is exposed.</p> <p>DC Section: As detailed in the risk section in the SIP, the Trustees consider both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>As well as the annual review by Mercer of the SmartPath arrangements, and the triennial Strategy Review of the suitability of the default investment arrangement in April 2020, the Trustees review quarterly investment reports over the year.</p>
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<p>5</p>	<p>Expected return on investments</p>	<p>DB Section: <i>The Trustees have put in place a de-risking strategy to:</i></p> <p><i>Hold sufficient growth assets to target 110% funding on a gilts + 0.0% basis by 2026-2031, to reduce the volatility in funding level by reducing unhedged liability exposures and to monitor the progress in the funding level and to capture improvements in the funding level promptly if they arise.</i></p> <p>The Growth Portfolio has a return target of cash + 4.0% p.a. gross of Mercer fees, net of underlying manager fees over the longer term; prior to 1 January 2022 the return target was cash + 3.0% gross of Mercer fees, net of underlying manager fees. The Matching Portfolio does not have an explicit return target as it is designed to hedge the funding level impact, as measured on the target de-risking basis, of interest rate and inflation movements.</p> <p>DC Section: <i>The funds available are expected to provide an investment return commensurate with the level of risk being taken.</i></p>	<p>DB Section: At the start of the Scheme Year the market turmoil caused by the global COVID-19 pandemic had caused the Scheme to move off-track from the Trustees’ funding level objectives. At the time the Trustees decided to continue to monitor the funding level closely but not take any explicit action.</p> <p>Mercer, in its capacity as fiduciary investment manager to the Scheme, took a number of steps to minimise the funding level impact of the pandemic, which the Trustees monitored through regular reports, communication and meetings with Mercer. Over the course of the Scheme Year the funding level (on the Scheme’s de-risking basis) went from 95.3%, as at 30 April 2021, to 94.0% as at 30 April 2022 (The Scheme’s investment strategy was reviewed by the Trustees in December 2021. The strategy was subsequently updated from DGF to a Low Cost Growth Portfolio and the resultant funding level as at 5 January 2022 was 95.7%, an increase of 3.2%).</p> <p>Over the period since inception of the fiduciary management arrangements with Mercer (16 September 2016) to 30 April 2022, the Scheme’s assets returned 3.0% p.a. compared to an estimated change in value of the Scheme’s liabilities of 1.1% p.a.. Over the same period the Growth portfolio returned 5.7% p.a. against its target of 4.1% p.a.. Over the Scheme Year the Scheme’s assets returned -6.6% relative to an estimated change in the value of the Scheme’s liabilities of -5.3% and the Growth Portfolio returned -0.9% against its target of 3.9%.</p> <p>DC Section: 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</p>

		<p><i>The Trustees provide a default option, which has an explicit allocation to assets in the growth phase that are expected to outperform inflation over the long term. Members are also able to self-select funds, most of which are expected to outperform inflation over the long term.</i></p>	<p>reports also include the Scheme’s investment adviser’s manager research rating.</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 7.8% p.a. net of fees, relative to a benchmark of 4.6% p.a..</p> <p>The Trustees took no actions over the year in respect of manager appointments.</p>
6	Realisation of investments	<p>DB Section: <i>The selection, retention and realisation of assets is carried out in a way consistent with maintaining the Scheme’s overall strategic allocation and consistent with the overall principles set out in the SIP.</i></p> <p><i>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/or the underlying third party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion for the selection, retention and realisation of investments and in considerations relating to the liquidity of those investments.</i></p> <p>DC Section: <i>Assets in the DC Section, including the default option, are invested in a long-term insurance contract. The assets underlying the</i></p>	<p>DB Section: Where disinvestments were arranged during the year, the policies stipulated within the relevant appointment documentation have been followed.</p> <p>DC Section: The Trustees receive administration reports on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines.</p> <p>All funds are daily dealt pooled investment vehicles, accessed through an insurance contract. These pooled investment 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 the Trustees’ demands.</p>

		<p><i>insurance contract are invested in daily traded pooled funds which hold highly liquid assets, and therefore should be realisable at short notice based on either Trustees' or member demand.</i></p>	
7	<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: <i>The Trustees consider financially material considerations in the selection, retention and realisation of investments. The Trustees' consideration of such factors, including environmental, social and governance factors, is delegated to Mercer who in turn delegate this to the appointed underlying investment managers.</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>DC Section: <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</i></p>	<p>DB Section: The Scheme's SIP includes the Trustees' full 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.</p> <p>In order to establish these beliefs and produce this policy, the Trustees undertook investment training provided by their investment consultant, Mercer Limited (Mercer), on responsible investment which covered ESG factors, stewardship, climate change and the approach undertaken by Mercer Global Investments Europe Limited (MGIE) in its capacity as investment manager to the Ireland-domiciled collective investment schemes in which the Scheme's assets are invested. This training was provided in May 2019, with further training provided in May 2022. Following this training, the Trustees incorporated into the SIP their beliefs in this area. The Trustees keep their policies under regular review. 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 are expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics.</p> <p>The Trustees consider how ESG, including climate change, is integrated within Mercer's and MGIE's investment processes by reviewing the ESG ratings assigned by Mercer (and its affiliates') global manager research team, which are included in the</p>

		<p><i>governance factors, is delegated to the investment manager.</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>investment performance report produced by Mercer on a quarterly basis. 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. Expectations are set as ESG3 or above, where practicable and relevant to the strategy (with ESG1 being the highest rating and ESG4 being the lowest). Comparisons are also made with the appropriate universe of strategies in Mercer’s global investment manager database.</p> <p>Climate-related metrics such as carbon foot-printing for equities and/or climate scenario analysis for diversified portfolios are also reviewed at least annually by Mercer and MGIE.</p> <p>DC Section: 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 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. The Trustees keep their policies under regular review, with the SIP subject to review at least triennially.</p>
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8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<i>“Non-financial matters” (where non-financial matters includes members’ ethical views separate from financial considerations such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments for the Scheme. The Trustees would review this policy in response to significant member demand, but believe that the delegation of portfolio construction to Mercer will lead to considerations that are in the best interest of the Scheme as a whole.</i>	Member views have not explicitly been taken into account concerning non-financial matters in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustees.
9	The exercise of the rights (including voting rights) attaching to the investments	<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>	The exercising of voting rights is delegated to Mercer. Over the Scheme year, the Trustees have not actively challenged the investment managers on their voting activity. Voting information for funds in which the Scheme has equity exposure is summarised in the ‘Voting Activity’ section below.
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	<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</i>	Where underlying investment managers are not meeting expectations, the Trustees expect Mercer to engage with those managers (see Voting Activity section below). Within the DB Section the Scheme is invested solely in pooled funds managed by MGIE and the Trustees require sub-investment managers appointed by MGIE to engage with the investee companies on their behalf. The Trustees receive an annual voting

	<p>persons about relevant matters)</p>	<p><i>corporate governance policies and current best practice.</i></p> <p><i>Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.</i></p>	<p>and engagement report from Mercer to assist with their monitoring of this process.</p> <p>Regarding the DC Section, over the Scheme year the Trustees remained satisfied that the contractual arrangement in place with Aviva and Mercer remained appropriate.</p>
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Voting Activity – DB Section

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the third party investment managers appointed by Mercer on the Trustees' behalf.

This is because 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. In delegating these rights, MGIE accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and so permits the 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.

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

Set out below is a summary of voting activity for the year to 31 March 2022 for a range of Mercer Funds that the Scheme's assets are invested in. This may include information in relation to funds that the Scheme's assets were no longer invested in at the year end. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer's custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

"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. "Mixed" refers to occasions where underlying managers have voted differently for the same proposal. Vote decisions of this nature are monitored and fed into the wider engagement process with manager.

Fund Name	Total Proposals	Vote Decision					For/Against Mgmt	
		For	Against	Abstain	Do not vote	Others*	For	Against
Mercer Multi-Asset Credit Fund	27	67%	0%	33%	0%	0%	62%	38%
Mercer Passive Emerging Markets Equity Fund	24,499	83%	15%	3%	0%	0%	84%	16%
Mercer Passive Global Listed Infrastructure UCITS	3,674	76%	19%	3%	0%	1%	79%	21%
Mercer Passive Global REITS UCITS CCF	3,108	82%	14%	0%	0%	4%	82%	18%
Mercer Passive Global Small Cap Equity UCITS CCF	42,976	82%	14%	0%	0%	3%	83%	17%
Mercer Passive Low Volatility Equity UCITS CCF	4,209	83%	15%	0%	0%	2%	81%	19%
Mercer Passive Sustainable Global Equity UCITS CCF	15,942	80%	17%	1%	0%	2%	80%	20%
Mercer Sustainable Global Equity Fund	5,052	85%	13%	1%	0%	1%	86%	14%
MGI Eurozone Equity Fund	4,410	84%	13%	3%	0%	0%	85%	15%
MGI UK Equity Fund	1,066	99%	1%	0%	0%	0%	99%	1%

Significant Votes: Mercer has based its definition of significant votes on its Beliefs, Materiality and Impact (“BMI”) Framework. In order to capture this in the monitoring and reporting of managers voting activities, significant votes focus on proposals covering priority areas identified by the BMI Framework.

Sample of the most significant votes for DB Section



Fund	Shareholder Proposal (“SHP”)	Issuer	Vote Decision
Mercer Multi-Asset Credit Fund	Shareholder Proposal Regarding Proxy Access Bylaw Amendment	Nisource Inc. (Holding Co)	For
	Management Proposal Regarding Election of Directors	Nisource Inc. (Holding Co)	For
Mercer Passive Global Listed Infrastructure UCITS	Shareholder Proposal Regarding Formation of a Human Rights Risk Oversight Committee	American Tower Corp.	Against
	Shareholder Proposal Regarding Annual Shareholder Vote on Emissions Reduction Plan	Union Pacific Corp.	Against
	Shareholder Proposal Regarding Diversity and Inclusion Report	Union Pacific Corp.	For

Mercer Passive Global Small Cap Equity UCITS CCF	Management Proposal Regarding Advisory Vote on Executive Compensation Management Proposal Regarding Advisory Vote on Executive Compensation Management Proposal Regarding Advisory Vote on Executive Compensation	Builders Firstsource Inc. TREX Co., Inc. Marathon Oil Corp.	For Against Against
Mercer Passive Low Volatility Equity UCITS CCF	Shareholder Proposal Regarding Amendment to Clawback Policy Shareholder Proposal Regarding Report on External Public Health Costs Shareholder Proposal Regarding Report on Sugar and Public Health	Verizon Communications Inc PepsiCo Inc PepsiCo Inc	For For For
Mercer Passive Sustainable Global Equity UCITS CCF	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Microsoft Corporation Alphabet Inc Alphabet Inc	For For For
MGI Eurozone Equity Fund	Management Proposal Regarding Greenshoe Management Proposal Regarding Election of Directors	LMVH M.H.V SE Siemens AG	Against For
MGI Global Equity Fund	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report <i>*This mixed decision was the result of 1 manager voting "against", and 1 manager voting "for" the proposal.</i>	Microsoft Corporation Meta Platforms Inc Amazon.com	Mixed* Against For
MGI UK Equity Fund	Management Proposal Regarding Approval of Climate Transition Action Plan Shareholder Proposal Regarding Disclosure Concerning Coal, Oil and Gas Assets Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	BHP Group plc BHP Group plc BHP Group plc	Against Against For

Voting Activity - DC Section

The Trustees have delegated their voting rights in relation to the DC Section 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 Moderate Growth/Moderate Risk	97,692	96%	82%	17%	1%

Summary of Significant Votes – DC Section

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 Moderate Growth/Moderate Risk	Intel Corp.	Shareholder proposal requesting that Intel Corp. report on median gender and racial pay equity report	Against (with Management)



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