

Appendix B: Implementation Statement

Introduction

The information in this Implementation Statement (the "Statement") refers to the Compass Retirement Income Savings Plan (the "Plan"). This Statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the Plan year. 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.

Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the objectives set. The Trustee's objectives for the Plan are as follows:

- 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.

The investment choices available under the Plan have been chosen by the Trustee based on its understanding of different member needs. These have been grouped by the following approaches – 'do it for me', 'help me do it' and 'leave me to it'.

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards its duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs, with the aim to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.

To aid the Trustee in assessing the options that should be made available to members and meet the objectives of the Plan, the Trustee has appointed Mercer Limited ("Mercer") to provide Investment Consultancy Services. In line with legal requirements, the Trustee and Mercer have agreed on a number of strategic objectives against which the Trustee will monitor the performance of the Mercer in their role of providing advice. These objectives include policies around the provision of advice regarding investment strategy, implementation, manager selection, monitoring and compliance with relevant legislation.

Review of the SIP for the year to 5 April 2023

No review of the SIP was undertaken during the Plan Year to 5 April 2023. Subsequent to the Plan year end, a review was undertaken in September 2023, with no material amendments made.

Assessment of how the policies of the SIP have been followed for the year to 5 April 2023

The information provided in this section of the Statement highlights the work undertaken by the Trustee during the year, and longer term where relevant, setting out how this work followed the Trustee's policies in the SIP. Due to the Plan year end (5 April) falling outside of typical manager reporting cycles, most data where applicable is shown to 31 March 2023.

It is also noted that for the majority of the funds used by the Plan, Trustee delegates manager selection and on-going monitoring to Mercer Limited, through the Mercer Workplace Savings ("MWS") solution. The underlying management of the Funds is, in turn, delegated to a range of third party investment managers, who are ultimately responsible for the day-to-day management of the assets. The tables below detail the funds available within the Plan and the governance structure of the respective funds.

Mercer/MWS Funds	Structure
Mercer Moderate Growth / Moderate Risk	MWS Governed Risk Profiled Fund
Mercer Growth / Balanced Risk	MWS Governed Risk Profiled Fund
Mercer High Growth / Higher Risk	MWS Governed Risk Profiled Fund
Mercer Target Cash SmartPath (Default)	MWS Governed Lifestyle
Mercer Target Annuity SmartPath	MWS Governed Lifestyle
Mercer Target Drawdown SmartPath	MWS Governed Lifestyle
Mercer Passive Global Equity	MWS Governed Self-Select
Mercer Passive Shariah	MWS Governed Self-Select
Mercer Diversified Retirement	MWS Governed Self-Select
Mercer Pre-Retirement	MWS Governed Self-Select and part of Annuity SmartPath

CRISP White-Labelled and Trustee selected funds	Structure
CRISP Active Bond	White-labelled MWS Governed Self-Select
CRISP Passive Sustainable Global Equity	White-labelled MWS Governed Self-Select
CRISP Money Market and Cash	White-labelled MWS Governed Self-Select
BlackRock - Passive UK Equity	Trustee Governed Self-Select
BlackRock - Passive Global Equity (30:70) (GBP Hedged)	Trustee Governed Self-Select
LGIM - Ethical Global Equity	Trustee Governed Self-Select
BlackRock - Passive Index-Linked Gilts	Trustee Governed Self-Select
CRISP Active International Equities	Trustee Governed Self-Select

Policy Requirements over the year to 5 April 2023

	Requirement	Policy	In the year to 5 April 2023
1	Securing compliance with the legal requirements about choosing investments	The Trustee considers the investment objectives and policies when choosing investments for the self-select fund range. The Trustee receives written advice from its Investment Consultant on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).	<p><i>During the Plan year, the Trustee requested that Mercer conduct a review into the existing CRISP Active Emerging Markets Equity Fund as a result of concerns regarding the performance of this fund relative to its benchmark target, as well as high fees.</i></p> <p><i>After this review, the Trustee changed the underlying fund to the MyM Mercer Passive Emerging Markets Equity Fund on 1 March 2023, following the suitability letter issued by its investment adviser, in line with Section 36 of the Pensions Act 1995.</i></p> <p><i>The CRISP Active Emerging Markets Equity Fund was renamed the CRISP Passive Emerging Markets Equity Fund and the Mercer Passive Emerging Markets Equity Fund introduced as its underlying fund.</i></p> <p><i>No further changes to the fund range were made.</i></p>
2	Kinds of investments to be held	<p>The investment choices available under the Plan have been chosen by the Trustee based on its understanding of different member needs. These have been grouped by the following approaches – 'do it for me', 'help me do it' and 'leave me to it'.</p> <p>The Trustee regards its duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs, with the aim to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.</p> <p>The Trustee also recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available a default investment option via MWS. The default investment option places the emphasis on aiming to deliver a good level of real return over members' working lifetimes and also encompasses a switch into asset classes designed to provide some protection against equity market falls in the years approaching the member's selected target retirement age.</p>	<p><i>The Trustee keeps the default investment option under regular review and will amend it as appropriate based on its analysis of the likely requirements of the typical CRISP member. The last formal review of the default investment option concluded on 10 December 2020 and considered the performance of the default investment option, the design of the growth and de-risking phase and the suitability of the default target including consideration of wider market trends on how people are taking their retirement benefits. The next formal review of the default investment arrangement is scheduled to take place in the fourth quarter of 2023.</i></p> <p><i>In addition to the default investment option, the Trustee also considered the ongoing suitability of the Plan's self-select fund range. The Trustee considered trends in the DC market and advice from its advisers. The Trustee reviewed the role of each of the funds offered by CRISP and considered whether the addition of any new fund options might be appropriate</i></p> <p><i>During the Plan year, the Trustee took action to replace the underlying manager and change the name of the CRISP Active Emerging Markets Fund as a result of concerns around performance, as well as high fees. The updates were implemented effective from 1 March 2023.</i></p>
3	The balance between different kinds of investments	The Trustee recognises that members may not believe themselves qualified to take investment decisions. As such, the Trustee makes available a default investment option. The default investment option places the emphasis	<i>The strategic asset allocation of the default investment option, the SmartPath lifestyle investment option and the other SmartPath lifestyle options were reviewed by MWS over the Plan year as part of its role in</i>

	Requirement	Policy	In the year to 5 April 2023
		<p>on aiming to deliver a good level of real return over members’ working lifetimes and also encompasses a switch into asset classes designed to provide some protection against equity market falls in the years approaching the member’s selected target retirement age.</p> <p>Members can determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member’s assets and should be related to the member’s own risk appetite and tolerances.</p> <p>The Plan invests in a range of Mercer funds, for which the underlying manager is selected and monitored by Mercer, as part of the MWS. The Trustee has also selected a number of externally managed funds to be made available to members and is directly responsible for the governance and monitoring of these funds.</p>	<p><i>providing on-going investment governance and oversight for these arrangements.</i></p> <p><i>As part of its triennial review of the Plan’s the self-select fund range (last undertaken in December 2020) the Trustee considers the spread of assets across both growth and defensive assets. The range offers options across the risk and return spectrum, allowing members to build their own diversified portfolio should they choose to.</i></p> <p><i>The Trustee monitors the performance of the Plan’s funds against their stated objectives/benchmarks. This is done on a quarterly basis, with an investment performance report presented at each Trustee meeting. 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 of the underlying funds.</i></p>
4	Risks, including the ways in which risks are to be measured and managed	The Trustee considers investment risk from a number of perspectives. The Trustee maintains a list of risks associated with the Plan’s investment arrangement. The list is not exhaustive but covers the main risks that the Trustee considers and how they are managed and measured in the Plan as a whole.	<p><i>As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. All monitoring activity detailed in the SIP was undertaken, as part of quarterly Trustee meetings, and there were no issues over the Plan year. No changes were made to the investment arrangements as a result of these considerations over the Plan year.</i></p> <p><i>The Trustee also maintains a risk register that details a number of further operational and governance focus risks that are considered, assessed and updated on a quarterly basis.</i></p>

	Requirement	Policy	In the year to 5 April 2023
5	Expected return on investments	<p>The default investment option aims to generate investment returns, in a risk-controlled manner, which are sufficient to provide a reasonable level of retirement benefits for members, given the level of contributions paid over their lifetime in the Plan.</p> <p>The Self-select funds are for members who are confident in making investment choices and want to tailor their investments to suit their own characteristics.</p> <p><i>Note: The return target of each of the fund options is detailed in the SIP.</i></p>	<p><i>The Trustee monitors the performance of the Plan's funds against their stated objectives/benchmarks. This is done on a quarterly basis, with an investment performance report presented at each Trustee meeting.</i></p> <p><i>The performance report also includes changes to the investment adviser's manager research rating. Highly rated active managers are considered to have an above average prospect of outperformance.</i></p> <p><i>The selection of the underlying investment managers is the responsibility of the MWS in respect of the funds where management is delegated by the Trustee.</i></p> <p><i>The performance of the growth phase of the lifestyle strategies (including the main default investment strategies) is reviewed against inflation and also against equity volatility and the de-risking phase of the drawdown lifestyle is reviewed against inflation as a means of assessing the impact relative to member buying power.</i></p> <p><i>During the Plan year, the Trustee took action to replace the underlying manager and name of the existing CRISP Active Emerging Markets Fund as a result of concerns around performance, as well as high fees. The CRISP Passive Emerging Markets Fund was implemented effective from 1 March 2023.</i></p>
6	Realisation of investments	<p>The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds. Likewise, the investment managers adhere full discretion (within the constraints of their mandates) on the extent to which social, environmental or ethical conditions are taken into account in the selection, retention and realisation of investments.</p> <p>The day-to-day activities of the underlying investment managers are governed by the arrangements between the Investment Managers and Aviva. All funds available are daily priced and trade daily.</p>	<p><i>The Trustee receives administration reports on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines.</i></p> <p><i>All funds are daily dealt pooled investment vehicles, accessed through an insurance contract. Selection, retention and realisation of assets are delegated to investment managers in line with their appointed mandate. No known liquidity issues arose in respect of the Plan's funds over the year 5 April 2023.</i></p> <p><i>Following monitoring over the year, no action was required in respect of liquidity issues within the Plan.</i></p>

	Requirement	Policy	In the year to 5 April 2023
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<p>The Trustee believes that the investment objectives and risks outlined in the SIP are in relation to what the Trustee considers financially material considerations. The Trustee believes the appropriate time horizon over which to assess these considerations within should be viewed at a member level. This will be dependent on the members' age and when they expect to retire.</p>	<p><i>Investment performance reports are reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from the investment adviser.</i></p> <p><i>The Trustee acknowledges that managers in fixed income and other asset classes other than equity may not have a high ESG rating assigned by the investment consultant due to the nature of the asset class where it is harder to engage with the issuer of debt, or harder to establish ESG measurement for derivative strategies.</i></p> <p><i>Most of the managers remained highly rated during the year. MWS will engage with those managers to improve ESG practices, or replace these managers with more highly rated managers where the management of the fund is delegated.</i></p> <p><i>For those funds where selection of investment managers is not delegated by the Trustee, the Trustee will monitor the ratings and engage with managers where deemed necessary. No such activity occurred over the Plan Year to 5 April 2023.</i></p> <p><i>The Trustee is not able to give Investment Managers discretion as there is no direct contractual relationship between the Trustee and the Investment Managers of the underlying funds. However, the Trustee expects its underlying Investment Managers to evaluate ESG issues (including climate change considerations) and exercise voting rights and stewardship obligations in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee reviewed the status of all of the Plan's underlying investment managers on 5 April 2023 and confirmed that all were signatories of the UK Stewardship Code.</i></p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p>Non-financial matters refer to the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impacts of investments and the future quality of life of members.</p> <p>The Trustee will seek member views on ESG where necessary to inform their approach on an ongoing basis in the selection, retention and realisation of investments.</p> <p>The Trustee does not have a specific policy with regard to the regularity that it will seek member views.</p>	<p><i>No member views related to investments were received or considered during the Plan year.</i></p> <p><i>The Trustee will seek views from members from time to time where they believe it is necessary to do so.</i></p>

	Requirement	Policy	In the year to 5 April 2023
9	The exercise of the rights (including voting rights) attaching to the investments	The Trustee expects that individual investment managers and those with additional oversight from the delegated relationship where applicable, take into account ESG, climate change and stewardship considerations alongside other investment responsibilities and will 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.	<p><i>The exercising of voting rights is delegated to the Delegated Investment Manager and subsequently the underlying managers selected, where the management of the fund is delegated. Where management of the fund is not delegated, the Trustee has delegated its voting rights to the appointed investment managers.</i></p> <p><i>As a result, voting is expected to be undertaken on the Trustee's behalf. The Trustee does not use the direct services of a proxy voter, however the investment managers may enlist the service of a proxy voter when required.</i></p> <p><i>Where underlying investment managers are not meeting expectations in respect of the delegated funds, the Delegated Investment Manager is expected to engage with these managers.</i></p> <p><i>During the year under review, the Trustee did not consider it necessary to actively challenge the investment managers on their voting activity.</i></p> <p><i>The Plan's investment options included the following funds with explicit equity allocations:</i></p> <ul style="list-style-type: none"> • Mercer Growth • Mercer Moderate Growth • Mercer High Growth • Mercer Diversified Retirement • Mercer Passive Global Equity • Mercer Passive Shariah • Mercer Target Annuity/Cash/Drawdown SmartPaths • CRISP Active International Equities. • CRISP Passive Sustainable Global Equity • CRISP Passive Emerging Markets Equity • BlackRock Passive UK Equity • BlackRock Passive Global Equity (30:70) • LGIM Ethical Global Equity <p><i>Please see Appendix B for further details on the engagement and voting activity of the investment managers over the year to 31 March 2023.</i></p>
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters)	The Trustee expects that individual investment managers and those with additional oversight from the delegated relationship where applicable, take into account ESG, climate change and stewardship considerations alongside other investment responsibilities and will 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.	<p><i>For the Mercer Funds offered to Plan members, MWS produces an annual report assessing each underlying equity manager's record of executing and disclosing voting activity, and the extent to which they are engaging with the underlying companies in which they invest. Where underlying investment managers are not meeting expectations, MWS is expected to engage with these managers.</i></p> <p><i>No additional engagement activity occurred outside of the delegated relationship and no further specific activity took place during the year under</i></p>

	Requirement	Policy	In the year to 5 April 2023
		The Trustee believes that an understanding of, and engagement with, asset managers' arrangements is required to ensure they are aligned with Trustee's policy, including its Sustainable Investment policy.	<p><i>review by the Trustee. The Trustee is looking to enhance its reporting on manager engagement going forward.</i></p> <p><i>On 5 April 2023, the Trustee reviewed the status of the Plan's underlying managers in respect of the UK Stewardship Code; all of the Plan's managers were current signatories as at the date of the review.</i></p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.	<p>Underlying investment managers are appointed by the Trustee in the case of non-delegated funds and by MWS for delegated funds, based on their capabilities and their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The underlying investment managers are made aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee or MWS (where applicable) is dissatisfied, then they will look to replace the manager. If the investment objective for a particular manager's fund changes, the Trustee and MWS (where applicable) will review the fund appointment to ensure it remains consistent with the Trustee's wider investment objectives and policies.</p> <p>The Trustee receives performance reports on a quarterly basis, which present performance information over three months and one, three and five years, and since inception for each fund option. The Trustee reviews the absolute performance, relative performance against a suitable benchmark index and against the underlying manager's stated target performance on a net of fees basis.</p> <p>While the Trustee's focus is on long-term performance, it also considers shorter-term performance. If an underlying manager is not meeting its performance objectives, or their investment objectives for a fund have changed, the Trustee may review the suitability of the manager and will change managers where required. Where funds are delegated, MWS will review and monitor this on behalf of the Trustee.</p>	<p><i>For delegated funds, MWS can decide to terminate the relationship with the underlying asset manager if certain performance or sustainable investment criteria are not met. For those funds that are not delegated, the Trustee directly determines if relationships should be terminated based on similar criteria. This helps align and incentivise investment managers to perform their duties in line with their objectives.</i></p> <p><i>The current range of investment managers are aware that their continued appointment is dependent on them meeting these performance targets.</i></p> <p><i>During the Plan year, the Trustee considered advice to replace the current CRISP Active Emerging Markets Fund with a passive option. This was due to prolonged periods of benchmark-relative underperformance and the high costs associated with the existing fund.</i></p> <p><i>After this review, the Trustee implemented the MyM Mercer Passive Emerging Markets Equity Fund on 1 March 2023, following the suitability letter issued by its investment adviser, in line with Section 36 of the Pensions Act 1995.</i></p>
12 and 13	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-	The Trustee and MWS (for the applicable funds) will monitor activity undertaken by managers and challenge decisions made including voting history and engagement activity of the underlying investment managers with issuers of debt or equity securities held where necessary.	<i>The Trustee monitors the performance of the default investment option, additional default arrangements and self-select funds quarterly via monitoring reports and receive advice from their advisers which includes considering the investment performance net of management fees and considering whether the Trustee's aims and objectives are being met.</i>

	Requirement	Policy	In the year to 5 April 2023
	<p>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>How the method (and time horizon) of the evaluation of the asset manager’s performance and the remuneration for asset management services are in line with the Trustee’s policies.</p>	<p>This is to try to ensure the best performance of assets over the medium to long term. If the Trustee and MWS (where applicable) are not satisfied with the answers provided by the manager or progress made in this regard they may seek to review the appointment of the investment manager.</p>	<p><i>The Plan’s investment advisers aid the Trustee in monitoring the suitability of the investment options through ongoing research and meetings with appointed investment managers (as part of their wider research function); research ratings for the Plan’s appointed managers are included in quarterly performance reports.</i></p> <p><i>The Trustee is a long-term investor, all funds are open-ended and therefore there is no set duration for manager appointments.</i></p> <p><i>For the delegated investment arrangements, MWS produces an annual report assessing each underlying equity manager’s record of executing and disclosing voting activity, and the extent to which they are engaging with the underlying companies in which they invest. Where underlying investment managers are not meeting expectations, MWS is expected to engage with these managers. Further information regarding the annual report and the engagement activities of the Delegated Investment Manager can be found in appendix A.</i></p> <p><i>The Trustee receives and considers voting data in respect of the Plan’s equity funds. Further information on the investment manager policies and voting data can be found in appendix B.</i></p> <p><i>From the information delivered over the year, the Trustee was satisfied with the progress of the managers in relation to ESG and no further action was taken over the period covered by this statement.</i></p>
14	<p>How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.</p>	<p>The Trustee considers portfolio turnover costs indirectly through consideration of transaction cost data as part of the annual Value for Members assessment. Though the Trustee does not currently define target portfolio turnover ranges for funds, they will engage with managers if the portfolio turnover and associated costs are higher than expected. Where funds are delegated, MWS will work with their underlying investment managers to set acceptable turnover ranges and help to monitor this on behalf of the Trustee.</p>	<p><i>The Trustee does not define set ranges in respect of portfolio turnover and costs. The Trustee considers the level of transaction costs as a broad method to assess the level of additional costs incurred by members that may indicate higher levels of turnover within a portfolio.</i></p> <p><i>The Trustee considers the level of transaction costs as part of its annual Value for Members assessment, last carried out as at 31 March 2023. While the transaction costs provided appear to be reasonably reflective of costs expected of the various asset classes and markets that the Plan invests in, there is not as yet any industry standard or universe to compare these to. The Trustee will assess these costs on an ongoing basis moving forwards and where appropriate with help from its investment adviser would challenge the level of costs incurred if they were assessed to be too high relative to expectations as this may indicate excessive turnover.</i></p>

	Requirement	Policy	In the year to 5 April 2023
15	The duration of the arrangement with the asset manager	All funds are open-ended with no set end date for the arrangement. The arrangements are reviewed on at least a triennial basis. An underlying manager appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment option or general fund range. These decisions will be made by MWS for all delegated funds.	<p><i>The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement.</i></p> <p><i>Over the Plan year, the Trustee took action in respect of the CRISP Active Emerging Markets Fund. This was due to concerns around the underperformance of the Fund, as well as high costs. The new Passive Emerging Markets Equity Fund was added to the self-select range on 1 March 2023.</i></p> <p><i>The Trustee continues to monitor the performance of the managers against their appointed mandates to ensure that they remain appropriate as part of the lifestyle or self-select range and reserves the right to make changes including termination of arrangements of the delegated relationship where applicable or of the other asset managers used by the Plan.</i></p>

Appendix A - Voting Activity and Engagement

The Trustee has delegated its voting rights to the underlying investment of the appointed funds. The Trustee does not use the direct services of a proxy voter. In the case of Mercer Funds, the Trustee has delegated underlying manager selection and monitoring to MWS.

MWS includes stewardship within its 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 and engagement activities of external investment managers are reviewed regularly, this includes: voting execution, voting rationale and engagement examples. A report is provided to the Trustee in the form of an annual Stewardship Monitoring Report. The report summarises and comments on the stewardship activities and disclosure of the external investment managers appointed within the self-select fund range and within the Mercer Growth fund.

The Stewardship Monitoring Report provides voting statistics, together with commentary, based on manager disclosed information. It covers votes cast in four parts: a) votes against management; b) votes against proxy adviser policy (where applicable); c) abstentions; and d) no votes. The report also provides summary reporting on engagement activities undertaken by managers to capture the level of disclosure and examples given by the managers for insights into where the manager has exchanged views with companies on a range of strategic and governance issues, together with environmental and social topics.

Updated guidance was provided by the DWP in June 2022, which requires trustees to define their key stewardship themes / priorities and to report on significant votes when drafting the Implementation Statement. During 2022, voting and engagement summary reports from the Plan's investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee's policy. The following sections include examples of engagement activity undertaken by the Plan's investment managers with investments in equities, and a summary of voting activity and the most significant votes cast on behalf of the Trustee by these investment managers.

The Trustee recognises the importance of being a responsible owner of capital. It believes it is important that there is engagement on ESG matters with investments held on behalf of Plan. The Trustee would usually expect its appointed investment managers to carry out this engagement on its behalf and, where applicable, will seek to appoint investment managers whose approach to engagement is consistent with the Trustee beliefs.

Appendix B - Voting Information and Data

The Trustee has delegated its voting rights to the investment managers. The SIP states “The Trustee expects managers to disclose their voting and engagement activity in respect of actions taken in relevant issuers of debt and equity.” This includes giving appointed investment managers full discretion in evaluating ESG factors, including climate change considerations. Similarly, “the Plan’s voting rights are exercised by the underlying investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code”.

Overview of voting activity, on behalf of the Trustee, for the funds available to members containing equity						
Fund	How many meetings were you eligible to vote at?	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?	Did you vote against management?	Did you abstain from voting?
Active International Equities	93	1,146	98.3%	97.2%	2.6%	0.3%
BlackRock – Passive UK Equity	1,087	15,027	96.0%	94.0%	5.0%	1.0%
BlackRock – Passive Global Equity (30:70) (GBP Hedged)	2,482	34,071	95.7%	75.0%	23.0%	2.0%
L&G Ethical Global Equity	1,155	16,602	99.8%	82.0%	17.8%	0.2%
Passive Global Equity	1,541	21,475	99.9%	90.2%	9.2%	0.6%
Passive Sustainable Global Equity	1,182	16,150	99.9%	77.2%	22.3%	0.5%
Passive Shariah	95	1,423	97.0%	80.5%	19.8%	0.0%
Moderate Growth	10,856	117,293	99.8%	82.9%	16.1%	1.0%
Growth	11,049	119,851	99.8%	82.9%	16.1%	1.0%
High Growth	11,049	119,851	99.8%	82.9%	16.1%	1.0%

As at 31 March 2023

Source: MGIE, Baillie Gifford, HSBC, LGIM, BlackRock and Mercer calculations.

Note: voting actions may not sum to 100.0% due to rounding. The Target Annuity and Cash retirement funds only have an allocation to the Mercer Growth Fund and so have not been disclosed separately.

Process followed for determining the “most significant” votes

To ensure voting behaviour is consistent with the Plan’s investment objectives and stewardship priorities, the Trustees have classified ‘significant votes’ as those which consider any one of the following factors with relevant (but not exhaustive) examples:

- **Environmental:** Climate change: low-carbon transition & physical damages resilience; Pollution & natural resource degradation: air, water, land (forests, soils, biodiversity)
- **Social:** Human rights: modern slavery, pay & safety in workforce and supply chains, abuses in conflict zones
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making.

The Trustees have reviewed voting records from the managers in each of their priorities listed above.

A “Most Significant Vote” is defined as one that:

- Is in relation to one of the top five funds with equity holdings based on total invested assets as at 31 March 2023, which were:
 - Mercer Growth
 - Mercer Passive Global Equity
 - CRISP Active International Equities
 - BlackRock Passive UK Equity
 - BlackRock Passive Global Equity (30:70); and
- Represents one of the largest holdings within the above funds; and
- Aligns with the Trustee’s stewardship priorities outlined previously

Overview of use of proxy voting services

LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Unlike many of their peers, **Baillie Gifford** does not outsource any part of the responsibility for voting to third-party suppliers. They utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of their clients’ holdings in all markets.

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”). The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process. They primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that BlackRock’s investment stewardship analysts can readily identify and prioritize those companies where their own additional research and

engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company’s own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.

HSBC uses the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC reviews voting policy recommendations according to the scale of our overall holdings. The bulk of holdings are voted in line with the recommendation based on their guidelines.

MGIE has developed adequate and effective strategies for determining when and how any voting rights in funds are to be exercised, to the exclusive benefit of the fund and its investors. MGIE has put in place a policy covering each fund to ensure the exercise of voting rights are in accordance with the investment objective and policy of the fund. Mercer will provide a report on an annual basis which provides an overview of sub-investment manager engagement processes, significant votes, use of proxy advisers and engagement examples.

An overview on the use of any additional proxy voting services by sub-investment managers will be provided by Mercer on an annual basis going forward.

Significant Votes

The information in this section has been provided directly from the respective investment managers and contains their rationale on determining how to vote (note, ‘we’ and ‘our’ represent the managers’ views in the tables below).

Mercer Growth Fund

Significant vote #1	
Company	Microsoft Corporation
Portion of Holding	0.57%
Summary of the resolution	Shareholder Proposal Regarding Managing Climate Risk in Employee Retirement Options
Date	13 December 2022
Criteria for assessing as significant	Climate issues
Vote decision	Against
Rationale	The company offers an option to employees that want to invest more responsibly and the Department of Labor is finalising rules on how ESG factors should be considered by fiduciaries.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to climate change risks, policies and activities to be a significant vote
Outcome of the voting	Not approved

Significant vote #2	
Company	NextEra Energy Inc.
Portion of Holding	0.37%
Summary of the resolution	Shareholder Proposal Regarding Disclosure of a Board Diversity and Skills Matrix
Date	19 May 2022
Criteria for assessing as significant	Governance issues
Vote decision	For
Rationale	A vote in favour is applied because the manager believes that a well governed and diverse board is more likely to perform over the long term.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to diversity and inclusive decision making to be a significant vote
Outcome of the voting	Not approved

CRISP Active International Equity

Significant vote #1	
Company	Tesla, Inc.
Portion of Holding	1.69%
Summary of the resolution	Water Risk Exposure Report
Date	4 August 2022
Criteria for assessing as significant	Environmental issues
Vote decision	Against
Rationale	We opposed the resolution requesting a report on the company's water risk exposure. The company already provides detailed disclosure and has stated its intention to continue to increase the level of disclosure in future Impact Reports.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to pollution & natural resource degradation to be a significant vote.
Outcome of the voting	Not approved

Significant vote #2	
Company	Tesla, Inc.
Portion of Holding	1.69%
Summary of the resolution	Report on Alignment with the Paris Climate Agreement
Date	4 August 2022
Criteria for assessing as significant	Climate issues
Vote decision	Against
Rationale	We opposed the resolution requesting a report on how the company's corporate lobbying is aligned with the Paris Climate Agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its entire business strategy is in alignment with the Paris Agreement, we believe additional disclosures would be a burdensome with no real benefit to shareholders.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to climate change risks, policies and activities to be a significant vote.
Outcome of the voting	Not approved

BlackRock Passive UK Equity

Significant vote #1	
Company	Royal Dutch Shell Plc
Portion of Holding	7.49%
Summary of the resolution	Request Shell to Set and Publish Targets for Greenhouse Gas Emissions
Date	24 May 2022
Criteria for assessing as significant	Climate issues
Vote decision	Against
Rationale	Proposal is not in shareholders' best interests
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to climate change risks, policies and activities to be a significant vote.
Outcome of the voting	Not approved

Significant vote #2	
Company	Barclays Plc
Portion of Holding	1.17%
Summary of the resolution	Approve Barclays' Climate Strategy, Targets and Progress 2022
Date	4 May 2022
Criteria for assessing as significant	Climate issues
Vote decision	For
Rationale	Proposal is in shareholders' best interests
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to climate change risks, policies and activities to be a significant vote.
Outcome of the voting	Approved

BlackRock Passive Global Equity (30:70)

Significant vote #1	
Company	Home Depot Inc
Portion of Holding	0.37%
Summary of the resolution	Report on Efforts to Eliminate Deforestation in Supply Chain
Date	19 May 2022
Criteria for assessing as significant	Climate change issues
Vote decision	For
Rationale	We supported this resolution as it asked management to assess, report on and reduce key impacts and dependencies on nature for high impact sectors.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to the climate change risks, policies and activities to be a significant vote.
Outcome of the voting	Approved

Significant vote #2	
Company	CSL Ltd
Portion of Holding	0.11%
Summary of the resolution	Elect Megan Clark as Director
Date	12 October 2022
Criteria for assessing as significant	Governance issues
Vote decision	Against
Rationale	We voted against this director to hold her accountable for the lack of ethnic diversity on the board, and for the lack of sufficient response to dissent on prior years' remuneration proposals. We have had ongoing concerns on remuneration practices (concerns on quantum and decisions over bonus outcomes, which were not aligned with performance).
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to diversity and inclusive decision making to be a significant vote.
Outcome of the voting	Approved

Mercer Passive Global Equity

Significant vote #1	
Company	Alphabet Inc.
Portion of Holding	3.0%
Summary of the resolution	Report on Board Diversity
Date	1 June 2022
Criteria for assessing as significant	Governance issues
Vote decision	For
Rationale	While the company's current disclosure and efforts to promote board diversity are commendable, additional information on the company's board diversification efforts would aid investors in determining if the company is taking appropriate measures to ensure and maintain minority candidates are included among prospective board nominees. Improved board diversity would bring the company in line with an increasing proportion of other companies that have committed to board inclusiveness and aid in attracting employees, creating goodwill with consumers, and competing in the increasingly global marketplace, ultimately benefitting long-term shareholder value. Therefore, shareholder support for this resolution is warranted.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to diversity and inclusive decision making to be a significant vote.
Outcome of the voting	Not approved

Significant vote #2	
Company	Amazon.com Inc.
Portion of Holding	2.0%
Summary of the resolution	Report on Freedom of Association
Date	25 May 2022
Criteria for assessing as significant	Social issues
Vote decision	For
Rationale	Given Amazon’s significant controversies related to working conditions and treatment of workers, and the perceived lack of awareness of Amazon’s Board and leadership on ongoing concerns relative to the Company’s industrial relations management, we believe that a report such as the one requested is in investors’ interest.
Why is this vote significant to the Trustee?	The Trustee has deemed votes related to human rights and workforce pay & safety to be a significant vote.
Outcome of the voting	Not approved