

St Dunstan's Retirement Benefits Plan (1973)

Implementation Statement as at 31 March 2021

Purpose of the Implementation Statement

This statement has been produced by the Trustees of the St Dunstan's Retirement Benefits Plan (1973) (the Plan) for the purpose of monitoring how the Trustees' policies on engagement and voting, set out in the Plan's Statement of Investment Principles (SIP), have been followed over the year to 31 March 2021. This statement also describes the voting behaviour by, or on behalf of, the Trustees over the year.

Trustee policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) over the period to 31 March 2021 describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

- 1. The Trustees invest in pooled investment funds, and as such delegate responsibility for stewardship activities attaching to the Plan's investments to its investment managers. Investment managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, investment managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.*
- 2. The Trustees engage with their investment consultants to monitor their manager's stewardship activities.*
- 3. The Trustees periodically review engagement activity undertaken by their managers to ensure that the expectations in 1, are being met.*
- 4. The Trustees are supportive of the UK Stewardship code. The Trustees review the signatory status of their managers in line with this code.*

This Statement does not disclose stewardship and voting information in relation to the Plan's Liability Driven Investment portfolio with BMO. This has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Meeting the policies on voting and engagement

The Trustees consider their voting and engagement policies have been met in the following ways:

- The Trustees undertook a review of the stewardship and engagement activities of the current managers at the 24 February 2021 Trustee meeting. The Trustees received an ESG monitoring report from their investment consultants, Barnett Waddingham, summarising each manager's approach to ESG, stewardship and voting ahead of the meeting. The Trustees reviewed the report and were satisfied that their Managers have exercised their voting and engagement in line with the Trustees expectations.

- The Trustees investment consultants monitor and rate investment managers on their ESG integration and Stewardship activities in the market. The Trustees consider this as part of their ongoing manager monitoring.
- Both the Mercer and Willis Towers Watson portfolios invest in a range of underlying funds. The managers undertake their own assessment of the underlying manager ESG and engagement credentials. Both manager's report on their underlying fund ratings within quarterly or annual reporting to the Trustees.
- The Trustees review the voting information and engagement activities of the Plan's investment managers as part of this Implementation Statement process.
- The Trustees advisors requested voting and engagement data from each manager using the template provided by the PLSA. The managers have provided data as shown further in this report. Some information was not available on a look through basis within the multi asset portfolios, and the Trustees advisors have gathered data from the underlying managers where possible. The Trustees advisors are liaising with the managers to improve this reporting in future years.
- Having reviewed the voting and engagement data provided by Mercer and Willis Towers Watson, the Trustees are comfortable with the actions of the fund manager and their alignment with the Plan's stewardship policies.
- All managers are signatories to the UK Stewardship code.

Summary of Voting Data

This section provides a summary of the voting activity undertaken by the Plan's equity managers on behalf of the Trustees over the year to 31 March 2021.

The voting data shown below for the Mercer Growth Portfolio has been collated using the voting data from the underlying equity fund investments.

Manager	Mercer	Willis Towers Watson
Fund name	Mercer Growth Portfolio	Towers Watson Partners Fund*
Structure	Segregated	Pooled
Number of company meetings the manager was eligible to vote at over the year	Mercer do not record this data at an aggregate level for the fund.	446
Number of resolutions the manager was eligible to vote on over the year	55,016	5891
Percentage of resolutions the manager voted on	95%	98%
Percentage of resolutions the manager abstained from**	2%	6%
Percentage of resolutions the manager did not vote	3%	-
Percentage of resolutions the manager withhold their vote***	1%	-
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	92%	87%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	8%	7%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	Not provided, however the managers of the underlying equity investments use a proxy advisor	8%

*There is a significant lag in the reporting period of the Towers Watson Partners Fund. Voting statistics are as at 31 December 2020

**By abstaining, one states that one is uncertain of the arguments for or against the alternatives which form the subject of a ballot or vote

***Reflects instances where managers have withheld votes in Power of Attorney markets, share blocking markets or where conflicts of interest may be present

Totals may not sum due to rounding

Mercer Growth Portfolio: The Trustees' voting rights are at the level of the Mercer Fund in which they invest and relate to any proposed changes to it (such as the Mercer Fund's investment objectives) rather than the underlying investments held by the Mercer Funds. As such, no votes are cast by the Trustees (or by others on behalf of the Trustees) with respect to those underlying investments. Instead, any voting rights that do apply with respect to the underlying investments attach to the Mercer Funds and those voting rights are, ultimately,

delegated to the third party investment managers appointed by Mercer Global Investments Europe (MGIE). The underlying funds utilise the services of various proxy voting providers.

Towers Watson Partners Fund: As the Partners Fund is a multi-asset fund, voting rights are reflected differently in each segment of the portfolio. In equities, voting rights are virtually all exercised via the underlying managers. Within private markets, the underlying fund managers typically own a majority share in the assets they hold with few formal votes taken. Where there are formal votes, typically these are via Investor Advisory Committees (IACs) which are generally made up of larger investors and represent the interests of all investors in the fund. In the credit space, there are no real voting rights, but the underlying managers may engage with issuers about bond covenants. Finally, in the diversifying strategies layer, voting rights will vary depending on the strategy (e.g. we would expect a long-short equity manager to exercise voting rights, but a reinsurance strategy wouldn't have any voting rights). The underlying funds utilise the services of a proxy voting provider. EOS at Federated Hermes are employed to provide corporate engagement and voting recommendation services with respect to the Global Equity Focus Fund holdings within the Fund.

Voting activity over the year to 31 March 2021 | Significant votes

The Trustees have asked the investment managers to define what they consider to be a “significant vote” in the first instance. The managers have provided their rationale for selecting significant votes and this is shown in the following tables. The Trustees are comfortable with this approach currently. Again, some data has not been provided, and we would expect the detail and quality of the data to improve in future years. Mercer and WTW provided a selection of 34 and 10 votes respectively which they believe are significant. We have shown a selection of these votes for each Fund in the interest of concise reporting. A summary of the data they have provided is set out below.

Mercer Growth Portfolio

	Vote 1	Vote 2	Vote 3
Fund	Mercer Fundamental Indexation Global Equity CCF	Mercer Global Listed Infrastructure	Mercer Global Small Cap Equity
Approximate size of fund as at 31 March 2021 (as % of portfolio)	12%	5%	7%
Company name	Intel Corp.	Aena S.M.E. S.A.	Bloomin Brands Inc
Date of vote			
Summary of the resolution	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Shareholder Proposal Regarding Amending the Byelaws Concerning the Presentation of Climate Transition Reporting	Shareholder Proposal Regarding Deforestation and GHG Emissions Report
How the manager voted	For	Split*	For
Rationale for the voting decision		Not provided	
Outcome of the vote		Not provided	
Implications of the outcome		Not provided	
Criteria on which the vote is considered “significant”	Mercer has based its definition of significant votes on its Global Engagement Priorities, based on its Beliefs, Materiality and Impact Framework. They have selected votes that focus on proposals covering these priority areas, with specific focus placed on Shareholder proposals relating to these priority areas and taking into account the size of holdings across funds.		

*One manager voted for the proposal and one manager voted against the proposal

	Vote 4	Vote 5	Vote 6
Fund	Mercer Low Volatility Equity	Mercer Sustainable Global Equity	UK Equity Fund
Approximate size of fund as at 31 March 2021 (as % of portfolio)	5%	10%	1%
Company name	Alphabet Inc	McDonald's Corp	BHP Group Plc
Date of vote			
Summary of the resolution	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Shareholder Proposal Regarding Report on Sugar and Public Health	Shareholder Proposal Regarding Industry Association COVID-19 Advocacy Activities
How the manager voted	For	Against	Against
Rationale for the voting decision		Not provided	
Outcome of the vote		Not provided	
Implications of the outcome		Not provided	
Criteria on which the vote is considered "significant"	Mercer has based its definition of significant votes on its Global Engagement Priorities, based on its Beliefs, Materiality and Impact Framework. They have selected votes that focus on proposals covering these priority areas, with specific focus placed on Shareholder proposals relating to these priority areas and taking into account the size of holdings across funds.		

Towers Watson Partners Fund

There is a significant lag in the reporting period of the Towers Watson Partners Fund. As such, significant votes are over the year to 31 December 2020.

	Vote 1	Vote 2
Company name	Amazon	Facebook, Inc.
Date of vote	26-May-20	27-May-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.8%	0.6%
Summary of the resolution	Shareholder proposal for report on lobbying payments and policy	Require Independent Board Chair
How the manager voted	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No
Rationale for the voting decision	Promotes transparency	We believe the company would benefit from independent oversight to help manage potential conflicts of interest between management and shareholders.
Outcome of the vote	N/A	Fail, with 19.5% voting "For."
Implications of the outcome	Continue to consider proposals whether from management or shareholders which enhance transparency.	The manager will engage with the company as appropriate to encourage the company adopt policies that we believe are in the long-term interest of shareholders.
Criteria on which the vote is considered "significant"	The managers considers ESG factors to be a major factor influencing the long-term predictability and sustainability of a company's revenue and earnings growth.	Shareholder proposals to require an independent chair are common in the US. The manager selected this vote as representative of this class of proposals with regard to our engagement and vote on such matters. The outcome of the vote was also representative of their experience on similar proposals over the year in question.

	Vote 3	Vote 4
Company name	Pegasystems Inc.	Alphabet Inc.
Date of vote	18-Jun-20	03-Jun-20
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.3%
Summary of the resolution	Elect Director Peter Gyenes	Establish Human Rights Risk Oversight Committee
How the manager voted	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No
Rationale for the voting decision	<p>While Mr. Gyenes is a technology industry veteran and is well-acquainted with PEGA's business (having held a board seat since 2009), his most recent executive experience dates back to fifteen years ago. As such, the company may be better served by appointing a director with more recent experience and positive diversity attributes.</p>	<p>A vote FOR this proposal was warranted because continued controversies call into question the extent to which the existing board structure provides adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining high-level employees and retaining a good reputation in the eyes of users and advertisers. Also, given the pervasive role of Google in society this should be undertaken.</p>
Outcome of the vote	Elected	Proposal rejected with 83.74% majority.
Implications of the outcome	Other shareholders may not share the same concerns. We will likely continue to vote against the candidate.	None to report.
Criteria on which the vote is considered "significant"	Voted against management and against long-time director	Corporate Governance

Engagement activity over the year to 31 March 2021

Manager	Mercer	Willis Towers Watson
Fund name	Mercer Growth Portfolio	Towers Watson Partners Fund
Does the manager perform engagement on behalf of the holdings of the Portfolio/Fund	Not directly, this is delegated to the managers of the underlying fund holdings.	Not directly, this is conducted by EOS and the underlying managers
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Not directly, this is delegated to the managers of the underlying fund holdings.	Not directly, this is conducted by EOS and the underlying managers
Number of engagements undertaken on behalf of the holdings in this fund in the year	This data is not aggregated across the underlying fund holdings.	737

Examples of engagements undertaken with holdings in the fund

Mercer Growth Portfolio

Mercer do not engage directly with underlying companies as day-to-day investment management is delegated to the sub-investment managers. However, Mercer encourage the underlying managers to engage in line with their engagement priorities and monitor this periodically.

The manager does not currently keep a record of the engagements undertaken by the underlying fund managers. This is partly due to the differing reporting provided by the underlying fund managers on engagement activities within private markets, which makes it difficult to collate and compare between different providers.

Mercer are increasing their focus on their underlying manager's ESG activities within their monitoring processes, including encouraging each manager to comprehensively report on their engagement activities. They hope that over time, they will be in a position to provide collated reporting on engagement activities across the entire portfolio.

Towers Watson Partners Fund

Manager engagement on Inclusion & Diversity (I&D)

WTW identified a lack of diversity within one of their preferred managers, particularly in senior positions. They engaged in conversations with the CIO and other senior members of the business to discuss their concerns and their plans for improvement. Through continual engagement, they were able to impress on the manager the importance of I&D to them and its impact on manager selection and rating. The manager has taken on board their comments and has now formed a new management committee with more ethnic and gender diversity.

Manager engagement on ESG

WTW's research team assessed one of their property managers to be lagging on various issues relating to sustainability and I&D, with no clear formalised policies, and with the mind-set that they were not needed given considerations were made as part of the investment process. Through engagement with the CEO and education

at the manager, including holding a seminar for all staff, they were able to explain their Willis Towers Watson beliefs and requirements as an asset manager. As a result of this engagement, the manager is now in the process of formalising policies on ESG and I&D and appointing a specialised external ESG consultant.

Approval of Implementation Statement

This statement was approved by Trustees on:

Date: 22 September 2021

Signed on behalf of the Trustees

A handwritten signature in black ink, appearing to read "J P R Hinton", written in a cursive style.

Trustee