

# The Church of Ireland Clergy Defined Contribution Pension Scheme Northern Ireland Section

## Annual Implementation Statement

### Introduction

The information in this Implementation Statement (“the Statement”) refers to the Church of Ireland Clergy Defined Contribution Pension Scheme - Northern Ireland Section (“the Scheme”). This Statement sets out how, and the extent to which, the Statement of Investment Principles (“the SIP”) produced by the Trustee of the Scheme (“the Trustee”) has been followed during the year to 31 May 2024. This Statement has been produced in accordance with The Occupational Schemes (Investment) Regulations (Northern Ireland) 2005 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014 as amended by The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations (Northern Ireland) 2018.

Due to some reporting only being available to the standard financial quarter ends, some of the information in this Statement is to 30 June 2024 (the closest quarter end).

### Investment Policy of the Scheme

The Trustee believes it is important to recognise that members of the Scheme have differing investment needs, which may change during the course of members’ working lives and must be provided for. The overall investment policy of the Scheme, included in the SIP, is:

*“The Trustee recognises that members have differing investment needs, and that these needs may change during the course of members’ working lifetimes. The Trustee also recognises that members have different attitudes to risk.*

*The Trustee regards its primary duty as providing an appropriate default investment arrangement which is appropriate for members who do not actively manage their pension investments. This default arrangement is designed to broadly meet members’ typical needs and provide good outcomes for members who do not make their own investment decisions. More detail on the default investment arrangement is set out in Section 4 of the SIP.*

*The Trustee also believes it is appropriate to make available a range of investment options to allow members to choose an investment strategy according to their own assessment of what is appropriate for them, including the risks they are prepared to take.*

*The Trustee believes that the objectives and policies set out in this Statement ensure that the Scheme's assets are invested in the best interests of the members and beneficiaries of the Scheme.*

*The Trustee undertakes to review the Scheme's delegated fund choices offered to members and the delegated investment manager arrangements on a regular basis. In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitably qualified investment adviser. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Article 36 of the Order (as amended)."*

## **Review of the SIP**

The Trustee reviewed and updated the Scheme's SIP during the last Scheme year. The latest SIP , dated October 2023, is attached as an Appendix. The SIP was updated to include the Trustees policy on illiquid investments, and to reflect updates made to the investment strategy by Mercer Workplace Savings ("MWS") as part of its delegated mandate.

## **Assessment of how the policies of the SIP have been followed for the year to 31 May 2024**

The information provided in this section of the Statement highlights the work undertaken by the Trustee during the Scheme year, and over the longer term where relevant, setting out how this work follows the Trustee's policies set out in the SIP.

The latest version of the SIP is available via the following website: <https://www.ireland.anglican.org/about/information/clergy-pensions/dc-pension-scheme-ni>.

## **Investment strategy review**

The review of the investment strategy falls into two parts:

1. MWS as part of its delegated mandate, reviews the underlying investment strategy, including the default investment arrangement, on an annual basis; and,
2. The default investment arrangement is reviewed at least triennially as part of the Trustee's investment governance.

The 2024 SmartPath review was concluded in June 2024. Following the review, the Growth Fund's strategic allocation to equities was increased to 70%. To align more with a broad global equity index, the underlying equity portfolio was restructured. Additionally, the fund removed its exposure to local currency emerging market debt in favour of hard currency emerging market debt. Similar changes to the equity and fixed income portfolios were also made in the Diversified Retirement Fund, which also introduced a gold allocation. These changes were implemented after the Scheme Year end, across the Mercer Growth and Mercer Diversified Retirement funds.

In relation to part 2 of the review, the last full review of the default investment arrangement was completed on 28 June 2021. As part of the outcome of this review, the Trustee decided to maintain the Target Drawdown Lifestyle Strategy as the Scheme's default investment arrangement, which was implemented following the investment strategy review undertaken in 2018. The Trustee continues to believe that a Lifestyle Strategy targeting drawdown provides the most appropriate end point for most members and will leave members better placed to consider all available options than a Lifestyle Strategy which targets either annuities or cash. Members retain the right to choose an alternative Lifestyle Strategy targeting annuities or cash if they wish. The Trustee also offers four risk-profiled multi-asset funds and additional global equity and money market fund options for members who wish to make their own choices.

The next review of the default investment arrangement and self-select funds would have been due in the next Scheme Year. However, the Trustee has been working in collaboration with the Representative Church Body to consider the best approach to delivering DC pension savings for members of the Scheme and future employees. As a result, the Trustee moved the Scheme's members and assets to a Master Trust in November 2024.

**The Trustee can confirm that all policies in the SIP have been followed in the Scheme Year.**

**Policy Requirements over the year to 31 May 2024**

	<b>Requirement</b>	<b>Policy</b>	<b>In the year to 31 May 2024</b>
1	Securing compliance with the legal requirements about choosing investments	<p><i>In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitably qualified investment adviser. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Article 36 of the Pensions (Northern Ireland) Order 1995 (as amended).</i></p> <p><i>SIP Section 3</i></p>	<p>The Trustee has received advice from their investment adviser at the Trustee's meetings during the Scheme Year following the MWS SmartPath Review which was further discussed in October 2023.</p> <p>In addition, the Trustee reviews reports from the provider at Trustee meetings to ensure the net of fees returns are consistent with the aims of the strategy.</p>
2	Kinds of investments to be held	<p><i>The Trustee recognises that members have differing investment needs, and that these needs may change during the course of members' working lifetimes. The Trustee also recognises that members have different attitudes to risk.</i></p> <p><i>The Trustee regards its primary duty as providing an appropriate default investment arrangement which is appropriate for members who do not actively manage their pension investments. This default arrangement is designed to broadly meet members' typical needs and provide good outcomes for members who do not make their own investment decisions. More detail on the default investment arrangement is set out in Section 4 of the SIP</i></p>	<p>The Trustee reviews the Scheme's investment strategy on a triennial basis or following any significant changes to the Scheme.</p> <p>The last triennial investment strategy review of the Scheme was completed in June 2021. As part of this review, the Trustee decided to maintain the Target Drawdown Lifestyle Strategy as the Scheme's default investment arrangement. The Trustee believes drawdown provides the lowest level of mismatch risk for the broadest set of members approaching retirement, compared to cash and annuity lifestyle strategies. Members retain the right to choose an alternative Lifestyle Strategy targeting annuities or cash if they wish. The Trustee also offers four risk-profiled multi-asset funds and additional</p>

	Requirement	Policy	In the year to 31 May 2024
		<p><i>The Trustee also believes it is appropriate to make available a range of investment options to allow members to choose an investment strategy according to their own assessment of what is appropriate for them, including the risks they are prepared to take.</i></p> <p><i>The Trustee believes that the objectives and policies set out in this Statement ensure that the Scheme's assets are invested in the best interests of the members and beneficiaries of the Scheme.</i></p> <p><i>SIP Section 3</i></p>	<p>global equity and money market fund options for members who wish to make their own choices.</p> <p>The next review of the default investment arrangement and self-select funds is due to commence during the next Scheme Year. However, the Trustee has been working in collaboration with the Representative Church Body to consider the best approach to delivering DC pension savings for members of the Scheme and future employees. As a result, the Trustee is planning to move the Scheme's members and assets to a Master Trust later in 2024. The Trustee will complete the Triennial investment review as soon as is practically possible if the move to Master Trust is delayed.</p> <p>The Trustee receives annual reviews from MWS covering the default investment arrangement, lifestyles and risk-profiled funds.</p> <p>The 2023 review was provided to the Trustee in May 2023 and further discussed in October 2023.</p>
3	The balance between different kinds of investments	<p><i>Members can choose from three lifestyle options depending on how they wish to take their benefits in retirement:</i></p> <p><b>Target Drawdown (Default)</b> – <i>designed for members who wish to draw a flexible income over time. This is the Scheme's default investment strategy.</i></p> <p><b>Target Annuity Purchase</b> – <i>designed for members intending to purchase a level annuity at retirement.</i></p>	<p>As part of the self-select fund range, the Trustee considers the spread of assets across funds with a range of different risk and return objectives, allowing members to build their own diversified portfolio should they choose to. The self-select range itself is reviewed as part of the triennial strategy review, with the last review in 2021 and the next review would have been due in the next Scheme Year. However, the Trustee moved the Scheme's members and assets to a Master Trust in November 2024.</p>

	Requirement	Policy	In the year to 31 May 2024
		<p><b>Target Cash</b> – designed for members who intend to take their pension savings as a cash lump sum at retirement.</p> <p>The Trustee has designated the Target Drawdown Lifestyle Option as the default investment strategy for those members who do not wish to make an active choice of lifestyle, or select their own funds.</p> <p>To cater for different risk appetites of members, the Trustee offers four risk profiled funds, which are multi-asset funds targeting different risk and return objectives, in order to provide members with a choice from lower to higher risk funds. Under this approach, members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on members' own risk appetite and tolerances. The four risk profiled funds are as follows:</p> <p>Mercer Defensive Fund</p> <p>Mercer Moderate Growth Fund</p> <p>Mercer Growth Fund</p> <p>Mercer High Growth Fund</p> <p>In addition to the risk profiled funds set out above, members wishing to design their own specific investment options are offered additional global equity and money market funds.</p> <p>SIP Section 3.3</p>	<p>The Trustee has reviewed performance of all funds against their stated objectives/benchmarks at each of the Trustee meetings over the Scheme year, by reviewing a performance report. The Trustee is satisfied that the Scheme's funds performed as expected given the market backdrop.</p> <p>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. These ratings are also considered by the Delegated Investment Manager.</p>
4	Risks, including the ways in which risks are to be measured and managed	In determining the default investment strategy, the Trustee considered risk from a number of perspectives.	As detailed in the SIP, the Trustee considers risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.

	Requirement	Policy	In the year to 31 May 2024
		<i>SIP Section 4.4</i>	<p>All monitoring activity detailed in the SIP was undertaken, and there were no issues to report. No changes were made to the investment arrangements as a result of these considerations.</p> <p>The Scheme maintains a risk register of key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. The Trustee regularly reviews the risk register to confirm if any additional actions are required.</p>
5	Expected return on investments	<p><i>The Trustee expects that over the long term growth assets such as UK and overseas equities and property should achieve returns which exceed inflation by a margin. The Trustee has considered the trade-off between risk and returns and understands that short term volatility is to be expected, but expects that over the longer term the returns from growth assets will exceed those from less volatile asset classes such as gilts and bonds.</i></p> <p><i>SIP Section 3.4</i></p>	<p>The Trustee has reviewed performance of all funds against their stated objectives/benchmarks at each of the Trustee meetings over the Scheme year, by reviewing a performance report. The performance report also includes changes to the investment adviser's manager research ratings.</p> <p>The default fund's performance was also assessed as part of the annual 'value for member' assessment conducted during the Scheme Year for the 23/24 Scheme Year. The conclusion of this was the performance was 'reasonable' as assessed by the investment advisor.</p> <p>The Trustee's focus is on longer-term performance, but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance of the Investment Managers' products (or funds), including assessments of both shorter and longer time horizons. The Trustee and the Delegated Investment Manager also rely upon Mercer's manager research capabilities.</p> <p>The selection of the underlying investment managers is the responsibility of the Delegated Investment Manager.</p>

	Requirement	Policy	In the year to 31 May 2024
			<p>The performance of the growth phase of the lifestyle strategies (including the main default investment arrangement) 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.</p> <p>The Trustees are satisfied that the Scheme's funds performed as expected given the market backdrop.</p>
6	Realisation of investments	<p><i>The Trustee recognises that there is risk in holding assets which cannot be realised quickly should the need arise. To address this risk, the Scheme assets are held in funds which can be realised at short notice.</i></p> <p><i>SIP Section 3.5</i></p>	<p>The Trustee receives administration reports on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines. For the Scheme year ending 31 May 2024 an overall service level for core financial transactions of 95% was achieved by Scottish Widows.</p> <p>All funds are daily dealt pooled investment vehicles, accessed through an insurance contract.</p> <p>The Trustee monitors the performance of the funds against their stated objectives/benchmarks. This is done on a quarterly basis, with an investment performance report presented at each Trustee meeting.</p>
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	<p><i>The Trustee considers that financially material considerations, including environmental, social and corporate governance ("ESG") factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks, and can have a material impact on investment risk and return outcomes, over a time horizon which is the length of time that members'</i></p>	<p>The investment performance reports are reviewed by the Trustee on a quarterly basis and discussed at each Trustee meeting – this includes ratings (both general and specific ESG) from the investment adviser. Most of the managers remained highly rated during the Scheme year.</p> <p>The Delegated Investment Manager expects all underlying investment managers to incorporate the consideration of</p>

	Requirement	Policy	In the year to 31 May 2024
	realisation of investments	<p><i>retirement benefits require to be funded by their investments in the Scheme. The Trustee believes that good stewardship can create and preserve value for companies and markets as a whole.</i></p> <p><i>The objectives, risks and other factors referenced in this Statement are those that the Trustee considers to be financially material considerations. The Trustee believes that the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that a number of lifestyle options have been made available to members.</i></p> <p><i>The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.</i></p> <p><i>SIP Section 2.3</i></p>	<p>longer-term factors, such as environmental, social and corporate governance (ESG), into their decision-making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Delegated Investment Manager engages with underlying investment managers on this activity and if dissatisfied will look to replace the manager. The Trustee expects external investment managers to incorporate consideration of longer-term factors, such as ESG into their decision-making process where appropriate.</p> <p>Furthermore, an annual ESG report was presented at the October 2023 Trustee meeting which outlined the MWS Investment Governance Committee's approach to ESG.</p> <p>The Trustee monitors voting activity on an annual basis (as included later in this statement) and monitors ESG ratings as part of regular performance reporting, which is discussed at each Trustee meeting.</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><i>The views of members and other beneficiaries in relation to ethical considerations social, and environmental impact, or present and future quality of life, are not explicitly taken into account by the Trustee in the selection, retention or realisation of investments within the Scheme. The Trustee will from time to time review its policy on taking members' views into account in the selection, retention and realisation of investments.</i></p>	<p>Member views in the form of any queries and messages to the Trustee would be considered in the selection, retention and realisation investments and the Trustee welcomes these views as far as reasonably practicable.</p>



	Requirement	Policy	In the year to 31 May 2024
		<i>SIP Section 2.4</i>	
9	The exercise of the rights (including voting rights) attaching to the investments	<i>The Trustee has delegated day-to-day management of the assets to the Delegated Investment Manager. The Delegated Investment Manager expects all underlying investment managers to incorporate the consideration of longer term factors, such as environmental, social and corporate governance (“ESG”) factors, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments. Voting and engagement activity should be used by investment managers to discuss the</i>	Within the Scheme, any voting rights that apply with respect to the underlying investments attached to the Scheme’s funds are, ultimately, delegated to the third-party investment managers appointed by the Delegated Investment Manager. The Delegated Investment Manager accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and has therefore enabled managers to vote based on their own proxy-voting execution policy, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. As such the Trustee does not use the direct services of a proxy voter.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	<i>performance of an issuer of debt or equity. Managers’ engagement policies are expected to include all relevant matters including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. The Delegated Investment Manager engages with underlying investment managers on this activity and if dissatisfied will look to replace the manager. The Trustee expects external investment managers to incorporate consideration of longer term factors, such as ESG into their decision-making process where appropriate.</i>  <i>The Trustee considers how ESG, climate change and stewardship is integrated within Mercer’s investment processes and those of the underlying managers in the monitoring process. The Trustee believes that Mercer has the necessary expertise and framework in place to</i>	The Trustee has delegated their voting rights to the underlying investment managers used by the Delegated Investment Manager, investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The Trustee gives investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee has not actively challenged managers on voting activity during the Scheme year.  A summary of the Trustee’s stewardship priorities and voting activity over the Scheme year is included at the end of this Statement.

	Requirement	Policy	In the year to 31 May 2024
		<p><i>effectively manage and monitor investments in line with these areas, and this is implemented through their four pillar framework: integration, stewardship, thematic investment and screening. The funds for the Scheme incorporate these four pillars as far as is practical. Mercer is expected to provide reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon footprint for equities and/or climate scenario analysis for diversified portfolios.</i></p> <p><i>SIP Section 2.3</i></p>	
11	How the arrangements with the asset managers incentivises the asset managers to align investment strategies and decisions with the trustees' policies	<p><i>Mercer Workplace Savings ("MWS"), the Delegated Investment Manager, appoints underlying investment managers and the Trustee selects funds from external investment managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustee invests in pooled or multi-client investment vehicles, they accept that they have no ability to influence the Investment Managers to align their decisions with the Trustee's policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p><i>SIP Section 2.1</i></p>	<p>In the year to 31 May 2024, the Trustee reviewed its selected managers, through the Delegated Investment Manager, and is happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p> <p>The Trustee is comfortable that the contractual arrangements in place between the Delegated Investment Manager and the managers continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p>
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their	<p><i>Mercer Workplace Savings ("MWS"), the Delegated Investment Manager, appoints underlying investment managers and the Trustee selects funds from external investment managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustee invests in pooled or multi-client investment vehicles, they accept that they have no ability to influence the Investment Managers to align their decisions with the Trustee's policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p><i>SIP Section 2.1</i></p>	<p>In the year to 31 May 2024, the Trustee reviewed its selected managers, through the Delegated Investment Manager, and is happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p> <p>The Trustee is comfortable that the contractual arrangements in place between the Delegated Investment Manager and the managers continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance.</p>

	Requirement	Policy	In the year to 31 May 2024
	performance in the medium to long-term.		
13	How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration for asset management services are in line with the trustees' policies	<p><i>The Trustee is a long-term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Delegated Investment Manager is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustee is responsible for the selection, appointment and removal of the external investment managers. The Trustee may also choose to remove a fund from the fund range, if no longer considered appropriate. The fund range is formally reviewed on at least a triennial basis.</i></p> <p><i>SIP Section 2.2</i></p>	<p>The Trustee includes a three-year performance metric in its quarterly performance reports. In addition, it benchmarks managers' charges as part of the annual assessment of Value for Members.</p> <p>The Value for Members Assessment for the Scheme Year ended 31 May 2024 concluded that the Scheme's provides reasonable value for members. The Scheme's charges are reasonable relative to other funds available in the market. Performance of the Scheme's funds has also been noted as reasonable with some challenges noted in the 5-year period to 30 June 2024. However, the Scheme's governance and administration arrangements have been assessed as good and there are robust procedures in place to ensure the well-running of the Scheme.</p>
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is limited by the availability of data and the lack of industry standard benchmarking. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.</i></p> <p><i>SIP Section 2.2</i></p>	<p>Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs.</p> <p>While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not as yet any "industry standard" or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Trustee will continue to monitor</p>

	Requirement	Policy	In the year to 31 May 2024
			transaction costs on an annual basis and developments on assessing these costs for value.
15	The duration of the arrangement with the asset manager	<i>The Trustee is a long-term investor, all funds are open-ended and therefore there is no set duration for manager appointments.</i>  <i>SIP Section 2.2</i>	There were no changes to manager appointments over the year to 31 May 2024 as the Trustee maintained the view that the appointed managers remained suitable.

### Voting Activity

The Trustee has delegated its voting rights to the Delegated Investment Manager who in turn delegates this to external investment managers. The Trustee does not use the direct services of a proxy voter.

The Delegated Investment Manager includes stewardship within their Sustainable Investment Policy. In particular, the Delegated Investment Manager 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 12 months to 30 June 2024 (as the nearest quarter end) is summarised in the table below.

<b>Fund</b>	<b>How many resolutions were you eligible to vote on?</b>	<b>What % of resolutions did you vote on for which you were eligible?</b>	<b>Of the resolutions on which you voted, what % did you vote with management?</b>	<b>Of the resolutions on which you voted, what % did you vote against management?</b>	<b>Of the resolutions on which you voted, what % did you abstain from voting?</b>
Mercer Defensive	35,727	95.4%	80.7%	19.3%	1.4%
Mercer Moderate Growth	106,602	96.7%	84.0%	16.0%	0.7%
Mercer Growth	95,428	94.9%	83.2%	16.8%	0.7%
Mercer High Growth	109,502	96.7%	84.2%	15.8%	0.7%
Mercer Diversified Retirement	67,424	96.2%	83.2%	16.8%	0.8%
Mercer Passive Overseas Equity	18,307	99.2%	81.7%	18.3%	0.0%

Source: MGIE as at 30 June 2024.

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

We do not include the Target Drawdown funds in the table above, as their components with equity exposure are listed in the table above, namely the Mercer Growth and Mercer Diversified Retirement funds.

## **Fund Structure and Voting**

A number of the Scheme's funds operate on a 'fund of funds' structure (such as Mercer Growth and Mercer Diversified Funds). Each of these funds invests in a number of underlying funds, managed by different fund managers. This may mean that there are different voting outcomes for the same vote resolution, due to the differing views of the underlying fund managers, and that it is not possible to aggregate all of the fund holdings in each company.

## **Examples of Significant Votes**

The Trustee has selected the 'most significant votes' by focussing on shareholder resolutions with a specific focus on the following Environmental, Social and Governance priorities, which are closely linked to UN Sustainable Development Goals. The votes included in this Statement are those that the Trustees believe to be significant based on Scheme's stewardship priorities and focuses on the following areas:

- **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; health and addictive products
- **Governance:** Inclusive, diverse decision making; aligned remuneration & incentives; transparent disclosure of material ESG factors

Whilst selecting votes in line with the above criteria, the Trustee has focussed on the funds used in the default investment arrangement (Mercer Growth and Mercer Diversified Retirement Funds) given that this is where the majority of members' assets were invested over the Scheme Year.

The Trustee also considers those votes where the Scheme has a larger holding in the company being voted on as the most significant. Due to the 'fund of funds' structure and voting approach, described above, it is not possible to aggregate all of the fund holdings in each company. Therefore, the Trustee has chosen to disclose all votes which represent over 0.25% of the applicable fund's assets at the point of the vote, noting that this may lead to more than one disclosure for the same company and resolution, where more than one underlying manager invests in the company and meets this minimum holding requirement. However, due to the number of votes this applies to, the Trustee has shown one vote for each company that meets this threshold.

Fund	Company vote is in relation to	% of the Fund the vote applies to at the date of vote	Date of Vote	Resolution	How the manager voted	Rationale for the voting decision	Intention to vote against management revealed prior to the vote?	Final outcome	Why vote is deemed significant - Trustee's stewardship priority area	Next steps
<b>Mercer Growth &amp; Mercer Diversified Retirement Fund (DRF)</b>	Apple Inc.	0.999% (Growth) 0.696% (DRF)	28 Feb 2024	Shareholder Proposal regarding median gender and racial pay equity report	For	The manager expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.	No	Failed	Governance (Diversity)	The manager will continue to continue to vote on this issue in line with their published diversity policy.
<b>Mercer Growth &amp; Mercer Diversified Retirement Fund (DRF)</b>	Microsoft Corporation	1.321% (Growth) 1.066% (DRF)	7 Dec 2023	Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern	For	A vote FOR this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	No	Failed	Social (human rights)	The manager will monitor the response from the company given the high level of support for this proposal.
<b>Mercer Growth &amp; Mercer Diversified Retirement Fund (DRF)</b>	Meta Platforms Inc	1.320% (Growth) 0.663% (DRF)	29 May 2024	Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment	For	Meta provides limited disclosure around its direct and indirect lobbying expenditures. It also does not go into detail about how it assesses misalignment or what strategies it would use when misalignments are found.	No	Failed	Environmental (climate change)	Follow up in post-season engagement to verify any progress on this topic.

<b>Mercer Growth &amp; Mercer Diversified Retirement Fund (DRF)</b>	Alphabet Inc.	2.110% (Growth)  0.990% (DRF)	7 June 2024	Shareholder Proposal Regarding Human Rights Impact Assessment of AI-Driven Targeted Advertising	For	<p>The company is taking some steps around responsible AI use and targeted advertising. However, and as noted by the proponent, targeted advertising is critical to the company's business.</p> <p>As there has been significant regulatory, legal, and reputational scrutiny around the company's targeted-advertising practices, the requested report would help shareholders better evaluate the effectiveness of the company's management of these issues and related risks.</p>	Yes	Failed	Social (human rights)	Follow up in post-season engagement to verify any progress on this topic.
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Source: MGIE as at 30 June 2024