MERCER
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Annual Implementation Statement

The Jiffy and Ambassador Pension Scheme

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustees, has been followed during the year to 30 April 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in the document sets out the how, and the extent to which, the policies in The Jiffy and Ambassador Pension Scheme (the 'Scheme') SIP have been followed.

Investment Objectives of the Scheme

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

DB Section

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

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

DC Section

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

These objectives translate into the following principles:

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

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

Explanation of changes made to the SIP in the year to 30 April 2020

During the year, the Trustees reviewed the Scheme's SIP. A revised SIP was approved on 26 September 2019 in order reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- The Trustees' policies in relation to taking account of financially material considerations including risk, and matters arising from Environmental, Social and Governance ("ESG") considerations including climate change
- The Trustees' policies in relation to the stewardship of investments
- The extent to which the Trustees' take into account non-financial matters

Investment Strategy Review

DB Section

The investment strategy for the DB section is reviewed approximately annually by Mercer and any changes to the strategy are discussed and agreed with the Trustees in the context of their investment objectives. The most recent review was carried out as at 28 February 2019 and was discussed in the May 2019 Trustee Meeting. The updated strategy was implemented on 28 May 2019. At each investment strategy review the Trustees consider:

- The longer term investment objectives in the context of the Scheme's parameters, including covenant strength, risk appetite, target-de risking basis and any deficit contributions.

- How the Scheme has progressed towards the long term objective since the last strategy review.

- If the level of the de-risking funding level triggers remain appropriate given any updated objectives, parameters, or experience.

- The asset allocation within both the Growth and Matching portfolios.

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

DC Section

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

- The demographics of the Scheme's membership and the Trustees' views of how the membership will behave at retirement, as well as the latest market trends, in determining the suitability of the default investment option.
- The length of the de-risking period and timing of switches from higher risk to lower risk investments.
- Whether the asset allocation within the default remains suitable and complements the Trustees' investment strategy.
- Whether the alternative lifestyle strategies remain appropriate.

The strategies deployed in the lifestyle options incorporate material levels of diversification and risk management, through asset class exposure and the incorporation of a glide path that reduces investment risk in the run up to retirement. The expected risk and return of the various portfolio options for the lifestyle strategies was reviewed by the Trustees as part of the investment strategy review.

Assessment of how the policies in the SIP have been followed for the year to 30 April 2020

The information provided in the following table highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Scheme as a whole, the DB investment arrangements and the default DC investment arrangement. The SIP is attached as an Appendix and sets out the policies referenced below.

	Requirement	Policy	In the year to 30 April 2020
1	Securing compliance with the legal requirements about choosing investments	***DB Section:*** The *Trustees have appointed a Fiduciary Manager who provides expert advice and chooses investment vehicles that can fulfil the Scheme's investment objectives. In the Trustees' opinion, this is consistent with the requirements of Section 36 of the Pensions Act 1995.* ***DC Section:*** *In considering the appropriate investments for the Scheme, the Trustees have obtained and considered the written advice of an Investment Consultant, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).*	**DB Section:** The Trustees' appointed Fiduciary Manager (Mercer) had been delegated the authority to invest the Scheme's assets across various asset classes both with the aim of earning an investment return above the rate of growth in the Scheme's liabilities and managing the various risks to which the Scheme is exposed. The Scheme's assets are primarily invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE")) as investment manager. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to third party investment managers. Investment performance and the actions taken by Mercer, MGIE and the sub-investment managers are reviewed by the Trustees on a monthly and quarterly basis. **DC Section:** There have been no new investment funds added to the Scheme's investment arrangements over the year to 30 April 2020. The Scheme was subject to the Mercer Workplace Savings ("MWS") annual strategy review in August 2019, which the Trustees discussed in a meeting on 11 November 2019. The default investment strategy was reviewed during April 2020.

			The Trustees have obtained advice from their FCA regulated investment adviser in relation to the suitability of the Mercer SmartPath investment strategy. Some underlying structural changes were made to the Mercer Growth fund. The default investment strategy and glide path design has been delegated to Mercer and therefore changes to the asset allocation can take place 'under the bonnet'.
2	Kinds of investments to be held	***DB Section:*** *The Trustees have decided to implement a de-risking strategy. The Trustees, having taken advice, set the strategic split between portfolios of growth and matching assets at each stage of the strategy. As the funding level improves, investments will be switched from growth assets to matching assets with the aim of reducing investment risk. The Trustees have delegated the implementation of the agreed de-risking strategy to Mercer.* ***DC Section:*** *As members are able to make their own investment decisions the balance between the different kinds of investments can be their decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance.*	**DB Section:** The Trustees last obtained advice from Mercer on their investment strategy in May 2019 and the strategy was subsequently updated on 28 May 2019. Mercer has reviewed the funding level on a daily basis. MGIE has constructed portfolios of investments during the year that are expected to maximise the return (net of all costs) given the targeted level of risk and the investment objectives over the lifetime of the Scheme. During the year a range of asset classes have been included within the Scheme's investment portfolio to achieve the above, including: global developed and emerging market equities, emerging market debt, high yield bonds, multi-asset credit, absolute return bonds and property, alternative assets such as hedge funds, bonds (gilts and corporate bonds), as well as Liability Driven Investment ("LDI") funds which invest in bond-like investments in order to provide interest rate and inflation exposure and reduce funding level risk. **DC Section:** The default investment option was subject to the Trustees' formal triennial review in April 2020. The investments (fund type, management style and asset allocations) used in the default investment option were reviewed as part of this exercise.

		The Trustees offer a default lifestyle strategy and two alternative lifestyle strategies. Four additional Mercer "Risk-Rated" funds and one cash based "building block" fund are also available for members to choose from.	The Trustees have delegated Mercer to manage the Scheme's investments, and over the year, some underlying structural changes were made to the risk-profiled funds. The MWS review of the lifestyle strategies and the self-select fund range were all discussed at the November 2020 Trustee meeting. Some underlying structural changes were made to the Mercer Growth fund.
3	The balance between different kinds of investments	***DB Section:*** *The Trustees, with advice from the Scheme's Investment Consultant, reviewed the Scheme's investment strategy in 2019.* *Following the review, the key decision was to seek a long term solution to "de-risk" the Scheme's assets relative to its liabilities over time using a dynamic trigger based de-risking framework. The de-risking framework mandates the following practices:* • *To hold sufficient growth assets to target 110% funding on a gilts +0.0% basis by 2026-31;* • *To reduce the volatility in the funding level by reducing un-hedged liability exposures;* • *To monitor the progress in the funding level and to capture improvements in the funding level promptly, if they arise.*	**DB Section:** Consistent with the agreed framework, in view of market conditions during the Scheme year, the strategic allocation to growth assets has remained at 37.6%, with 62.4% being strategically allocated to matching assets. **DC Section:** The suitability of the default investment option is reviewed on a triennial basis, the last review by the Trustees took place in April 2020. The strategic asset allocation of the default investment option is reviewed on an ongoing basis by Mercer. The underlying structural changes applied to the Mercer Growth fund (as part of Mercer's annual strategy review) were reflected in the other risk profiled funds available as part of the self-select fund range. These structural changes were an enhancement in implementation only and there were no changes made to the underlying strategic asset class allocations. Mercer confirmed that all changes were made with the consideration of the risk-adjusted returns. As part of the self-select fund range, the Trustees consider 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.

		DC Section: *Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk in line with their own attitude towards, and tolerance of risk.* *Within the default option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default option.*	The Trustees monitor 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 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.
4	Risks, including the ways in which risks are to be measured and managed	***DB Section:*** *There are various risks to which any pension scheme is exposed which the Trustees believe may be financially material to the Scheme.* *The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's assets and its liabilities and the Sponsor's ability to support this mismatch risk.* *To control the risk outlined above, the Trustees, having taken advice, set the split between the Scheme Growth and Matching Portfolios such that the expected return on the overall portfolio is expected to be sufficient to meet the Trustees' objectives. As the funding level improves, investments will be switched from the Growth Portfolio into the Matching Portfolio*	**DB Section:** During the year, the Trustees have considered both quantitative and qualitative measures for these risks when deciding investment policies and evaluating Mercer and MGIE's actions relating to the strategic asset allocation, dynamic asset allocation and choice of sub investment- managers and asset classes. The Trustees receive an investment strategy report and this is reviewed by the Trustees on a quarterly basis. The report includes the overall funding level risk and appropriate comments on the other risks to which the Scheme is exposed. **DC Section:** As detailed in the risk section in the SIP, the Trustees consider both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. As well as the annual review by Mercer of the SmartPath arrangements, and the triennial Strategy Review of the suitability of

		with the aim of reducing investment risk. ***DC Section:*** *The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment option.* *The Trustees pay close regard to the risks which may arise from the lack of diversification of investments. The Trustees believe that the choice of funds in place provides an adequately diversified distribution of assets.*	the default investment arrangement in April 2020, the Trustees review quarterly investment reports over the year, which monitor the volatility of the SmartPath investment strategy.
5	Expected return on investments	***DB Section:*** *The Trustees have put in place a derisking strategy to:* *Hold sufficient growth assets to target 110% funding on a gilts + 0.0% basis by 2026-2031, to reduce the volatility in funding level by reducing unhedged liability exposures and to monitor the progress in the funding level and to capture improvements in the funding level promptly if they arise.* The Growth Portfolio has a return target of cash + 3.0% gross of Mercer fees, net of underlying manager fees over the longer term; prior to 1 January 2020 the return target was	**DB Section:** The investment strategy report is reviewed by the Trustees on a quarterly basis – this includes the risk and return characteristics of the Scheme's investment portfolio. The investment performance report includes how each fund in which the Scheme's assets are invested is delivering against its specific mandate. Over the 3 years to 31 March 2020, the Scheme has returned c.3.8% p.a. (net of fees) relative to a liability return of 5.3% p.a.. Over the same period the Growth Portfolio returned -0.4% p.a. relative to a target return of 4.1%. Over the period since inception of the fiduciary management arrangements with Mercer to 31 March 2020, the Scheme's assets returned 4.2% p.a. relative to a liability return of 4.3% p.a. Over the

		cash + 3.5% gross of Mercer fees, net of underlying manager fees. The Matching Portfolio does not have an explicit return target as it is designed to hedge the funding level impact, as measured on the target de-risking basis, of interest rate and inflation movements. ***DC Section:*** *The funds available are expected to provide an investment return commensurate with the level of risk being taken.* *The Trustees provide a default option, which has an explicit allocation to assets in the growth phase that are expected to outperform inflation over the long term. Members are also able to self-select funds, most of which are expected to outperform inflation over the long term.*	same period the Growth Portfolio returned 1.7% p.a. relative to a target return of 4.0% p.a.. The Trustees note that the deviation in performance against the rate of growth in the liabilities is primarily due to the market falls over Q1 2020 as result of the COVID-19 crisis. The investment strategy was reviewed by the Trustees, with advice and guidance provided by Mercer. However, no significant changes were made by the Trustees to the Scheme's headline investment strategy (i.e. the target allocation to return seeking assets and risk reducing assets) over the scheme year. **DC Section:** The Trustees monitor the performance of each fund against respective objectives/benchmarks on a quarterly basis. The investment performance reports that the Trustees receive also includes changes to the investment adviser's manager research rating. The selection of the underlying investment managers is the responsibility of Mercer. The performance of the growth phase of the lifestyle strategies (including the main default investment strategy) is reviewed against inflation and against equity volatility. The de-risking phase of the annuity lifestyle is reviewed against inflation as a means of assessing the impact relative to member buying power.
6	Realisation of investments	***DB Section:*** *The selection, retention and realisation of assets is carried out in a way consistent with maintaining the Scheme's overall strategic*	**DB Section:** Where disinvestments were requested during the year the policies stipulated within the relevant appointment documentation have been followed.

		allocation and consistent with the overall principles set out in the SIP. *The Trustees, on behalf of the Scheme, hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and/or the underlying third party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion for the selection, retention and realisation of investments and in considerations relating to the liquidity of those investments.* ***DC Section:*** *Assets in the DC Section, including the default option, are invested in a long-term insurance contract. The assets underlying the insurance contract are invested in daily traded pooled funds which hold highly liquid assets, and therefore should be realisable at short notice based on either Trustees' or member demand.*	**DC Section:** The Trustees receive administration reports on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines. All funds, including those in the default strategy, are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. Therefore, assets should be realisable at short notice, based on member and Trustees demand.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in	***DB Section:*** *The Trustees consider financially material considerations in the selection, retention and realisation of investments. The Trustees' consideration of such factors, including environmental, social and governance factors, is delegated to*	**DB Section:** The Scheme's SIP includes the Trustees' full policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

	the selection, retention and realisation of investments	*Mercer who in turn delegate this to the appointed underlying investment managers.* *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.* ***DC Section:*** *The Trustees consider financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.* *Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	In order to establish these beliefs and produce this policy, the Trustees undertook investment training provided by their investment consultant, Mercer Limited (Mercer), on responsible investment which covered ESG factors, stewardship, climate change and the approach undertaken by Mercer Global Investments Europe Limited (MGIE) in its capacity as investment manager to the Ireland-domiciled collective investment schemes in which Scheme's assets are invested. This training was provided on May 2019. Following this training, the Trustees incorporated into the SIP their beliefs in this area. The Trustees keep their policies under regular review.The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE is expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics. The Trustees consider how ESG, including climate change, is integrated within Mercer's and MGIE's investment processes by reviewing the ESG ratings assigned by Mercer (and its affiliates') global manager research team, which are included in the investment performance report produced by Mercer on a quarterly basis. ESG ratings are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually - which seeks evidence of positive momentum on ESG integration. Expectations are set as ESG3 or above, where practicable and relevant to the strategy (with ESG1 being the highest rating and ESG4 being the lowest). Comparisons are also made with the appropriate universe of strategies in Mercer's global investment manager database.

			Climate-related metrics such as carbon foot-printing for equities and/or climate scenario analysis for diversified portfolios are also reviewed at least annually by Mercer and MGIE. **DC Section:** The investment performance reports are reviewed by the Trustees on a quarterly basis – this includes ratings (both general and specific to ESG) from the investment advisers. Most of the managers remained generally highly rated during the year. The Scheme's SIP includes the Trustees' policy on ESG factors, stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The Trustees keep their policies under regular review with the SIP subject to review at least triennially. Where managers are not highly rated from an ESG perspective, Mercer will engage with those managers to improve ESG practices, or replace these managers with more suitable managers. This is in line with their Sustainable Investment Policy. If ratings, either general or ESG are downgraded Mercer will look to find a suitable alternative. The Trustees also review Mercer's investment reports, which also include updates and developments of the ESG ratings. The Trustees acknowledge that managers in certain asset classes, such as fixed income, do 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.
8	The extent (if at all) to which non-financial matters are taken into account in the	*"Non-financial matters" (where non-financial matters includes members' ethical views separate from financial*	Member views have not explicitly been taken into account concerning non-financial matters in the selection, retention and

	selection, retention and realisation of investments	*considerations such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments for the Scheme. The Trustees would review this policy in response to significant member demand, but believe that the delegation of portfolio construction to Mercer will lead to considerations that are in the best interest of the Scheme as a whole.*	realisation of investments, although feedback received from members is welcomed and considered by the Trustees.
9	The exercise of the rights (including voting rights) attaching to the investments	*Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	The exercising of voting rights is delegated to Mercer. The Trustees receive an annual stewardship report produced by Mercer. This report assesses 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. The report covered the year to 30 June 2019. Where underlying investment managers are not meeting expectations, Mercer is expected to engage with these managers. See voting activity section below. The funds that include equities in the DB and DC Sections are: Mercer Diversified Growth Fund Mercer High Growth / Higher Risk Mercer Growth / Balanced Risk Mercer Moderate Growth / Moderate Risk Mercer Defensive / Lower Risk Mercer Diversified Retirement

			Mercer Drawdown Target Date Funds Mercer Cash Target Date Funds Mercer Annuity Target Date Funds
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)	*Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.* *Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.*	The Trustees reviewed a Stewardship Report produced by Mercer May 2020. This report assesses 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. The report covered the year to 30 June 2019. Where underlying investment managers are not meeting expectations, Mercer is expected to engage with these managers. See voting activity section below. Within the DB Section the Scheme invests solely in pooled funds managed by MGIE, the Trustees require sub-investment managers appointed by MGIE to engage with the investee companies on their behalf. The Trustees are looking to enhance reporting on manager engagement by reviewing an annual voting and engagement report which will be produced by the Trustees' fiduciary manager. No additional engagement activity occurs outside of this relationship.

Voting Activity

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

Mercer includes stewardship within their Sustainable Investment Policy. In particular, Mercer 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 covering the period from 1 July 2018 to 30 June 2019 was provided to the Trustees in May 2020. The report summarises and comments on the stewardship activities and disclosure of the external investment managers appointed within the self-select fund range, the Mercer Growth fund and the Mercer Diversified Growth fund, a summary of the report's findings can be found below.

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.

For the 2020 reporting cycle, vote reporting will include a general description of voting behaviour, an explanation of the most significant votes taken, information on the use, if any, of the services of proxy advisors, and information on how votes have been cast in the general meetings of companies in which the external investment managers hold shares across equity portfolios. Engagement reporting will include examples where investment managers have engaged with companies, relating to the number of companies engaged, engagement examples by topic, engagement examples that are collaborative and any voting activity / engagement activities impacting investment decisions, where available. These engagement reviews will extend across equities as well as other asset classes (e.g. fixed income and real estate) in light of the 2020 UK Stewardship Code, which calls for engagement across additional asset classes as well as equities.

2019 Summary

The overall results for this reporting period from 1 July 2018 and 30 June 2019 are summarised below.

Vote execution:

- Vote execution continues to be good overall (i.e. >90% of available votes). Where votes have not been cast, the vast majority of managers provide a rationale (typically, this relates to market-specific barriers or restrictions).

Vote disclosure:

- The level of disclosure continues to vary considerably across managers. While in some cases managers have improved in not only disclosing voting rationale at a resolution level, but including summary reporting across categories (e.g. board-related, compensation-related, environmental etc.) there are managers who have not disclosed rationale across all resolutions. It is likely that managers do have this information but have not proactively disclosed it and we will follow-up with these managers to confirm.

Engagement:

- The results on engagement activities has been relatively consistent and the Delegated Investment Manager noted an improvement in the quality of engagement disclosure from a number of managers.
- Some managers continue to provide market leading engagement reporting – typically those with an established approach to engagement and internal resources dedicated to stewardship.
- The Delegated Investment Manager found that there is still room for improvement on engagement from quant managers who could focus on calling for greater disclosure of ESG metrics and this will again be communicated. The Delegated Investment Manager also noted an improvement from a number of quant managers in this regard since the previous review.
- The Delegated Investment Manager will follow up with all external investment managers where improvements are expected in future.

Important notices

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer's ratings do not constitute individualized investment advice.

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In certain circumstances, Mercer's advice will be limited to the discretionary investment management solutions it offers. Where applicable, you will be advised of this. Mercer recognises that this creates a potential conflict of interest and seeks to manage this conflict through procedures designed to protect the interest of our clients.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, refer to your Mercer representative.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see
www.mercer.com/conflictsofinterest