

Engagement Policy Implementation Statement for the Year Ended 5 April 2023

Field Group Pension Plan (“the Plan”)

1. INTRODUCTION

This Engagement Policy Implementation Statement (the Statement) sets out the Trustee’s assessment of how, and the extent to which, they have followed their engagement policy and their policy with regard to the exercise of rights (including voting rights) attaching to the Plan’s investments during the one-year period to 5 April 2023 (the “PlanYear”). The Trustee’s policies are set out in their Statement of Investment Principles (SIP) dated August 2022. A copy of the Trustee’s SIP is available at [here](#).

This Statement has been produced in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018* and the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* along with guidance published by the Department of Work and Pensions.

The Trustee invests the assets of the Plan in a fiduciary arrangement with Mercer Limited (Mercer). Under this arrangement Mercer are appointed as a discretionary investment manager and day-to-day management of the Plan’s assets is by investment in a range of specialist pooled funds (the Mercer Funds). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited (MGIE) and Mercer Alternatives (Luxembourg) S.à r.l. (PIP IV and PIP V).

MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund’s assets.

The publicly available [Sustainability Policy](#) sets out how Mercer addresses sustainability risks and opportunities and considers Environmental, Social and Corporate Governance (ESG) factors in decision making across the investment process. The [Stewardship Policy](#) provides more detail on Mercer’s beliefs and implementation on stewardship specifically. Under these arrangements, the Trustee accepts that they do not have the ability to directly determine the engagement or voting policies or arrangements of the managers of the Mercer Funds. However, the Trustee has reviewed these policies and note an awareness of engagement topics that are important to the Plan and integrating the Trustee views on specific themes, where possible, is an important part of Mercer’s Fiduciary duty. Mercer’s Client Engagement Survey aims to facilitate this by assessing the level of alignment between Mercer’s engagement priority areas and those of the Trustee, while highlighting additional areas of focus which are important to the Trustee. The Trustee reviews regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether the policies are being properly implemented.

Section 2 of this Statement sets out the Trustee’s engagement policy and assesses the extent to which it has been followed over the Plan Year.

Section 3 sets out the Trustee’s policy with regard to the exercising of rights (including voting rights) attaching to the Plan’s investments and considers how, and the extent to which, this policy has been followed during the Plan Year. This Section also provides detail on voting activity undertaken by the Plan’s third party investment managers during the Plan Year.

Taking the analysis included in Sections 2 to 3 together, it is the Trustee's belief that their policies with regard to engagement and the exercise of rights attaching to investments has been successfully followed during the Plan Year.

2. TRUSTEE'S POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above the Trustee has appointed Mercer to act as discretionary investment manager in respect of the Plan's assets and such assets are invested in Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. , where possible

The United Nations' Sustainable Development Goals (SDGs) inform Mercer's long term investment beliefs and direct Mercer's and the Trustee's thinking when it comes to converting systemic risks into transformational investment opportunities as outlined in Mercer's Sustainability Policy.

The Trustee considers how ESG, climate change and stewardship are integrated within Mercer's and MGIE's investment processes and those of the underlying asset managers in the monitoring process. Mercer and MGIE are expected to provide reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for relevant asset classes where data is available and climate transition analysis for diversified growth portfolios. Over 2022 the Trustee also undertook a Responsible Investment Total Evaluation (RITE).

The Trustee have considered the Sponsors Sustainability Report, and note the alignment with Mercer's sustainability policy, including reference to the UN SDG's and the Task Force on Climate Related Financial Disclosures, for example, as well as reducing carbon emissions.

Mercer undertake climate scenario modelling and stress testing on the Mercer multi sector funds used by the Plan, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2°C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

An allocation to Sustainable Equities and Sustainable Opportunities within the Private Markets commitment, is directly made by the Plan.

The Trustee recognises the conflict of interest which may arise in the context of responsible investment. Mercer and MGIE make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship. Sub-investment managers are required to report on any conflicts of interest and demonstrate that they have adhered to their conflicts of interest policies and reported any breaches

Should the Trustee consider that Mercer, MGIE or the third party asset managers, have failed to align their own engagement policies with those of the Trustee, the Trustee will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds and/or seek to renegotiate commercial terms with Mercer.

How the Policy has been implemented over the Plan Year

The following work was undertaken during the year relating to the Trustee’s policy on ESG factors, stewardship and climate change.

Policy Updates	Climate Change Reporting and Carbon Foot-printing	ESG Rating Review
<p>The Trustee considers 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, provide reporting to the Trustee on a regular basis.</p> <p>The Mercer <u>Sustainability Policy</u> is reviewed regularly. In March 2021 there was an update in relation to the Sustainable Finance Disclosure Regulation (SFDR) implementation. In August 2022 the policy update reflected enhancements to the approach to climate change modelling and transition modelling, additional detail on how the policy is implemented, monitored and governed and, as part of the commitment to promote diversity, finalising MGIE’s signatory status to the UK chapter of the 30% Club.</p> <p>In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone <u>Stewardship Policy</u> to specifically address the</p>	<p>Mercer and the Trustee believe climate change poses a systemic risk and recognise that limiting global average temperature increases this century to “well below two degrees Celsius”, as per the 2015 Paris Agreement, is aligned with the best economic outcome for long-term diversified investors. Mercer supports this end goal and is committed to achieving net-zero absolute carbon emissions by 2050 for UK, European and Asian clients with discretionary portfolios, and for the majority of its multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer plans to reduce portfolio relative carbon emissions by at least 45% from 2019 baseline levels by 2030. This decision was supported by insights gained from Mercer’s Investing in a Time of Climate Change (2015 and 2019) reports, Mercer’s Analytics for Climate Transition (ACT) tool and advice framework, and through undertaking climate scenario analysis and stress testing modelling.</p>	<p>Where available, ESG ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee. 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 and compares the Mercer funds overall ESG rating with the appropriate universe of strategies in Mercer’s Global Investment Manager Database (GIMD). Engagements are prioritised with managers where their strategy’s ESG rating is behind that of their peer universe.</p> <p>As at 31 December 2022, in the Annual Sustainability Report provided by Mercer, the Trustee noted over 20% of Mercer’s funds have seen an improved ESG rating over the year and the vast majority have a rating ahead of the wider universe.. Due to the nature of certain strategies, they do not have an ESG rating (i.e. are N rated) and are therefore excluded from this review. Please</p>

requirements of the directive. This Policy was also updated in August 2022 to reflect enhancements made to Mercer's stewardship approach including an introduction of Engagement Dashboards and Trackers, an enhanced UN Global Compact engagement and escalation process and a Client engagement survey.

UN Principles of Responsible Investing scores for 2021 (based on 2020 activity) were issued over Q3 2022. Mercer were awarded top marks for over-the-arching Investment and Stewardship Policy section, underpinned by strong individual asset class results.

Approach to Exclusions

As an overarching principle, Mercer and MGIE prefer an approach of positive engagement rather than negative divestment. However Mercer and MGIE recognises that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.

Controversial weapons are excluded from active equity and fixed income funds, and passive equity funds. In addition tobacco companies (based on revenue) are excluded from active equity and fixed income funds. The Mercer sustainability-themed funds have additional exclusions, for example covering gambling, alcohol, adult entertainment and fossil fuels.

Mercer expanded exclusions to further promote environmental and social characteristics across the majority of the multi-client building block funds over the second half of 2022, in line with EU SFDR

Mercer's approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), including the [Mercer Investment Solutions Europe - Investment Approach to Climate Change 2022 Status Report](#). As at 31 December 2022 Mercer are on track to reach our long-term net zero portfolio carbon emissions target. There has been a notable 16% reduction over the 3 years since 2019 baseline levels, resulting in the 45% baseline-relative reduction by 2030 being within range.

Sustainability-themed investments

An allocation to Sustainable Equities and Sustainable Opportunities (private markets) is included within the Plan portfolio of Growth assets, with the strategic allocation to Sustainable Equities now accounting for c.4 of the Growth Portfolio as at 31 March 2023.

A detailed standalone report sustainability monitoring report is produced for the active/passive Sustainable Global Equity fund on an annual basis, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

The actively managed Mercer Sustainable Global Equity Fund includes an impact investing strategy employing fundamental analysis to target companies that aim to achieve a positive Environmental and Social Impact. The strategy is diversified across multiple themes including health and sanitation, affordable housing,

see Mercer's Guide to ESG Ratings for more information <https://www.mercer.com/our-thinking/mercer-esg-ratings.html>

Diversity

From 31 December 2020, gender diversity statistics have also been included in the quarterly reporting for the Mercer equity funds and this is being built into a broader Mercer Investment Solutions International policy on Diversity, Equity and Inclusion, sitting alongside Mercer's established Diversity Charter.

Mercer consider broader forms of diversity in decision-making, but currently report on gender diversity. As at 31 December 2022, 36% of the Key Decision Makers (KDM's) within Mercer IS team are non-male, and Mercer's long term target is 50%.

Within the Fixed Income universe the average fund has 8% non-male KDM's and within the EMEA Active Equity universe the average is 12%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead at 9% and 13%.

In Q3 2022 MGIE was confirmed as a signatory of

Article 8 classification, as well as aligning Mercer’s existing active and passive exclusions across their fund range.

education and cyber security.

the UK Chapter of the 30% Club.

In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.

3. TRUSTEE’S POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO PLAN INVESTMENTS

Policy

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

This is because any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third party investment managers appointed by MGIE. In delegating these rights, MGIE accepts that managers are typically best placed to exercise voting rights and prioritise particular engagement topics by security, given they are expected to have detailed knowledge of both the governance and the operations of the companies and issuers they invest in. However, Mercer has a pivotal role in monitoring their stewardship activities and promoting more effective stewardship practices, including ensuring attention is given to more strategic themes and topics. As such, proxy voting responsibility is given to listed equity investment managers with an expectation that all shares are to be voted in a timely manner and a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each sub-investment manager’s capability in ESG engagement and proxy voting, as part of the selection process to ensure it is representing Mercer’s commitment to good governance, integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code 2021, to which Mercer is a signatory. As such the Trustee does not use the direct services of a proxy voter.

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

Set out below is a summary of voting activity for the year to 5 April 2023 for a range of Mercer Funds that the Plan’s assets are invested in. This may include information in relation to funds that the Plan’s assets were no longer invested in at the year end. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer’s custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

Fund Name	Total Proposals		Vote Decision					For/Against Mgmt	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against
Mercer Global Listed Infrastructure Fund	535	497	81%	11%	7%	1%	0%	85%	15%
Mercer Global Small Cap Equity Fund	6,342	6,201	91%	6%	1%	2%	0%	92%	8%
Mercer Low Volatility Equity Fund	8,239	8,083	91%	7%	0%	1%	0%	92%	8%
Mercer Multi-Asset Credit Fund ⁽¹⁾	11	11	91%	9%	0%	0%	0%	91%	9%
Mercer Passive Global REITS UCITS CCF	3,117	2,982	79%	16%	0%	4%	0%	79%	21%
Mercer Sustainable Global Equity Fund	6,130	6,001	86%	11%	1%	1%	0%	88%	12%
MGI Emerging Markets Equity Fund	7,793	7,527	82%	14%	3%	0%	0%	84%	16%
MGI Eurozone Equity Fund	4,721	4,610	85%	12%	2%	0%	0%	86%	14%
MGI UK Equity Fund	1,082	1,081	99%	1%	0%	0%	0%	99%	1%
Mercer China Equity Fund	547	544	94%	6%	1%	0%	0%	94%	6%

⁽¹⁾ Voting Activity figures for the Mercer Multi-Asset Credit fund relate to a small number of equity holdings within the fund's underlying segregated mandates. Please note this does not include voting activity from any underlying pooled strategies within the fund over the period

- "Eligible Proposals" reflect all proposals of which managers were eligible to vote on over the period
- "Proposals Voted On" reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the "Other" category)
- "No Action" reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully
- "Other" refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).

Significant Votes: The Trustee have based the definition of significant votes on Mercer's Beliefs, Materiality and Impact (BMI) Framework. Reported below are the *most* significant proposals over the period. Please note that significant proposals are determined using the following criteria:

1. The proposal topic relates to an Engagement Priority (climate change, human/labour rights, and diversity). This is classified in the "Proposal Description" column below, referenced as Environmental, Social, and Governance respectively.
2. The *most* significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals).

Most Significant Votes

Mercer Fund	Proposal Description	Company	Holding Weight in Mercer	Meeting Date	Manager Vote Decision	Vote Outcome (% Shareholder Support)
-------------	----------------------	---------	--------------------------	--------------	-----------------------	--------------------------------------

Fund (%) ⁽²⁾						
Mercer Global Listed Infrastructure Fund	Environmental: Shareholder Proposal Regarding Medium-Term Targets For Scope 3 GHG Emissions	Dominion Energy Inc	5%	11-May-22	Against	16%
	Environmental: Shareholder Proposal Regarding Report on Stranded Asset Risk				For	75%
	Environmental: Approval of Net Zero Transition Report	SSE Plc.	3%	21-Jul-22	For	98%
Mercer Global Small Cap Equity Fund	Environmental: Advisory vote on Climate Transition Plan	Centrica plc	<1%	7-Jun-22	For	79%
	Environmental: Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	Tesla Inc	<1%	4-Aug-22	Against	34%
	Social: Shareholder Proposal Regarding Policy on Freedom of Association				Against	32%
Mercer Low Volatility Equity Fund	Social: Shareholder Proposal Regarding Human Rights Impact Assessment Report				For	23%
	Environmental: Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	Alphabet Inc	2%	1-Jun-22	For	19%
	Environmental: Shareholder Proposal Regarding Report on Physical Risks of Climate Change				For	18%
	Environmental: Advisory Vote on Approach to Climate Change	Canadian Pacific Kansas City Limited	1%	27-Apr-22	For	87%
	Social: Shareholder Proposal Regarding Report on Hiring Practices	Microsoft Corporation	3%	13-Dec-22	Against	11%
Mercer Sustainable Global Equity Fund	Social: Shareholder Proposal Regarding Human Rights Impact Assessment Report				For	23%
	Environmental: Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	Alphabet Inc	2%	1-Jun-22	For	19%
	Environmental: Shareholder Proposal Regarding Report on Physical Risks of Climate Change				For	18%
	Environmental: Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement	American Water Works Co. Inc.	1%	11-May-22	Mixed	88%

	Social: Shareholder Proposal Regarding Report on Hiring Practices	Microsoft Corporation	3%	13-Dec-22	Mixed	11%
MGI Eurozone Equity Fund	Environmental: Approval of Climate Strategy, Targets and Progress 2022	Barclays plc	1%	4-May-22	For	80%
	Environmental: Opinion on Climate Transition Strategy	Engie	1%	21-Apr-22	For	86%
	Environmental: Opinion on 2022 Sustainability and Climate Progress Report	TotalEnergies SE	2%	25-May-22	For	84%

- (1) “Mixed” refers to occasions where underlying managers have voted differently for the same proposal. Vote decisions of this nature are monitored and fed into the wider engagement process with managers. In this case, two managers voted “For” and two managers voted “Against” the proposal.
- (2) Approximate size of the holding in the Fund as at the date of the vote. Size at the end of the relevant quarter.