Defined Benefit Assets - Statement of Investment Principles

Effective Strategy Date: January 2025

1. Introduction

MMC UK Pension Fund Trustee Limited ("the Trustee"), the corporate trustee of the MMC UK Pension Fund ("the Fund"), has drawn up this Statement of Investment Principles ("the Statement") in order to record the Fund's investment arrangements and the rationale behind them for the defined benefit assets. The investment arrangements for defined contribution assets are contained in a separate statement.

This Statement is designed to comply with the requirements of the Pensions Act 1995 ("the Act") and the Occupational Pension Schemes (Investment) Regulations 2005, as amended from time to time.

As required under the Act, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited ("Mercer"). In preparing this Statement, the Trustee has also consulted Marsh & McLennan Companies UK Limited ("the Company") as Principal Employer of the Fund.

The Fund has four Sections: the Marsh Section, the Mercer Section, the Sedgwick Section and the JLT Section. The assets and liabilities of each of these Sections are kept separate from each other within the Fund. This separation of the assets and liabilities of the Sections is governed by the Fund rules.

Overall investment policy falls into three parts. First, the strategic management of the assets is fundamentally the responsibility of the Trustee and is driven by its investment objectives. The Trustee has established an Integrated Risk Management Committee to assist with this. Second, in order to implement the agreed investment strategy, the Trustee has established an Investment Committee ("the Committee") and delegated to it certain functions as set out in the Terms of Reference (and the supporting 'terms of reference implementation' document), such as determining the structure of the underlying portfolios. The Trustee receives minutes of the meetings of the Committee. Third, the remaining elements of the policy are part of the day-to-day management of the assets which the Trustee has delegated to professional investment managers.

The Trustee has appointed Mercer as the Trustee's discretionary investment manager to execute the investment policy set by the Trustee and the Committee within a risk management and governance framework determined and overseen by the Committee on behalf of the Trustee. A proportion of the Fund's assets are invested in bespoke alternative investment funds ("Mercer Funds") in respect of which Mercer Global Investments Europe Limited ("MGIE") acts as the investment manager. In practice, MGIE delegates to third party investment managers, the appointments of which are discussed with the Trustee.

This Statement documents the general principles underlying the Fund's investment policy. Details of how this policy has been implemented are set out in a separate Investment Implementation Policy Document ("IIPD"), which is not part of this Statement.

2. Investment Objectives, Risk and Investment Strategy

2.1 Investment Objectives

The Trustee considers that its objective with respect to the Fund's assets is to invest the assets in such a manner that members' benefit entitlements can be paid as they fall due. To effect this, the Trustee is aiming to achieve and maintain a funding level of at least 100% on a low risk measurement basis.

The Trustee recognises the need for investment return in order to deliver the above objective. Recognising the strength provided by the Company's covenant, the Trustee is therefore prepared to accept some risk in pursuit of this investment return in a controlled manner by investing, for example, in equities and other return seeking asset classes, and by using active fund managers for certain asset classes. Over the long term, the investment strategy is expected to provide a return above that assumed in the low risk liability measurement.

2.2 Risk

In setting return-oriented objectives for the assets, the Trustee recognises that the Fund is exposed to a number of risks including, inter alia, market risk, inflation risk, interest rate risk, currency risk, credit risk, counterparty risk and manager risk. These risks introduce a degree of volatility which may mean that, in the short term, the realised return can be significantly above or below the long-term target. Beyond the investment strategy, the Fund is also exposed to a number of other risks, including, but not limited to deterioration in the financial strength of the Company, changes in legislation or regulations, longevity exposure of the Fund's members and legal and administrative risks over the form and payment of benefits. When considering how to manage and monitor the risks to the Fund, the Trustee has taken the time horizon of each Section into account.

The Trustee acknowledges that these risks can be financially material to the Fund. While it is impossible to eliminate risk without making a significant sacrifice to the desired investment return, the Trustee seeks to mitigate risk by:

- Maintaining a diversified portfolio of different assets, both within each asset class and by investment manager.
- Seeking to hedge a proportion of the Fund's interest rate risk and inflation risk using a combination of cash, bonds and derivatives. This is referred to as Liability Driven Investment ("LDI").
- Entering into a longevity hedge for the Marsh, Mercer and Sedgwick Sections, which protects these Sections against any unexpected increase in longevity in respect of a proportion of the pensioner liabilities. To support the longevity hedge, assets are held in accounts as collateral with the Section's delegated professional custodians.
- The JLT Section has insured a proportion of the liabilities through two pensioner buy-ins.
- Where appropriate, using collateral to mitigate counterparty risk.
- Adopting a cautious approach in those instances where there is a lack of risk transparency in the underlying investment.
- Monitoring the financial strength of the Company and reducing risk relative to the solvency funding position should the financial strength of the Company deteriorate.
- Monitoring the ongoing funding level of each Section, with a view to altering the investment objective and/or strategy should there be a significant change in the financial health of a particular Section.

2.3 Investment Strategy

In establishing the investment strategy for the assets, the Trustee has taken into account each Section's liability profile and the financial strength of the Company. It has also considered a wide range of investment classes based on advice from Mercer.

The Trustee has adopted an asset allocation for each Section appropriate for controlling the risks identified above and which at the same time offers the prospect for long-term returns above the rate of return assumed by the Scheme Actuary to the Fund when calculating the value of the liabilities. This asset allocation consists of return seeking assets ("RSA") and risk reducing assets ("RRA").

Marsh, Mercer and Sedgwick Sections

The RSA portfolio includes equities (public and private) and private debt; while the RRA portfolio includes corporate bonds, cash, private debt and LDI.

The strategic investment policy target splits for each Section are as follows:

Section	Return seeking assets	Risk reducing assets
Marsh	10.0%	90.0%
Mercer	10.0%	90.0%
Sedgwick	10.0%	90.0%

Further details on the RSA and the RRA portfolios are included in the IIPD.

The LDI mandate, which is included within each Section's RRA portfolio, hedges a proportion of the interest rate risk and inflation risk inherent in each Section's liabilities. The proportion allocated to LDI is set depending on the proportion of liabilities being hedged and the interest rate and inflation sensitivity of each Section.

The target strategic interest rate and inflation hedge ratios (as a proportion of the 2021 Technical Provisions liabilities, valued on a Gilts Flat basis) for each Section are as follows:

Section	Interest rate hedge ratio	Inflation hedge ratio
Marsh	90.0%	90.0%
Mercer	90.0%	90.0%
Sedgwick	90.0%	90.0%

The target hedge ratios are reviewed on a regular basis.

JLT Section

The JLT Section has insured a proportion of the liabilities through two pensioner buy-ins with Prudential UK (approximately one-quarter of total Technical Provisions liabilities as at 30 September 2024).

The strategic investment policy target splits for the Section's invested assets are as follows:

Asset Class	Target Allocation*
Global Equity	25.0% (synthetic)
Multi-Asset Credit	15.0%
Secured Finance	10.0%
Diversified Growth	15.0%
LDI	60.0%

* Excludes pensioner buy-in assets allocation

The Section has a Synthetic Equity allocation, which is held within the LDI mandate and uses the LDI assets as collateral. The total target equity exposure is shown in the table above. There is an equity risk management strategy in place across c. 100% of the equity allocation to manage downside risk.

The LDI mandate hedges a proportion of the interest rate risk and inflation risk inherent in the Section's liabilities.

The strategic hedge ratio target for interest rates and inflation are set out in the table below.

	Target interest rate hedge ratio	Target inflation hedge ratio
	100%	100%

Includes the pensioner buy-in liabilities.
Hedge ratio on the Section's Technical Provisions basis.

Hedge ratios are reviewed on a regular basis.

Further details on the asset allocation and the interest rate hedging triggers are included in the IIPD.

3. Day-to-Day Management of the Assets

The Trustee invests the assets of the Fund in a number of pooled, bespoke pooled and segregated portfolios. In selecting managers for each asset category, the Trustee has taken advice from Mercer and has had regard to the perceived capabilities and skills of each manager in those categories. The sub-investment managers have full discretion over the day-to-day management of the assets, within predefined boundaries.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The policy of the Trustee is to review its direct investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s) if this is appropriate. The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005, as amended from time to time, and the principles contained in this statement.

The Trustee and Committee are supported in the above activities by Mercer as adviser and investment manager to the Trustee.

The IIPD provides more detail on these mandates, including the relevant benchmarks.

3.1 Custody

The safe custody of the Fund's assets is delegated to professional custodians (either directly or via the use of pooled vehicles). Further details of the custodians are set out in the IIPD.

3.2 Additional Assets

The Trustee makes available a number of investment options for the investment of Additional Voluntary Contributions (AVCs) and bonus waivers but members are now no longer allowed to pay AVCs into the Marsh, Mercer or Sedgwick sections of the Fund. The JLT Section has no active members remaining and therefore no further AVCs. The Trustee's investment policies, as set out in the Defined Contribution Statement of Investment Principles, are applicable to the AVCs. The range of funds is set out in the IIPD.

The Trustee also operates a separate bank account.

4. Investment Policies

4.1 Investment Restrictions

The investment managers have discretion over the investment of the assets, subject to the restrictions set out in their respective investment management agreements ("IMA") or pooled fund guidelines. The Trustee is satisfied that the spread of assets by type and the investment managers' policies on investing in individual securities provide adequate diversification of investments.

Where permitted under their investment guidelines, the investment managers may invest in derivatives including (but not limited to) futures, swaps, gilt repurchase agreements, currency forwards and options.

Other than to the extent inherent in pooled funds, managers are not permitted to invest in securities (including debt instruments) issued by Marsh & McLennan Companies Inc. or its associate companies.

As some of the RSA positions may be established using synthetic instruments such as equity futures, an assessment of the Fund's RSA exposure is undertaken in determining whether rebalancing is required.

4.2 Rebalancing Policy

Marsh, Mercer and Sedgwick Sections

The Trustee has established a tolerance band of +/-3% around the RSA/RRA policy target at the Section level, in line with the following table.

	Marsh	Mercer	Sedgwick
RSA upper bound	13.0%	13.0%	13.0%
RSA rebalancing if upper bound is breached	11.5%	11.5%	11.5%
RSA lower bound	7.0%	7.0%	7.0%
RSA rebalancing if lower bound is breached	8.5%	8.5%	8.5%

JLT Section

There is no rebalancing policy in place.

4.3 Selection and Appointment of Investment Managers

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class and specific mandate they are being appointed to manage on behalf of the Trustee.

The Committee looks to Mercer for their forward looking assessment of a manager's strategies to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment strategy that the Fund invests in. Mercer's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee are used in decisions around selection, retention and realisation of manager appointments.

When selecting and appointing investment managers, the Committee will take into account how environmental, social and governance ("ESG") factors, climate change and stewardship are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

Where appropriate, the Trustee will delegate the selection and appointment of managers to Mercer.

Some appointments involve the use of segregated accounts. The Trustee has specified criteria in the IMAs for the asset class manager to be in line with the Trustee's specific investment requirements.

For the appointments in pooled investment vehicles, the Trustee accepts that it has no ability to specify the risk profile and return targets of the pooled fund. The Trustee has ensured the pooled fund mandates are aligned with the overall investment strategy of the Sections of the Fund.

4.4 Trustee's policies with respect to arrangements with, and evaluation of the performance and remuneration of, asset managers

The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.

The Committee will retain an investment manager's appointment unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment has been reviewed and the Committee has decided to terminate it.

For open-ended funds, there is no set duration for the manager appointments.

The private equity and private debt mandates are in closed-ended funds and the Fund is invested in a particular manager's fund for the lifetime of the fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the contractual documentation. The private debt portfolios are undergoing a gradual runoff, resulting in a reduction of the size of these holdings over time.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Committee is dissatisfied, then they will look to replace the manager. Where the Trustee invests in pooled funds, the Trustee accepts that they do not have the ability to determine the risk profile and return targets of specific pooled funds but the Trustee expects the management of the assets to be done in a manner that is consistent with the fund's stated investment objective(s) and risk parameters. The Trustee has taken steps to satisfy itself that its managers have the appropriate knowledge and experience to do so and keep their performance under ongoing review. Should pooled fund manager fail to align their investment strategies with their stated investment objective(s) and risk parameters, it is open to the Trustee to disinvest some or all of the assets invested, to seek to renegotiate commercial terms or to terminate appointments.

To evaluate performance in respect of Mercer Funds and/or external managers, the Committee receives and discusses investment performance reports on a quarterly basis. The reports present performance information and commentary in respect of the Fund's funding level and investments. Such reports have information covering fund performance for the previous three months, 1 year and 3 years for the investment managers and at the total Section level. The Committee reviews the absolute performance, the relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Committee's focus is on the medium and long term financial and non-financial performance but will put a manager 'on watch' if there are sustained short term performance concerns.

In respect of Mercer Funds, neither Mercer nor MGIE make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider Mercer's assessment of how each underlying third party asset manager embeds ESG into their investment process and how the manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement.

Furthermore, in respect of Mercer Funds, the asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager. MGIE reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds on a regular basis with any negotiated fee savings passed directly to the Fund. Mercer's, MGIE's, and the third party asset managers', fees are outlined in a quarterly investment strategy report prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee. Details of all costs and expenses are included in the Mercer Fund's Supplements, the Report & Accounts and within the Fund's annualized, MiFID II compliant Personalised Cost & Charges statement. The Fund's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

If an external fund (i.e. a fund that is not a Mercer Fund) is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Committee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. If the Committee agrees to retain the appointment, it may ask the manager to review its Annual Management Charge.

4.5 Realisation of Investments

In general, the Fund's investment managers have discretion over the timing of the realisation of investments and in considerations relating to the liquidity of those investments. The Committee has set a policy to address the expected cashflow requirements of the Fund. There is an established priority order for realising assets to meet capital calls, de-risking and benefit payments. Details on the cashflow policy are included in the IIPD.

5. Responsible Investment and Stewardship

5.1 The Trustee believes that good stewardship and ESG factors can have an impact on investment risk and return outcomes, and having a broader perspective with regards to investment policy can improve risk management and lead to new opportunities. The Trustee believes that active 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 may increasingly require explicit consideration. The Trustee has taken into account the expected time horizon of each Section when considering how to integrate these issues into the investment decision making process.

5.2 The Trustee has given the appointed investment managers full discretion when evaluating ESG issues, including climate change considerations, and exercising rights and stewardship obligations attached to the investments, including undertaking engagement activities, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

5.3 Specifically, the Trustee requires managers to vote on all actions, unless to do so would be detrimental to the Fund, and to report any exceptions. It believes not only that active ownership helps realise long term shareholder value, but also that good corporate governance is important and it expects the fund managers to have suitable policies in place which promote the concept of good corporate governance and, in particular, a policy of exercising voting rights. Manager's engagement polices 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 Trustee will review the investment managers' policies and voting and engagement activities (where applicable) on an annual basis.

5.4 The Trustee has and will continue to consider sustainability themed investments if such an investment is consistent with the required objectives and investment characteristics of each Section's investment strategy.

5.5 Member views are not taken into account in the selection, retention or realisation of investments.

5.6 The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

6. Monitoring the Investment Managers

Mercer advise and MGIE assist the Committee in monitoring the investment managers.

At present, the Committee does not formally monitor investment manager portfolio turnover costs but will look to incorporate this into its investment manager monitoring process.

The Trustee does not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

7. Compliance with this Statement

The Trustee and Committee monitor compliance with this Statement on a regular basis.

The Trustee also reviews this Statement in response to any material changes to the Fund, its liabilities, finances and the attitude to risk of the Trustee and the Company, which it judges to have a bearing on the stated investment policy. Any such review will again be based on written investment advice and will be carried out in consultation with the Company.

MMC UK Pension Fund ("the Fund") – Defined Benefit ("DB") Section

Annual Implementation Statement – 31 December 2023

1. Introduction

This statement, prepared by the Trustee of the Fund ("the Trustee"), sets out how, and the extent to which, the Statement of Investment Principles ("SIP") has been followed during the year to 31 December 2023 ("the Fund year"). This statement covers the DB Section of the Fund and should be read in conjunction with the DB Section SIP[1]. A separate statement has been prepared for the Defined Contribution section.

This statement also includes a summary of the voting activity that was carried out on behalf of the Trustee over the Fund year by the investment managers.

2. Statement of Investment Principles

2.1. Investment Objectives of the Fund

The objective of the Fund included in the DB Section SIP is to invest the assets in such a manner that members' benefit entitlements can be paid as they fall due. To effect this, the Trustee is aiming to achieve and maintain a funding level of at least 100% on a low risk measurement basis.

The Trustee recognises the need for investment return in order to deliver the above objective. Recognising the strength provided by the Marsh & McLennan Companies UK Limited (the "Company") covenant, the Trustee is therefore prepared to accept some risk in pursuit of this investment return in a controlled manner by investing, for example, in equities and other return seeking asset classes, and by using active fund managers for certain asset classes. Over the long term, the investment strategy is expected to provide a return above that assumed in the low risk liability measurement.

2.2. Review of the SIP

During the year, the Trustee reviewed and amended the Fund's SIP formally on one occasion, with an effective strategy date of 31 December 2022, taking formal advice from the investment consultant ("Mercer").

The revisions to the SIP over the Fund year included the following amendments:

- Changes to the strategic investment allocation targets for the Marsh, Mercer and Sedgwick Sections following funding level improvements.
- Changes to the strategic target interest rate and inflation hedge ratios for the Marsh, Mercer and Sedgwick Sections following funding level improvements.
- Changes to the rebalancing policy for the Marsh, Mercer and Sedgwick Sections.
- Changes to the strategic target interest rate and inflation hedge ratios for the JLT Section.

2.3. Assessment of how the policies in the SIP have been followed for the Fund year

The information provided in the following section highlights the work undertaken by the Trustee during the Fund year and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Fund year.

[1]Available on the member website: https://pensions.uk.mmc.com/index.html

Strategic Asset Allocation

	Policy	Location in SIP	How the policy has been met over the Fund year
1	**Kind of investments to be held and the balance between different kinds of investments**	Section 2.2 and 2.3	For the Sedgwick, Marsh and Mercer Sections, the Trustee has continued to consider de-risking opportunities over the course of the year. The Fund increased its allocation to the liability driven investment portfolio to support the ongoing management of interest rate and inflation risk and disinvested from HLV property, Secured Finance and Absolute Return Fixed Income ("ARFI") to improve ongoing flexibility by reducing exposure to illiquid assets. A revised strategic asset allocation for each of these Sections will be formally reviewed and agreed in 2024. There were no changes to the strategic asset allocation for the JLT section over the year to 31 December 2023. Details of the terminated mandates are outlined in Policy 6 below. At a strategic level, no other changes to investments were implemented during the course of the Fund year, and the Trustee continues to hold investments within the Fund that are consistent with the policies in the SIP.
2	**Risks, including the ways in which risks are to be measured and managed**	Section 2.2	As detailed in the SIP, the Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes. As part of their regular quarterly investment performance monitoring, the Trustee monitored changes in these risks and the resulting impact on each Section. The Trustee's Integrated Risk Management ("IRM") quarterly report monitors interest rate, inflation risk, equity risk, liquidity risk, longevity risk, covenant risk, credit risk and the collateral adequacy of the Fund's liability hedging arrangements. These reviews were provided by the Fund's investment advisor. The Trustee carried out climate scenario modelling on the investment portfolios during the Fund year ending 31 December 2023 to understand the resilience of the investment strategy and funding strategy to potential climate warming pathways. Further information on the outcome of this analysis is included in the Trustee's Taskforce on Climate-Related Financial Disclosures (TCFD) report, which was published in July 2024 and is also available on the member website.
3	**Expected Return on Investments**	Section 2.3	The Trustee is aiming to achieve and maintain a funding level of at least 100% on a low risk measurement basis and will take investment risk in order to generate returns in pursuit of its long-term investment objective. The low risk measurement basis is reviewed triennially as part of the Fund's actuarial valuation. The last actuarial valuation had an effective date of 31 December 2021 and was discussed and agreed with the Company during the course of 2022. The investment strategy set by the Trustee will determine the level of investment returns that can be generated by the Fund's assets.

	In its quarterly IRM reports, the Trustee monitored the expected asset return for each Section's investment strategy relative to the required return to meet all projected cashflows.

Investment Mandates

	Policy	Location in SIP	How the policy has been met over the Fund year
4	**Securing compliance with the legal requirements about choosing investments**	Section 1	The Fund's investment advisors attended all Trustee and Investment Committee meetings during the year. The investment advisors provided updates on fund performance and, where required, appropriateness of the funds used, as well as advice on asset allocation and investment risks.
5	**Realisation of Investments**	Section 4.5	The Trustee invests the assets of the Fund in a number of pooled and segregated portfolios. The investment managers have discretion over the investment of the assets, subject to the restrictions set out in their respective investment management agreements or pooled fund guidelines, which define the funds' liquidity requirements and dealing frequency. The Trustee has set a policy to address the expected cashflow requirements of the Fund. In line with the policy in place, where required, disinvestments were sourced from the LDI and Mercer UK Cash portfolios throughout the year to meet cashflow requirements, including pensioner payments for the Marsh, Mercer and Sedgwick Sections. For the JLT Section, in line with the policy in place, cashflow requirements were met through the receipt of employer contributions and through disinvestments from the LDI portfolio, where required. The JLT Section has a buy-in policy with Prudential which pays a series of cashflows in respect of the pension payments covered by the policy. The Trustee terminated its allocations to HLV Property for the Marsh and Mercer Sections and sold the allocations to Absolute Return. It was also agreed that the allocation to Secured Finance would be wound down, with sales extending into 2024. This decision was made to enhance operational efficiency and liquidity, and to consolidate the assets within the Risk Reducing Assets portfolio. For the JLT Section, the Trustee agreed that should also divest from Secured Finance to improve overall liquidity. The Trustee considers the ongoing liquidity of its investments on a quarterly basis in accordance with the collateral requirements of the liability hedging arrangements, and in consideration of guidance on liquidity arrangements from the Pensions Regulator.

			There were no other changes during the year to the liquidity of the funds used by the Fund.
6	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments**	Section 2.2, 4.3, 4.4 & 5.5	The Trustee's policy with respect to the selection, retention and appointment of investment managers remained unchanged during the Fund year. The Trustee use Mercer's manager research ratings when making decisions around selection, retention and realisation of manager appointments. For all DB Sections of the Fund, the Trustee's focus is on the medium and long-term financial and non-financial performance, but will assign a Watch rating to a fund/manager if there are sustained short-term performance concerns. During the Fund year, the Trustee's investment advisor kept the Watch rating on one of the Fund's investment managers due to continue breaches in reporting of shareholding threshold. In addition, the Watch rating assigned to another investment manager was removed. A number of the key investment risks identified in the SIP were measured and managed as part of reviewing investment performance at Trustee meetings. In particular, the Sections' exposure to equity risk and to liability risks, such as interest rates and inflation, plus the collateral adequacy of liability hedging arrangements were reviewed. Member views are not taken into account in the selection, retention or realisation of investments.

Monitoring the Investment Managers

	Policy	Location in SIP	How the policy has been met over the Fund year
7	**Incentivising investment managers to align their investment strategies and decisions with the Trustee's policies**	Section 4.4	There were no changes to the Trustee's policy on incentivising investment managers to align their investment strategies and decisions with the Trustee's policies during the Fund year. The majority of the Fund's appointed investment managers are compensated with a fee based on the total assets under management. However, the Trustee has agreed to the use of performance fees for a small number of mandates (for example, the private equity mandates). If an investment manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. A number of manager

			appointments were reviewed over the Fund year. For further detail on the actions taken by the Trustee, please refer to policy 5 above.
8	**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 performance in the medium to long-term**	Section 4.4	There were no changes to the Trustee's policy on investment manager incentivisation during the Fund year. The assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third-party asset managers appointed by Mercer Global Investments Europe ("MGIE") and the asset managers not appointed by MGIE. The Trustee's view is that these managers are in a position to engage directly with such issuers in order to improve performance in the medium to long term. Over the year, the Trustee monitored how each asset manager embeds Environmental, Social and Governance (ESG) factors into their investment process and how each manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy via changes in the ESG investment manager ratings assigned by Mercer. As part of this implementation statement process, the Trustee has also received and considered key voting and engagement information from the managers, which is summarised in the Voting and Engagement Activity section that follows.
9	**Evaluation of the investment manager's performance and the remuneration for asset management services**	Section 4.4	There were no changes to the Trustee's policy on the evaluation of investment manager performance and remuneration during the Fund year. To evaluate performance in respect of the investment managers, the Trustee received and discussed investment performance reports on a quarterly basis. The reports presented performance information and commentary in respect of the Fund's funding level and investments. Such reports have information covering fund performance for the previous 3 months, 1 year and 3 years for the investment managers and at the total Section level. The Trustee reviewed the absolute performance, the relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis. In addition, the Trustee monitored the investment and ESG ratings assigned to each manager by Mercer on a quarterly basis. The Trustee also conducted a review of its investment managers ESG rating relative to the respective peer groups, including analysis of any change in ESG ratings over the Fund year. The investment managers' fees were outlined in the quarterly investment strategy reports prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee. No issues were identified.

			During the year, there was an increase in the fee paid to one of the underlying managers as the total assets under management had fallen, bringing it below the tiered fee threshold under the global fee agreement the Fund benefits from.
10	**Monitoring portfolio turnover costs**	Section 6	There were no changes to the Trustee’s policy on portfolio turnover costs during the Fund year. At present, the Trustee does not formally monitor investment manager portfolio turnover costs but are looking to incorporate this into its wider investment manager monitoring process in future.
11	**The duration of the arrangement with the investment manager**	Section 4.4	There were no changes to the Trustee’s duration of arrangements policy during the Fund year. Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Investment Committee, acting on behalf of the Trustee, is dissatisfied, then they will look to replace the manager. The Trustee is a long term investor. For open-ended funds, there is no set duration for the manager appointments. The private equity and private debt mandates are in closed-ended funds and the Fund is invested in these assets for the lifetime of each individual fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the contractual documentation. Several of the legacy private equity and private debt managers who have funds in the mature phase of their investment cycle, have extended the lifetime of some of their funds. The Trustee has previously agreed not to make any further new commitments to private equity or private debt for any of the Marsh, Mercer and Sedgwick Sections.

ESG Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the Fund year
12	**Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would**	Section 5.3	There were no changes to the Trustee’s engagement policy during the Fund year. In summary, the Trustee expects manager’s engagement policies to include all relevant matters, as defined in the investment regulations. The Trustee reviews investment managers’ policies and voting and engagement activities (where applicable) on an annual basis.

	monitor and engage with relevant persons about relevant matters)		The Trustee monitored the investment and ESG investment manager ratings assigned to each manager by Mercer on a quarterly basis via the investment reports and in Investment Committee meetings. The Trustee also conducted a review of its investment managers ESG rating relative to the respective peer groups, including analysis of any change in ESG ratings over the Fund year. In addition, Mercer informs the Trustee of any changes to the investment or ESG ratings for the Fund's managers as and when changes occur. Over the year, there were no ESG rating changes to the managers that the Fund invests in. Investment manager stewardship policies and processes are considered as part of this assessment. In addition, the Trustee receives a deeper analysis of asset manager ESG integration and stewardship on an annual basis from its investment advisor. Within its Business Plan, the Trustee includes an ESG Implementation Plan, which sets out a structured plan to determine and deliver its ESG, climate change and stewardship goals. Progress against this plan was reviewed at each quarterly Investment Committee meeting. The Trustee's engagement priorities are climate change; human rights and labour practices; and diversity, equity and inclusion.

Voting Disclosures

	Policy	Location in SIP	How the policy has been met over the Fund year
13	**The exercise of the rights (including voting rights) attaching to the investments**	Section 5.3	In summary, the Trustee requires managers to vote on all actions, unless to do so would be detrimental to the Fund, and to report any exceptions. The Trustee has delegated their voting rights to the investment managers and also expect their investment managers to engage with the investee companies on their behalf. The Trustee has defined what it classes to be significant votes and has reported its most significant votes in this report. The Trustee has requested key voting activities from their managers during the Fund year. The information received is summarised in the Engagement and Voting Activity section that follows.

Responsible Investment Activity by the Trustee during the Fund year

TCFD Reporting – Progress against climate-related targets

During the Fund year, the Trustee published the Fund's second TCFD Report in July 2023 for the year ending 31 December 2022. A copy of the report can be found on the member's website. The aim of the report is to demonstrate to members the activities taken by the Trustee in order to understand the climate-related risk exposures and opportunities associated with the Fund's investment portfolio and identify areas for further risk management.

The climate-related targets were set in 2021 and initially assessed in the Fund's first TCFD report, which was published in 2022.

The target for the Sedgwick, Marsh and Mercer Sections is to reduce the carbon intensity across the buy and maintain Investment Grade Credit mandates in aggregate by at least 40% (from 2021 baseline levels) by 2030. An assessment of the portfolio concluded this metric had reduced by 22.0% at the assessment date of 30 June 2022 since the baseline date.

The JLT Section target is to reduce the carbon intensity of the Diversified Growth Fund allocation by at least 45% (from 2019 baseline levels) by 2030. Since the baseline date, this metric had reduced by 21.0% at the assessment date of 30 June 2022.

ESG ratings framework for asset manager appointments

As part of its annual review of its Terms of Reference, the Investment Committee reviewed its framework for how the investment consultant's investment manager ESG ratings should be used in the selection, retention and realisation of manager appointments. No changes were made to the framework.

During 2023, a detailed review was carried out to compare the ESG investment manager ratings of the DB Section's asset managers against the asset manager peer group by asset class. The large majority of the Defined Benefit Section's investment managers (where ESG ratings are assigned) have an ESG rating that is equal to, or better than, the average rating within their asset class/strategy universe of managers.

There are a number of managers for which ESG ratings are below universe averages or they were unrated by Mercer. It should be noted that in these cases, the Trustee is investing into asset classes in which there is limited scope to integrate ESG considerations, namely Absolute Return Bonds, Secured Finance and HLV Property. These manager appointments have since been terminated but were originally chosen for their expertise in generating return for the respective asset classes and sit alongside other investment managers which are more highly rated for ESG.

Sustainable Investment Policy

Over the course of the Fund year, the Trustee worked with its investment consultant to produce the Fund's Sustainable Investment Policy, which covers the following areas:

- The Trustee's beliefs in relation to sustainable investment and climate change.
- The framework for how ESG related matters are integrated in investment beliefs and how ESG matters are monitored.
- Climate change analytics.
- Stewardship, including engagement priorities.

The full policy is available at: https://pensions.uk.mmc.com/docs/MMC_UK_PF_Sustainable_Investment_Policy.pdf.

Voting and Engagement Activity

Equity Managers

The Legal & General Global Equity Fund, managed by Legal & General Investment Management ('LGIM'), is the Fund's largest investment holding that has voting rights attached to the underlying assets. The MMC UK Pension Fund's allocation to physical equities at year-end increased relative to the position as at 31 December 2022 (in £ terms) but overall equity exposure fell as equity exposure (including synthetic equity) as a percentage of total assets, was reduced. The actual allocation to physical equities at 31 December 2022 was reduced as the Fund took steps to improve the collateral pool during the period of significant gilt market volatility in late 2022. The physical equity position was partially restored over the year, hence the increase in the allocation in £ terms.

LGIM's engagement with banks in financing the global transition to net zero.

LGIM engaged with one of the world's leading financial institutions with an extensive financial geographical footprint. The bank commitments to green financing have a big potential impact across many emitting sectors. LGIM has therefore selected the bank as one of its 'in depth' engagement companies under the Climate Impact Pledge.

In 2020, LGIM engaged for over three years and announced plans to align its financing of three sectors with the Paris Agreement goals. In 2021, they published interim decarbonisation targets. By joining the Net Zero Banking Alliance, the bank committed to setting targets for transitioning to net zero greenhouse gas emissions by 2050.

LGIM's voting at the bank's AGMs and its decisions to publish pre-declarations on certain votes at the company, in order to increase public pressure and clarify our views to the market, have formed a regular feature of LGIM's overall engagement. These included supporting one of two of the shareholder resolutions on climate change, which LGIM felt was aligned with its expectations.

At the bank's 2023 AGM, LGIM supported three climate-related shareholder proposals, reflecting the further steps that LGIM wanted the bank to take.

LGIM's Climate Impact Pledge involves discussions with the bank on their coal policy, scope 3 emissions, and sectors aligned with the 1.5 degree goal. LGIM is monitoring the bank's adherence to commitments made under the Net Zero Banking Alliance, including targets for transitioning to net zero greenhouse gas emissions by 2050 or earlier, and interim targets for 2030 in line with a 1.5C trajectory.

As one of the early banks to disclose sectoral interim targets, these targets were set against the IEA's Sustainable Development Scenario, quickly becoming outdated following the IEA's publication of its revised Net-Zero Economy 2050 scenario.

In November 2023, the bank has published its recent climate report, which includes updated targets which are now based on the Net Zero Emissions by 2050 Scenario. Following the update to its emissions targets, LGIM encouraged the bank to review its coal policy and continue to monitor the company's progress.

Transparency and improving disclosures enables investors and the market to assess risks and opportunities related to the climate transition and price these more accurately. Appropriate pricing of climate-related risks and opportunities in the market can also be an important incentive for change.

Fixed Income Managers

The Buy and Maintain Credit allocations have the largest asset class exposure across the Fixed Income allocation. Engagement examples from PGIM and M&G, who manage Buy and Maintain Credit mandates for the Fund, are presented below.

PGIM engages a British water company on delivery of its regulatory targets

PGIM engaged with a UK water company to assess delivery of its regulatory targets and, particularly, the risk of fines and penalties by the Water Services Regulation Authority (Ofwat) and the Environment Agency (EA) in relation to the company's environmental performance.

The company has historically been an outperformer on regulatory targets, leading to additional financial rewards with Outcome Delivery Incentives ("ODI") for the company. However, in the last couple of years, the water company's performance has deteriorated, resulting in increasing penalties related to the delivery of these ODIs. Post PGIM's discussion with management, the company published a Pollution Incident Reduction Plan for the period 2023-25, with actions including implementing predictive analytics.

PGIM recognises that management has drafted plans to address pollution which were overdue. PGIM will monitor progress during the next asset management periods However, PGIM is downgrading its PGIM ESG Impact Rating for the company in the meantime.

M&G engages with major British airport on emission's reporting

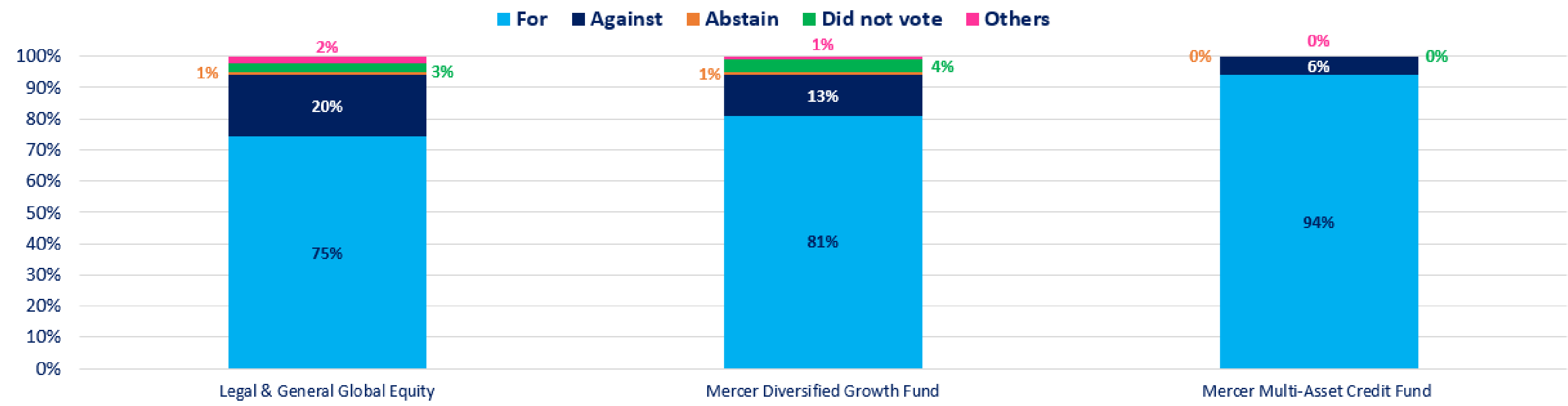
M&G engaged with a British airport, one of the busiest airports in the United Kingdom, in order to encourage them to measure and report their Scope 3 emissions. Specifically, M&G focused on "Cruise Emissions," which refer to the emissions generated by planes departing from the airport.

To initiate this engagement, M&G first sent a letter to the airport's Investment Relations team, expressing their interest in addressing cruise emissions and their importance in the context of environmental sustainability. Recognising the significance of face-to-face communication, M&G also followed up with a meeting to further discuss the matter. Prior to M&G's intervention, the airport had acknowledged that it measured cruise emissions internally but had not publicly reported them.

As a direct outcome of M&G's engagement efforts, the airport made a significant stride towards transparency and accountability by including cruise emissions in their "Decade of Change Report" for the first time. This report serves as a comprehensive overview of the airport's sustainability initiatives and progress towards reducing their environmental impact.

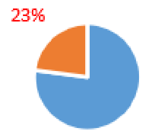
Voting Activity during the Fund year

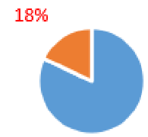
A summary of the voting activity for the Fund's equity investments is set out below. Over the prior 12 months, the Trustee has not actively challenged the delegated investment manager or the investment manager of each externally managed fund on their voting activity. The Trustee does not use the direct services of a proxy voter.

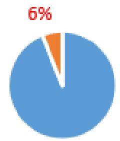


Total Votable Proposals	**26,219***	**129,358**	**17**

Votes against management (as percentage of votes cast)







*Figures may not sum due to rounding. * Total proposals varies between Sections of the Fund: total votable proposals range between 25,639 to 26,438.*

Votes "for / against management" assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.

Some proposals were unvoted – reasons include conflicts of interest, power of attorney markets (voting can only be carried out by an individual actually attending the meeting) and share blocking markets (regulatory barriers to voting).

"Other" includes mixed votes where managers may have voted differently across accounts.

(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.

Significant Votes

Guidance on reporting on stewardship from the Department of Work and Pensions (DWP) requires trustees to define what they consider to be a significant vote and report on all the most significant votes each year. The Trustee has requested key voting activities from their managers during the Fund year. In particular, focus has been given on the stewardship priorities that the Trustee believes constitutes a “significant” vote. These have been set out below.

The Trustee considers significant votes on the underlying holdings of the Fund on an annual basis. The Trustee has decided to consider votes focussing on shareholder resolutions relating to priority engagement themes, while taking into account the size of holding across funds. These votes are deemed significant by the Trustee. In curating the significant votes for the Fund, the Trustee therefore screens by the following criteria:

1. Shareholder resolutions;
2. Its three priority engagement themes of Climate change, Human rights and labour practices, and DE&I; and
3. Top 10 holdings.

Details of the votes which the Trustee deems to be most significant are provided below. ‘Management recommendation’ and the ‘Vote’ highlights whether the company management team and the investment manager voted for (✓) or against (✗) the shareholder proposals. Where the investment manager voted differently to the company management team, a rationale for their decision is provided. The resolution passing is represented by a (✓) in the “Outcome” column or is represented by a (✗) of the resolution did not pass. All votes shown below qualify as a significant vote under all three of the Trustee’s criteria.

Investment Manager	Issuer / Size of holding in the manager's fund	Date	Trustee priority engagement theme covered by the vote	Proposal	Vote	Management recommendation	Rationale	Outcome
LGIM	Alphabet Inc / 3%	02 Jun 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding Human Rights Impact Assessment	☑	☒	LGIM supports such risk assessments as it considers human rights issues to be a material risk to companies. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Alphabet Inc / 3%	02 Jun 2023	Environmental	Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement	☑	☒	A vote in favour is applied, as LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	DE&I	Shareholder Proposal Regarding Cost Benefit Analysis of DEI Programs	☒	☒	A vote against this proposal is applied as the intention of the proposal as disclosed in the supporting statement is not in line with LGIM's view. LGIM supports the adoption of strong diversity and inclusion policies as it considers these issues to be a material risk to companies.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	Environmental	Shareholder Proposal Regarding Just Transition Reporting	☑	☒	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	Environmental	Shareholder Proposal Regarding Lobbying Alignment with Climate Commitments	☑	☒	A vote in favour is applied, LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	DE&I	Shareholder Proposal Regarding Median	☑	☒	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay	⊗

				Gender and Racial Pay Equity Report			gap and the initiatives it is applying to close any stated gap.	
LGIM	Amazon.com Inc. / 2%	24 May 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding Report on Customer Due Diligence	☑	☒	A vote in favour is applied as LGIM supports such risk assessments as LGIM considers human rights issues to be a material risk to companies. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	Climate change	Shareholder Proposal Regarding Report on Plastic Packaging	☑	☒	A vote in favour is applied as LGIM believes that improving the recyclability of products will have a positive impact on climate change and biodiversity. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding Report on Working Conditions	☑	☒	A vote for this proposal is warranted. Shareholders would benefit from increased disclosure through third-party auditing on warehouse working conditions. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology	☑	☒	A vote in favour is applied as LGIM supports such risk assessments as LGIM considers human rights issues to be a material risk to companies. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Amazon.com Inc. / 2%	24 May 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding Third-Party Assessment of Freedom of Association	☑	☒	A vote in favour is applied as LGIM supports proposals that are set to improve human rights standards or policies because LGIM considers this issue to be a material risk to companies. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Apple Inc / 5%	10 Mar 2023	DE&I	Shareholder Proposal Regarding Civil Rights Audit	☒	☒	A vote against this resolution is warranted as the company has adequate disclosures related to its DEI initiatives and commitments, and it has already committed to conducting a civil rights audit.	⊗
LGIM	Apple Inc / 5%	10 Mar 2023	DE&I	Shareholder Proposal Regarding Median	☑	☒	A vote against this resolution is warranted as the company has adequate disclosures related to its DEI	⊗

				Gender and Racial Pay Equity Report			initiatives and commitments, and it has already committed to conducting a civil rights audit. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	
LGIM	Berkshire Hathaway Inc. / 1%	06 May 2023	Environmental	Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement	☑	☒	A vote in favour is applied to improve transparency on the company's financing activities that may hamper climate change mitigation. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Berkshire Hathaway Inc. / 1%	06 May 2023	Environmental	Shareholder Proposal Regarding Climate Report	☑	☒	A vote in favour is applied as LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as LGIM considers this issue to be a material risk to companies. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Berkshire Hathaway Inc. / 1%	06 May 2023	Environmental	Shareholder Proposal Regarding Disclosure and Oversight of Climate Change Risks	☑	☒	A vote in favour is applied as LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as LGIM considers this issue to be a material risk to companies. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Berkshire Hathaway Inc. / 1%	06 May 2023	DE&I	Shareholder Proposal Regarding Diversity and Inclusion Report	☑	☒	A vote in favour is applied as LGIM believes that disclosing the level of information contained in the EEO report may lead to reduced inequality. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	JPMorgan Chase & Co. / 1%	16 May 2023	Environmental	Shareholder Proposal Regarding Absolute GHG Reduction Targets	☑	☒	A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗

LGIM	JPMorgan Chase & Co. / 1%	16 May 2023	Environmental	Shareholder Proposal Regarding Fossil Fuel Lending and Underwriting Policy	☑	☒	A vote in support of this proposal is applied as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's stated commitments and recent global energy scenarios. This includes but is not limited to, devising sector exclusion policies for thermal coal and a time-bound policy to phase-out investment in new exploration and development of oil and gas supply. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	JPMorgan Chase & Co. / 1%	16 May 2023	Environmental	Shareholder Proposal Regarding Transition Plan Report for Financing Activities	☑	☒	A vote in favour is applied as LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as LGIM considers this issue to be a material risk to companies. Such reporting will help the company to demonstrate to investors and other stakeholders how it is implementing its climate transition strategies and emissions reduction targets. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Lilly(Eli) & Co / 1%	01 May 2023	DE&I	Shareholder Proposal Regarding Diversity and Inclusion Report	☑	☒	A vote in favour is applied as LGIM believes that disclosing the level of information contained in the EEO report may lead to reduced inequality. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Meta Platforms Inc / 1%	31 May 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding Human Rights Impact Assessment	☑	☒	While LGIM's engagements with Meta have been primarily focused on shareholder rights and governance issues, LGIM has also discussed human rights topics, and will support shareholder resolutions that are in line with our published policies and expectations of companies on this topic. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Meta Platforms Inc / 1%	31 May 2023	Environmental	Shareholder Proposal Regarding Lobbying Activity Alignment with	☑	☒	A vote in favour is applied, LGIM encourages all companies to report their climate lobbying activity in	⊗

				Net-Zero Emissions Commitment			line with the Global standard on responsible corporate climate lobbying. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	
LGIM	Meta Platforms Inc / 1%	31 May 2023	Human Rights and Labour Practices	Shareholder Proposal Regarding Report on Content Management in India	☒	☒	A vote against this resolution is warranted, as the company has taken actions to improve transparency about its operations in India through a third-party HRIA and subsequent reporting.	⊗
LGIM	Microsoft Corporation / 5%	07 Dec 2023	DE&I	Shareholder Proposal Regarding EEO Policy Risk Report	☒	☒	A vote against this proposal is warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.	⊗
LGIM	Microsoft Corporation / 5%	07 Dec 2023	Environmental	Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options	☒	☒	A vote against is applied because the company's retirement plan is managed by a third-party fiduciary and employees are offered a self-directed option. In respect of this resolution for which LGIM voted against management, LGIM did not pre-declare.	⊗
LGIM	Microsoft Corporation / 5%	07 Dec 2023	DE&I	Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care	☒	☒	A vote against this proposal is warranted, as the company appears to provide sufficient information for investors to be able to determine how the company is managing pay equity and health and wellness benefits related risks.	⊗
Diversified Growth Fund (UBS)	Apple Inc / 0.6%	10 Mar 2023	DE&I	Shareholder Proposal Regarding Civil Rights Audit	☒	☑	Apple has adequate disclosures related to its DE&I initiatives and commitments, and it has already committed to conducting a civil rights audit. In respect of this resolution for which UBS voted against management, UBS did not pre-declare.	⊗
Diversified Growth Fund (UBS)	Apple Inc / 0.6%	10 Mar 2023	DE&I	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	☑	☒	UBS will support proposals that seek the disclosure of the median pay gap. In respect of this resolution for which UBS voted against management, UBS did not pre-declare.	⊗

Diversified Growth Fund (UBS)	Microsoft Corporation / 0.7%Microsoft Corporation / 0.7%	07 Dec 2023	DE&I	Shareholder Proposal Regarding EEO Policy Risk Report	☒	☑	The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. The company prohibits discrimination on the basis of protected class and seeks to promote a culture based on equal opportunity. In respect of this resolution for which UBS voted against management, UBS did not pre-declare.	⊗
Diversified Growth Fund (UBS)	Microsoft Corporation / 0.7%	07 Dec 2023	Environmental	Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options	☒	☑	The company's retirement plan offerings appear to be broad enough to accommodate employee choices to incorporate greater environmental and social considerations than the default plan. In respect of this resolution for which UBS voted against management, UBS did not pre-declare.	⊗
Diversified Growth Fund (UBS)	Microsoft Corporation / 0.7%	07 Dec 2023	DE&I	Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care	☒	☑	Microsoft already provides pay equity and median gender and racial pay gap reporting. It further provides various health and wellbeing benefits, details of which are disclosed. In respect of this resolution for which UBS voted against management, UBS did not pre-declare.	⊗
Diversified Growth Fund (UBS)	Public Storage Operating Co / 0.3%	02 May 2023	Environmental	Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement	☑	☒	Following the AGM the company published its sustainability report, which contains some further disclosures but does not meet all of the requested information in the request. The company has taken positive steps to meet climate disclosure standards including TCFD but do not indicate that the company’s targets are Paris-aligned or sector leading. However UBS are not planning further steps at this time. In respect of this resolution for which UBS voted against management, UBS did not pre-declare.	⊗