

Martin Currie Retirement and Death Benefits Plan (“The Plan”) - Investment Accounting Disclosures

Trustee Policies

This section sets out the policies in the Statement of Investment Principles (‘SIP’) in force at the Scheme year end, relating to the following:

- Financially Material considerations
- Non-Financially Material considerations

Stewardship including the exercise of voting rights and engagement activities is set out in the ‘Voting and Engagement’ section.

Financially Material considerations and Non-Financial Considerations

The Trustee understands that it must consider all financially relevant factors in making investment decisions on behalf of the Plan. However, it may also consider any non-financial factors, to the extent that they have the ability to impact the financial results of the Plan’s investments over the duration of the Plan, if they believe that such factors reflect the views of members.

The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Plan’s portfolio and it is therefore in members’ and the Plan’s best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

Therefore, the Trustee will work with the Investment Consultant to help select the investment managers that have passed the initial ESG screening. ESG screening will involve some of the following activities, but is not limited to: ensuring the managers are signatories to UNPRI, reviewing the managers’ own ESG policies, investigating the extent to which these policies are integrated into their standard procedures of investment research and analysis etc. As part of the Mercer Manager Research Team appraisal process, investment managers are rated on a number of quantitative and qualitative factors, ESG considerations are taken into account in this process. This process is also applied to existing investment managers.

The Trustee is aware of the investment managers’ approaches to social, environmental and ethical factors, including climate change considerations, with respect to their selection of investments and is satisfied that a responsible approach, which is consistent with the long-term financial interests of the Plan and its members, is undertaken.

As noted earlier, the Plan’s assets are invested in pooled funds. The Trustee has identified that the influence it can have on the social, environmental and ethical policies and practices, including climate change considerations, of the companies in which its managers invest, is potentially limited. The Trustee will continue to review the available products and approaches in this space and strive for the Plan to continue to deliver strong risk-adjusted returns, incorporating responsible investment principles into the process, where possible.

Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Plan year. The Trustee has appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Plan's behalf.

This statement provides a summary of the key information and summarises Minerva's findings on behalf of the Plan over the Plan year.

Voting and Engagement Policy and Funds

The Trustee policy on stewardship and responsible investment is set out below in the SIP dated September 2020:

Corporate Governance and Voting Policy

The Trustee has concluded that the decision on how to exercise voting rights should be left with their investment managers, who will exercise these rights in accordance with their respective published proxy voting policies. These policies, which are provided to the Trustee from time to time, take into account the financial interests of shareholders and should be for the Plan's benefit. Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors, including climate change considerations, in the exercise of such rights.

The Trustee notes that the investment managers' proxy voting policies are available on request and on their respective websites.

Where the Trustee is specifically invited to vote on a matter relating to corporate policy, the Trustee will exercise its right in accordance with what it believes to be the best interests of the majority of the Plan's membership.

Stewardship

The Trustee will monitor the performance, strategy, risks, ESG policies, including climate change considerations, and corporate governance of the investment managers. If the Trustee has any concerns, they will raise them with the respective managers, verbally or in writing.

The table below sets out the funds the Scheme invested in over the Scheme year and states the use of a proxy voter.

Fund / Product Manager	Investment Fund/Product	Investment Made Via	Scheme / Inv Type	Period Start Date	-	Period End Date	'Proxy Voter' Used?
BMO	Real Dynamic LDI Fund	Mobius Platform	DB Fund	01/06/20	-	31/05/21	
	Nominal Dynamic LDI Fund	Mobius Platform	DB Fund	21/05/20	-	31/05/21	
Martin Currie	LM IF MC Asia Unconstrained Fund	Direct	DB Fund	01/06/20	-	31/05/21	ISS
	LM IF MC Global Emerging Markets Fund	Direct	DB Fund	01/06/20	-	31/05/21	
	LM MC Global Long Term Unconstrained Fund	Direct	DB Fund	01/06/20	-	31/05/21	
	LM IF MC US Unconstrained Fund	Direct	DB Fund	01/06/20	-	31/05/21	
Partners Group	Generations Fund	Mobius Platform	DB Fund	01/06/20	-	31/05/21	Glass Lewis
Standard Life	Long Corporate Bond Fund	Mobius Platform	DB Fund	01/06/20	-	31/05/21	

Confirmed by Manager

Not Yet Confirmed by Manager

*Not Applicable

*Indicates that the specific fund or product does not have voting information to report, and as a result there is no 'Proxy Voter' as such

ISS and Glass Lewis are proxy voting services.

Exercise of voting rights

The voting activity was requested from all of the Plan's managers, where appropriate. Information was obtained from both Martin Currie and Partners Group.

Martin Currie confirmed that there was both voting and engagement information available, and provided this. However, no 'Significant Votes' were identified by the manager in the information that they provided.

Partners Group responded to say that there was both voting and engagement available, which they provided. However, the information they provided was for a slightly different reporting period than the Plan's, covering 01/07/20 to 30/06/21. However, no 'Significant Votes' were identified by the manager.

Please see section on 'Outstanding Information' for further details.

Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour of each manager where disclosed by the manager.

Manager	Fund	No. of Meetings		No. of Resolutions			
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
Martin Currie	LM IF MC Asia Unconstrained Fund	35	293	86.7%	87.8%	12.2%	-
	LM IF MC Global Emerging Markets Fun	77	674	98.5%	85.1%	12.9%	2.0%
	LM MC Global Long Term Unconstrained Fund	40	504	100.0%	95.2%	4.8%	-
	LM IF MC US Unconstrained Fund	23	253	99.9%	94.8%	5.2%	-
Partners Group	Generations Fund	76	1,012	98.0%	91.0%	5.0%	4.0%

Not confirmed by Manager

Significant Votes

A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

- contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK)
- is one proposed by shareholders that attracts at least 20% support from investors; and
- attracts over 10% dissenting votes from shareholders.

Where the manager has not provided the level of data to identify the 'Significant Votes' based on the criteria explained above, Minerva has applied the definition provided by the managers themselves.

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
Martin Currie	LM IF MC Asia Unconstrained Fund						The manager has not identified any individual 'Significant Votes' associated with the Scheme's investments.
	LM IF MC Global Emerging Markets Fund						
	LM MC Global Long Term Unconstrained Fund						
	LM IF MC US Unconstrained Fund						
Partners Group	Generations Fund						The manager has not identified any 'Significant Votes' associated with the Scheme's investments.

Manager Engagement Information

The Trustee believes that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

The table below summarises the engagement activity of the managers that provided information.

Manager	Fund	No.	Summary of Company Engagement Activity									Outcomes		
			Corporate Governance						Sustainability					
			Strategy	Audit & Report.	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Environment	Social	Resolved	Open	
BMO	LDI Funds	92												
Martin Currie	Segregated Portfolio total	69				79.7%					8.7%	11.6%	11.6%	88.4%
Partners Group	Generations Fund	10				47.0%					40.0%	13.0%		

Not identified by Manager

BMO, Martin Currie and Partners Group each provided further engagement information, which is set out below.

BMO

Company	Date	Engagement Milestone Details
Citigroup Inc	H1 2021	Committed to achieve net-zero greenhouse gas financed emissions before 2050. As one of the largest financial institutions in the US and globally, this commitment will serve to enhance credit risk management practices, while sending a strong message to the market. We have been engaging on sustainable finance and climate risk management with the bank for many years.
HSBC Holdings Plc	H1 2021	Committed to phase out financing of coal-fired power and thermal coal mining in the EU and OECD by 2030 and other regions by 2040. We have engaged the bank on a stronger coal exit strategy for a while, individually and collaboratively with other investors, to strengthen overall climate risk management efforts. We always argued that such an exit should include underwriting, which the bank has confirmed, too. It is the strongest commitment we have seen yet from a global bank with a significant Asian footprint.
JPMorgan Chase Inc	H2 2020	Committed to align its entire financing portfolio to the goals of the Paris Agreement, and to regularly report on progress. As the largest US bank, with a rather large fossil fuel financing book, this commitment shows clear climate leadership. We have engaged the company on their environmental and climate risk management practices for their lending portfolio in the past.

Martin Currie

Company	Date	Area of Engagement	Topic of the Engagement
Tencent Holdings Ltd.	15/12/20	Environmental	Discussing targets on emissions
Adidas AG	08/09/20	Social	Discussing Diversity & Inclusion ambitions
Constellation Software Inc.	24/07/20	Governance	Discussing board structure and director independence

Partners Group

Company	Details of the Engagement(s)
Civica	<p>In 2020, Civica made a great effort to support its clients through the COVID 19 situation. Apps and software launched include an interactive symptom tracker, a platform to coordinate rapid support and an e-recruitment tool. Continuing its efforts in the diversity front, Civica formed a Diversity & Inclusion working party that coordinates projects such as improving recruitment practices (management interviewing training, depersonalization of CVs) and improving mentorship programs to make them more inclusive. The company was also included as a Financial Times Diversity Leader in 2020. Employee retention remains a focus area for Civica. Due to the pandemic, the annual NPS exercise was not conducted this year, but they have done monthly pulse checks since the beginning of the lockdown to ensure employee engagement remained high.</p>
Foncia	<p>In 2020, Foncia conducted its first carbon foot printing exercise. This information will be used to set initiatives and targets to reduce it. As Foncia can positively influence the energy consumption of its clients, and help them reduce their own footprint, the company created an Energy Efficiency Renovation training program for building managers. In January 2020, Foncia launched Belles Personnes , its blog to share employee experiences as part of its focus on people. The company is further developing its "Care" program, to improve its practices to attract and maintain talent. This will have a positive impact on its turnover. Furthermore, through H2 2020 and end H1 2021, through the digitization Partners Group has helped modernise Foncia and massively reduced the amount of paper used</p>
Cerba	<p>Cerba was the first lab certified to conduct COVID-19 testing in France. Since the start of the pandemic, Cerba has conducted over 3m tests in the last 6 months, and is now conducting an average of 30k tests per day. Cerba is continuously ramping up its efforts in cybersecurity, to safeguard the information of its patients. The firm has engaged PwC to conduct an additional cybersecurity assessment including penetration testing to set up an action plan to further improve. Cerba is also expanding its operations to new geographies. We are conducting a compliance review in sensitive geographies to help build their systems and ensure we are applying industry best-practice. Cerba is also working in its broader ESG strategy. The company has engaged a Big 4 consultant to identify the most material topics that should be covered by its CSR action plan. Partners Group also heavily emphasised efforts during H2 2020 and H1 2021 on employee engagement (for example: Cerba launched several training programs and professional development initiatives; installed a retirement savings program in addition to the standard program; and developed a shareholding program across the company's management).</p>

Outstanding Information

This section sets out the status of outstanding information Minerva have requested.

Fund / Product Manager	Investment Fund/Product	Information Request Acknowledged	Voting Info Available?	Engagement Info Available	Info Rec'd by Minerva Deadline	
BMO	Real Dynamic LDI Fund					
	Nominal Dynamic LDI Fund					
Martin Currie	LM IF MC Asia Unconstrained Fund					
	LM IF MC Global Emerging Markets Fund					
	LM MC Global Long Term Unconstrained Fund					
	LM IF MC US Unconstrained Fund					
Partners Group	Generations Fund					
Standard Life	Long Corporate Bond Fund					
Positive Response		Partial Response	Not Provided	Not Confirmed	Nothing to Report	*Not Applicable

*Indicates that from previous communications the manager had provided the required voting and/or engagement - or had indicated that there was none to report

Partial response in the context of investments made via the Mobius Life platform means that whilst Mobius themselves acknowledged Minerva's VEI requests and passed them on to the relevant managers, the managers did not in turn provide the requested information directly to Minerva.

Minerva is continuing to engage with the relevant managers on the identification and provision of any missing VEI information and will provide the Plan with an update as soon as all of the managers have formally reported back, and any information provided has then been analysed.

Conclusion

Based on the analysis undertaken by Minerva, they have confirmed that Martin Currie and Partners Group have both followed the Trustee's policies.

BMO confirmed that there was no voting information to report for either of the LDI funds. They did provide some engagement information, however this covered the calendar year to 30/06/21, which is a different period to the Plan's reporting period.

Standard Life confirmed that there was no voting information to report for the fund.