

Trustee's Report

Implementation Statement

Introduction

This document sets out the actions undertaken by the Trustee, its service providers and investment managers, to implement the stewardship policy set out in the Statement of Investment Principles ("SIP"). The document includes voting and engagement information that has been gathered from the asset managers and an overview of how the policies within the SIP have been implemented during the reporting period. This is the engagement policy implementation statement the Trustee has prepared and covers the year ending 31 December 2020.

Plan stewardship activity over the year

Training

During 2020 the Trustee received a training session from Aon which provided an overview of responsible investing and the evolving regulatory requirements. During the process the Trustee considered the importance of stewardship activity and appropriate consideration of Environmental, Social and Governance (ESG) factors in its investment decision making.

Updating the Stewardship Policy

In line with regulatory requirements, to expand the SIP for policies such as costs transparency and incentivising managers, the Trustee also reviewed and expanded the Stewardship policy in 2020. The updated wording in the SIP illustrates how the Trustee recognises the importance of its role as a steward of capital, as well as indicating how the Trustee would review the suitability of the Fund's investment managers and other considerations relating to voting and methods to achieve their Stewardship policy.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with monitoring reports being provided to the Trustee by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Voting and Engagement activity – Equity

The Plan invests in the following funds:

Manager	Fund Name
MFS Investment Management	MFS Global Equity
Ninety One	Ninety One 4factor Global Dynamic

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MFS**Voting Policy**

MFS has entered into an agreement with Institutional Shareholder Services, Inc. (ISS) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. MFS also receives research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc. who are another proxy advisory services firm. MFS analyses all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS' voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research they receive from their proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms. All proxy voting decisions are made in what MFS believes to be the best long-term economic interests of their clients.

MFS does not, at this time, define a vote significant to particular strategies. "Significant votes" may have the following characteristics (among others): the vote is linked to certain engagement priorities; the vote is considered to be an engagement with the issuer; the vote relates to certain thematic or industry trends.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Number of resolutions eligible to vote on	133	1,034	161	111
% of resolutions voted on for which the fund was eligible	100%	100%	100%	100%
% of resolutions voted against management	3%	6%	9%	11%
% resolutions abstained	0%	2%	1%	0%

Significant Voting Example

In March 2020, MFS voted against Walt Disney management, in an advisory vote, to ratify named executive officers' compensation. MFS assessed this vote to be "significant" on the basis that it related to ongoing engagement priorities around executive compensation and linking executive pay to long-term performance. MFS voted against the executive compensation proposal due to concerns around the structure and magnitude of the executive pay program. While they have observed positive changes in recent years in response to shareholder feedback, they continued to have concerns with the pay structure. Through their engagement efforts with the company over the past couple of years, MFS has expressed their concerns with the proposed remuneration scheme. The company has been receptive to shareholder feedback and has made some changes to the overall plan, however concerns still remain. MFS will continue to communicate concerns with the remuneration scheme to the company and provide feedback that they believe is in the best long-term interest of the company's shareholders.

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Engagement Policy

Proxy-led engagement activity is conducted on a firm-wide level. MFS' proxy voting team engages in a dialogue or written communication with a company or other stakeholders when they believe that the discussion will enhance MFS's understanding of certain matters on the company's proxy statement that are of concern to shareholders. MFS may also engage in such dialogue regarding certain thematic topics of focus for their proxy voting committee. Some of the issues they discuss with company management teams, board members and/or other company representatives include executive compensation, director accountability, as well as various environmental, social and governance issues. When engaging with companies, the proxy voting team aims to: (i) explain the rationale behind their proxy votes; (ii) exchange views on relevant ESG issues; and (iii) potentially effect positive change with respect to such issues.

Engagement Example

In December 2020 MFS engaged with Cognizant. The focus of engagement was to discuss board composition, executive compensation, sustainability, diversity and culture. MFS met with the chairman of the board and chair of the compensation committee to discuss strategy, diversity and inclusion, board refreshment, proposed compensation changes and sustainability. This engagement is still ongoing. MFS will continue to analyse and discuss the evolution of the company's executive compensation plan, the company's ongoing sustainability efforts, its corporate culture initiatives, as well as any other topics relevant to the company.

Ninety One

Voting

Ninety One receives proxy voting research from the Institutional Shareholder Service (ISS). ISS provide Ninety One with research recommendations and recommendations based on Ninety One's internal voting policy but the voting decision and execution of the vote remains with Ninety One. Ninety One's relevant investment team in accordance with the investment philosophy, supported by the ESG team, take these recommendations into consideration and reach a voting decision which is in the best interests of shareholders. Ninety One describes significant votes as those with a significant client, media or political interest, material holdings, those of a thematic nature (i.e., climate change) and significant corporate transactions that have a material impact on future company performance, for example approval of a merger, etc.

4Factor Global Dynamic	1 January 2020 – 31 December 2020
Number of resolutions eligible to vote on	782
% of resolutions voted on for which the fund was eligible	91.18%
Of the resolutions on which the fund voted, % that were voted against management	8.98%
Of the resolutions on which the fund voted, % that were abstained from	1.26%

Voting Example: Citigroup Inc (April 2020)

An example of a significant vote was Ninety One voting with the management of Citigroup Inc against a shareholder resolution in April 2020 for a Report on Lobbying Payment and Policy. The rationale behind the voting decision is that the company is disclosing adequate information for shareholders to be able to assess its engagement in the political process and its management of related risk. This vote was deemed significant on the basis that it is a vote in favour of thematic nature (social) and a shareholder proposal.

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Engagement

Ninety One's Investment team initiates engagement based on their investment processes and priorities. The ESG team provides engagement advice and targets material ESG themes and specific holdings that are significant to Ninety One and its clients.

Under its strategic engagement approach Ninety One builds professional relationships and explains concerns and opportunities to its investee companies through fundamental investment and voting analysis. Ninety One also seek company commitment, revised plans and escalates their influence if appropriate to do so.

Engagement Example: Facebook (2020)

In March 2020, Ninety One joined global collaboration and contributed content for an open letter to company management. The objective being to encourage Facebook to strengthen controls to prevent the livestreaming and dissemination of objectionable content alongside board supervision of these issues. In July 2020 Ninety One provided input into updated SASB guidelines on privacy and data content. In September 2020 they met with the Head of Content Policy and Head of Platform Integrity to review concerns and updates on recent changes including the launch of an independent Oversight Board. The meeting with key Facebook executives was positive, and was followed by other content policy announcements around hate speech with advertising industry bodies. Further follow-up with the lead independent director led to suggested changes to the Risk and Audit Committee charter on privacy.

Voting and Engagement activity – Listed Infrastructure

The Plan invests in a listed infrastructure strategy managed by ClearBridge Investments.

Voting

The proxy voting process is one of the more visible and powerful tools public equity investors may use to advocate for sustainable business impact. As a shareholder, ClearBridge has a 100% proxy voting record, meaning they have voted on every eligible shareholder proposal at companies in their client portfolios. In 2019 ClearBridge voted in 15,740 proposals.

Along with direct and ongoing company engagement, proxy voting is an important part of ClearBridge's approach to positively influencing companies through ownership. ClearBridge's votes on shareholder proposals are an effective way to signal confidence in the companies they own or to suggest the need for a change in policies, disclosures or related aspects of a company's business. Proxy votes are cast by the portfolio managers of each ClearBridge strategy.

Infrastructure Value Fund	1 January 2020 – 31 December 2020
Number of resolutions eligible to vote on	595
% of resolutions voted on for which the fund was eligible	100.00%
Of the resolutions on which the fund voted, % that were voted against management	1.70%
Of the resolutions on which the fund voted, % that were abstained from	0.00%

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Engagement

Public equity ownership can be a powerful tool to influence companies and drive change. As active investors in the public markets, ClearBridge engage with company management on a variety of material ESG issues and promote improvement. ClearBridge engage with companies in various ways, including one-on-one meetings with senior management and through their active participation in ESG organizations. As a firm, ClearBridge conducts over 1,000 company meetings every year. Their high-conviction, concentrated approach to portfolio construction, coupled with their large asset base and ESG expertise, puts them in a unique position. ClearBridge take a Engagement Policy Implementation Statement Aon 7 partnership approach toward driving change within corporations, focusing on the impact they can have during conversations with CEOs, CFOs and corporate sustainability teams over long periods of time.

ClearBridge believe that asking the right questions, whether about gender equality, energy efficiency, better board governance or disclosure, can result in positive changes in the mindset and eventually the operations of public companies. As long-term investors who also happen to be among the largest shareholders of many companies that they own, ClearBridge can emphasize material issues that are of concern to themselves and their clients.

Engagement Example: Getlink

ClearBridge is a top 10 owner of European transport company Getlink, which manages and operates the Channel Tunnel between England and France. ClearBridge has engaged regularly with the CEO and Investor Relations representatives of Getlink on the company's communications surrounding the business's carbon emission attributes and its disclosure of emission targets.

In October 2020 Simon Ong, portfolio analyst, led an engagement with the Getlink CEO and CFO, both newly appointed. ClearBridge reiterated their belief that an ESG investor day to communicate Getlink's green transport credentials would be positively received by the equity market and could even lead to increased usage of its lowercarbon rail services as shippers worked to lower their emissions. ClearBridge encouraged a presentation model of communicating as more investor-useful than a large annual report. Getlink was receptive to the idea and shared that it had appointed a new Corporate Responsibility Director to conduct ESG studies with the intention of communicating its sustainability profile and goals more broadly. ClearBridge plan to continue dialogue on value to investors of communicating sustainability profile via presentation.

Engagement activity – Fixed Income

The Plan also invests in a short dated corporate bond strategy managed by BlackRock. While the Trustee acknowledges the ability to engage and influence companies may be less direct than in comparison to equity holdings; from the information received, it is encouraging that the manager is aware and active in their role as a steward of capital.

BlackRock's firm-wide engagement program benefits investments in corporate bonds issued by companies (as well as equity). BlackRock Investment Stewardship (BIS) is positioned as an investment function, which allows for the mutual exchange of views with active portfolio management teams across equity and credit. In addition, BlackRock's Global Fixed Income (GFI) Responsible Investing (GFI-RI) team may partner with the BIS team both to reflect ESG related topics from GFI investors as well as to attend or host engagement meetings on certain highlighted ESG flagged holdings. An ESG flagged holding is one where BlackRock hold a significant exposure in GFI portfolios, and the issuer is flagged as low rated/controversial by external ESG rating providers or is highlighted by their credit research.

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Engagement activity – Fixed Income (continued)

An example of an engagement by the GHI-RI team was that with Exxon. In their discussion with the company, they discussed several engagement topics such as governance structure, corporate strategy, environmental risks and opportunities. These included questions from the GFI-RI team including, the company's approach to the European regulatory environment, their views on electric vehicle penetration as a risk to their business, and their risk management in relation to physical climate change risks.

In summary

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the stewardship policy has been implemented in practice. The Trustee notes that most of their applicable asset managers were able to disclose strong evidence of voting and engagement activity. The Trustee expects improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Plan through considered voting and engagement.