Implementation Statement for the Year Ended 31 March 2023

HCA International Final Salary Pension Scheme (“the Scheme”)

1. INTRODUCTION

This Implementation Statement (the Statement) sets out the Trustees’ assessment of how, and the extent to which, the policies set out in the Statement of Investment Principles (SIP), including those in relation to the exercise of rights (including voting rights) attaching to the Scheme’s investments, have been followed during the one-year period to 31 March 2023 (the “Scheme Year”).

The Trustees’ policies are set out in their SIP dated March 2022. A copy of the Trustees’ SIP is available online here. The Trustees keep their policies within the SIP under regular review, subject to full review at least triennially or after any significant changes in investment policy.

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

The Trustees invest 100% of the invested (i.e. non-insured) assets of the Scheme in a fiduciary arrangement with Mercer Limited (“Mercer”). Under this arrangement Mercer are appointed as a discretionary investment manager and day-to-day management of the Scheme’s assets is by investment in a range of specialist pooled funds (the Mercer Funds). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited (“MGIE”).

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

Section 2 of this Statement assesses how the policies in the SIP have been followed over the Scheme Year.

Section 3 of this Statement sets out the Trustees’ responsible investment and engagemenet policies in particular and assesses the extent to which they has been followed over the Scheme Year.

Section 4 sets out the Trustees’ policy with regard to the exercising of rights (including voting rights) attaching to the Scheme’s investments and considers how, and the extent to which, this policy has been followed during the Scheme Year. This Section also provides detail on voting activity undertaken by the Scheme’s third party investment managers during the Fund Year, where relevant.

Taking the analysis included in Sections 2, 3 and 4 as a whole, it is the Trustees’ belief that their policies set out in the SIP, including those in relation to engagement and the exercise of rights attaching to investments, have been successfully followed during the Scheme Year.

2. ASSESSMENT OF HOW THE POLICIES IN THE SIP HAVE BEEN FOLLOWED FOR THE 1-YEAR PERIOD ENDING 31 MARCH 2023

The information provided in this section highlights the work undertaken by the Trustees during the Scheme Year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Scheme as a whole.

The first column of the table below notes the relevant matters, which the SIP must address. The second column highlights the Trustees' relevant policies under the SIP in relation to those requirements. The third column explains how that policy has been implemented in practice. The Trustees consider that they have adhered to all of the policies as set out in the SIP over the course of the year.

	SIP content requirement	Summary of Trustees' policy / key extracts from SIP	Summary description and evaluation of work undertaken in the 1-year period ending 31 March 2023
1	Securing compliance with the legal requirements about choosing investments	*The Trustees have appointed Mercer to act as discretionary investment manager to implement a Cashflow Driven Investment ("CDI") solution, whereby the Scheme invests in such a way that expected asset cashflows should broadly match a proportion of the Scheme's expected liability cashflow profile, whilst still targeting a return in excess of the gilt-based liabilities to improve the level of funding over time.* *In considering the appropriate investments for the Scheme, the Trustees have obtained and considered (and will continue to obtain and consider) the written advice of Mercer, whom the Trustees believe to be suitably qualified to provide such advice.* *SIP section 3* ***AVC Assets*** *Under the terms of the trust deed the Trustees are responsible for the investment of AVCs paid by members. The Trustees take advice as to the providers' continued suitability.* *SIP section 12*	Following the extreme volatility experienced within gilt markets, the Trustees received advice to reduce the target hedge ratio in July 2022 to target a 95% funded hedge ratio, and improve the liquidity in the portfolio to meet LDI capital calls by reducing the allocation to Multi Asset Credit. Following the gilt crisis in September 2023, a further reduction to the credit allocation was made as part of a 'mini recalibration' in November 2022 to improve liquidity and better manage further gilt yield rises. A further recalibration was then completed after the Scheme's year end in July 2023. The strategy was maintained and the Hedge Management Portfolio was updated to reflect the recalibrated liabilities. In relation to the above, the Trustees received written advice from their investment consultant. **AVC Assets** There were no changes made to the AVC fund options available to members over the year to 31 March 2023. The AVC options have been reviewed after the end of the reporting period, and further information will be provided as part of next year's Implementation Statement.
2	Kinds of investments to be held	*The assets of the Scheme are divided into two sections, the "Buy-in Portfolio" and the "Main Portfolio", and both are monitored on a standalone basis. Please note there is no rebalancing between the two portfolios.*	The Trustees monitored its investment strategy over the Scheme Year, with support from its investment consultant Mercer. As mentioned earlier in this Statement the Main Portfolio was reviewed on two separate occasions during the Scheme year with a full recalibration completed post-Scheme year end in July 2023.

		SIP section 6	This review considered the Trustees' investment objectives, their ability and willingness to take risk (the risk budget) and how this risk budget should be allocated and implemented. Following the extreme gilt market volatility the hedge ratio was switched to target a 95% funded hedge ratio and the credit allocation was reduced to improve the liquidity within the Hedge Management Portfolio and the buffer against future interest and inflation shocks. The Trustees have invested a proportion of the Scheme's assets into the Buy-in Portfolio, in order to match the liabilities of those pensioner members insured under the insurance contracts taken out in August 2010 and December 2017 that are held as assets of the Scheme. **AVC Assets** As noted above, there were no changes made to the AVC fund options available to members over the Scheme Year.
3	The balance between different kinds of investments	*The assets of the Scheme are divided into two sections, the "Buy-in Portfolio" and the "Main Portfolio", and both are monitored on a standalone basis. Please note there is no rebalancing between the two portfolios.* *SIP section 6*	As noted above, the Trustees monitored the investment strategy over the Scheme Year, with support from its investment consultant, and agreed to make some changes to improve the resilience of the portfolio to the potential continuation of the gilt market volatility that was experienced over 2022. **AVC Assets** The Trustees last reviewed the AVC fund options used by members of the Scheme in November 2020. No changes were made as a result of that review. The AVC fund options have been reviewed post year-end, and the results of that review will be disclosed as part of next year's statement.
4	Risks, including the ways in which risks are to be measured and managed	*There are various risks to which any pension scheme is exposed. The Trustees have considered the following risks:* *SIP section 5*	The Trustees have considered both quantitative and qualitative measures periodically throughout the Scheme Year as part of its risk monitoring and management framework. These include quarterly investment performance and investment manager due diligence updates, as provided by the investment consultant, Mercer. Over 2022 the significant rise in gilt yields resulted in a strain upon the risk management frameworks of Liability-Driven Investment

			("LDI") mandates. Mercer made changes to the level of collateral sufficiency within LDI mandates, in line with regulatory guidance, and disclosed these changes and their impact on the Scheme proactively to the Trustees. The Trustees also worked with a Third Party Evaluator ("TPE") over the year, to assess the way that risks were reported to the Trustees by Mercer over the period. **AVC Assets** In relation to the AVC assets, the Trustees periodically receive investment performance updates from the AVC providers to assess whether the funds offered to members have met their targets and offer value.This has been reviewed in greater detail after the end of the reporting period.
5	Expected return on investments	*The Trustees have appointed Mercer to act as discretionary investment manager to implement a Cashflow Driven Investment ("CDI") solution, whereby the Scheme invests in such a way that expected asset cashflows should broadly match a proportion of the Scheme's expected liability cashflow profile, whilst still targeting a return in excess of the gilt-based liabilities to improve the level of funding over time.* *SIP section 3*	On a quarterly basis, the Trustees review an investment performance report detailing how each investment manager has delivered against their specific objectives. From 1 April 2022 to 31 March 2023, the Trustees' total portfolio return (excluding buy-in) was -32.0% gross of Mercer and net of underlying manager fees. This meant that the Scheme's investment return (excluding buy-in) underperformed the reference benchmark, which returned -24.8% over the same period. The Scheme's assets underperformed its liabilities due to the impact of the gilt market crisis. The CDI solution is expected to provide stability and reduce the Scheme's funding level volatility, but due to extreme gilt and credit market conditions there was a detrimental impact to the Scheme's funding level. Performance over the year was scrutinised by the Trustees and also by the appointed TPE, IC Select, over the period. This included an assessment of absolute performance as well as other metrics relevant to the CDI strategy (e.g. cashflow generation). **AVC Assets**

			Investment performance is reviewed by the Trustees periodically and reported on within the annual Chair's Statement.
6	Realisation of investments	*The Trustees on behalf of the Scheme hold shares in the Mercer Funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying third party asset managers appointed by MGIE, within parameters stipulated in the relevant appointment documentation, have discretion in the timing of the realisation of investments and in considerations relating to the liquidity of those investments.* *SIP section 9*	The Scheme's assets are invested in multi-client collective investment schemes ("Mercer Funds") managed by a management company (Mercer Global Investments Management Limited ("MGIM")). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE")) as investment manager of the Mercer Funds. In practice, MGIE delegates the discretionary investment management for the Mercer Funds to third party investment managers based in countries such as Ireland, UK and USA, and those sub-investment managers will manage either a sub-fund or certain segments of a sub-fund. Mercer has expertise in identifying, selecting and combining highly rated fund managers who are best placed and resourced to manage the Scheme's assets on a day to day basis. All of the Scheme's non-insured assets are invested with Mercer as part of the CDI strategy. **AVC Assets** Member assets are invested in daily dealt and daily priced pooled funds.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a financially material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.* *SIP section 11*	The investment performance report is reviewed by the Trustees on a quarterly basis – this includes ratings (both general and specific ESG) from the investment adviser. The investment performance report includes how each investment manager is delivering against their specific mandates. The Scheme's SIP includes the Trustees' policy on ESG factors, stewardship and Climate Change for the Scheme, including AVCs. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. For the assets managed by Mercer, within the Mercer portfolios, the appointed investment managers have been given restrictions in relation to particular products or activities.

8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*Non-financially material considerations (e.g. member views around ethical considerations) are not taken into account in the selection, retention and realisation of investments.* *SIP section 11*	Non-financial matters are not taken into account in the selection, retention and realisation of investments, including AVCs. However, the Trustees believe that the delegation of portfolio construction, for the majority of the Scheme's assets, to Mercer will lead to ESG considerations that are in the best interests of the Scheme as a whole.
9	The exercise of the rights (including voting rights) attaching to the investments	*The asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practise, including the UK Corporate Governance Code and UK Stewardship Code.* *SIP section 11*	All voting activity is delegated to the underlying investment managers, who are then monitored by the Trustees. See Section 3 for summary details.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the trustees would monitor and engage with relevant persons about relevant matters)	*The asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practise, including the UK Corporate Governance Code and UK Stewardship Code.* *The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's and MGIE's investment processes, and those of the underlying managers used within the Mercer funds, in a regular quarterly monitoring process. Mercer is expected to provide reporting on their funds, on a regular basis and at least annually, on ESG integration, stewardship monitoring results, and climate-*	All engagement activity is delegated to the underlying investment managers, who are then monitored by the Trustees. See Section 3 for summary details.

		related metrics and/or climate scenario analysis (where relevant). The Trustees will review the extent to which ESG, climate change and stewardship is integrated within their investment managers' processes on a broadly annual basis. *SIP section 11*	
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies mentioned in sub-paragraph (b) of the legislation [Parts 2-8 of this Statement]	*When engaging Mercer as discretionary investment manager to implement the Trustees' investment strategy outlined in section 6, the Trustees are concerned that, as appropriate and to the extent applicable, Mercer is incentivised to align its strategy and decisions with the profile and duration of the liabilities of the Scheme, in particular, long-term liabilities.* *SIP section 10*	Over the Scheme Year, the Trustees have monitored the ongoing suitability of the appointed investment managers. Any change in assessment by the Trustees' investment advisor for the investment manager's capabilities would be discussed and any action agreed in a timely manner. The Trustees believe that the appointment of Mercer as discretionary investment manager to implement the Trustees' investment strategy is consistent with its long-term objectives.
12	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.	*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.* *SIP section 10*	The Trustees balance short-term performance against long-term performance in these considerations. The investments generally continued to perform satisfactorily against their respective benchmarks over the Scheme Year. Due to difficult market conditions which negatively impacted both gilt and credit markets the investments performed negatively over the year, albeit the liabilities also saw significant declines over the Scheme year.

13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies mentioned in sub-paragraph (b) of the legislation [2-8 of this Statement]	The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. *SIP section 10*	The Trustees review the performance of the delegated investment manager on a regular basis versus agreed objectives, over multiple time-periods, with an emphasis on the long-term. If the Trustees were not happy with the performance of Mercer as delegated investment manager, this would be discussed and action would be taken as deemed appropriate. This is supported by the retention of an independent TPE, who will assist the Trustees in assessing Mercer's performance. The underlying investment managers are remunerated by way of a fee, typically calculated as a percentage of assets under management. If Mercer, as delegated investment manager, was not satisfied with the performance of any underlying investment manager, this would be discussed and action would be taken where this was deemed appropriate. **AVC Section** The investment managers are remunerated by way of a fee, calculated as a percentage of assets under management.
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*Details of all costs and expenses are included in the Mercer Funds' Supplements, the Report & Accounts and within the Scheme's annualised, MiFID II compliant Personalised Cost & Charges statement. The Scheme's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.* *Performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE. MGIE reviews the turnover of the investment managers used in the Mercer Funds and the associated transaction costs incurred. The total transaction costs in the management of the Scheme's assets are reported to the Trustees through the annual cost and charges statements.*	Mercer as fiduciary manager are expected to provide information on turnover on a regular basis to the Trustees, as part of the provision of annual costs and charges statements.

		SIP section 10	
15	The duration of the arrangement with the asset manager	*The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.* *SIP section 10*	The Trustees reviewed the Scheme’s investment strategy twice during the Scheme year due to the extreme market conditions. Post year-end, the investment strategy was reviewed to ensure this remains consistent with the agreed objectives.

3. TRUSTEES' POLICIES ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustees believe stewardship plays an important role in managing sustainability risks and other ESG factors, and helps the realisation of long-term value by providing investors with an opportunity to enhance the value of companies and markets consistent with long-term investor timeframes. Consequently, an approach that integrates effective stewardship is in the best interests of the Scheme. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities, including non-financial performance that require the Trustees' explicit consideration.

It is the Trustees' policy that the third party investment managers appointed by Mercer, via Mercer Global Investments Europe (MGIE), report in line with established best practice such as the UK Stewardship Code 2021, to which Mercer is a signatory, including public disclosure of compliance via an external website, when managing the Scheme's assets. Further, in appointing the third party asset managers, the Trustees expect MGIE to select managers where it believes the managers will engage directly with issuers in order to improve their financial and non-financial performances over the medium to long term. To monitor the third party investment managers' compliance with this expectation, the Trustees consider regular reports from Mercer that include an assessment of each third party manager's engagement activity.

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

The publicly available Sustainability Policy sets out how Mercer addresses sustainability risks and opportunities and considers Environmental, Social and Corporate Governance (ESG) factors in decision making across the investment process. The Stewardship Policy provides more detail on Mercer's beliefs and implementation on stewardship specifically. Under these arrangements, the Trustees accept that they do not have the ability to directly determine the engagement or voting policies or arrangements of the managers of the Mercer Funds. However, the Trustees have reviewed these policies and note an awareness of engagement topics that are important to the Scheme and integrating the Trustees views on specific themes, where possible, is an important part of Mercer's Fiduciary duty. The Trustees review regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether the policies are being properly implemented.

How the Policy has been implemented over the Scheme Year

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

Policy Updates	Climate Change Reporting and Carbon Foot-printing	ESG Rating Review
The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in	Mercer and the **Trustees believe** climate change poses a systemic risk and recognise that limiting global average temperature increases this century	Where available, ESG ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by **the Trustees**.

the monitoring process. Mercer, and MGIE, provide reporting to the **Trustees** on a regular basis.

The Mercer Sustainability Policy is reviewed regularly. In March 2021 there was an update in relation to the Sustainable Finance Disclosure Regulation (SFDR) implementation. In August 2022 the policy update reflected enhancements to the approach to climate change modelling and transition modelling, additional detail on how the policy is implemented, monitored and governed and, as part of the commitment to promote diversity, finalising MGIE's signatory status to the UK chapter of the 30% Club.

In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone Stewardship Policy to specifically address the requirements of the directive. This Policy was also updated in August 2022 to reflect enhancements made to Mercer's stewardship approach including an introduction of Engagement Dashboards and Trackers, an enhanced UN Global Compact engagement and escalation process and a Client engagement survey.

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

to "well below two degrees Celsius", as per the 2015 Paris Agreement, is aligned with the best economic outcome for long-term diversified investors. Mercer supports this end goal and is committed to achieving net-zero absolute carbon emissions by 2050 for UK, European and Asian clients with discretionary portfolios, and for the majority of its multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer plans to reduce portfolio relative carbon emissions by at least 45% from 2019 baseline levels by 2030. This decision was supported by insights gained from Mercer's Investing in a Time of Climate Change (2015 and 2019) reports, Mercer's Analytics for Climate Transition (ACT) tool and advice framework, and through undertaking climate scenario analysis and stress testing modelling.

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

ESG ratings are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually - which seeks evidence of positive momentum on ESG integration and compares the Mercer funds overall ESG rating with the appropriate universe of strategies in Mercer's Global Investment Manager Database (GIMD). Engagements are prioritised with managers where their strategy's ESG rating is behind that of their peer universe.

As at 31 December 2022, in the Annual Sustainability Report provided by Mercer, the **Trustees noted** over 20% of Mercer's funds have seen an improved ESG rating over the year and the vast majority have a rating ahead of the wider universe. Due to the nature of certain strategies, they do not have an ESG rating (i.e. are N rated) and are therefore excluded from this review. Please see Mercer's Guide to ESG Ratings for more information https://www.mercer.com/our-thinking/mercer-esg-ratings.html

Approach to Exclusions

As an overarching principle, Mercer and MGIE prefer an approach of positive engagement rather than negative divestment. However Mercer and MGIE recognises that there are a

Diversity

From 31 December 2020, gender diversity statistics have also been included in the quarterly reporting for the Mercer equity funds and this is being built into a broader Mercer Investment number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.

Controversial weapons are excluded from active equity and fixed income funds, and passive equity funds. In addition tobacco companies (based on revenue) are excluded from active equity and fixed income funds.

Mercer expanded exclusions to further promote environmental and social characteristics across the majority of the multi-client building block funds over the second half of 2022, in line with EU SFDR Article 8 classification, as well as aligning Mercer's existing active and passive exclusions across their fund range.

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

Solutions International policy on Diversity, Equity and Inclusion, sitting alongside Mercer's established Diversity Charter.

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

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

In Q3 2022 MGIE was confirmed as a signatory of the UK Chapter of the 30% Club.

4. TRUSTEES' POLICIES ON THE EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

Policy

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

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

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

Set out below is a summary of voting activity for the year to 31 March 2023 for the Mercer Funds that the Scheme's assets are invested in. Given the nature of the investment strategy, this is limited to a small number of holdings within the Multi-Asset Credit mandate. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer's custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

Fund	Total Proposals		Vote Decision					For/Against Mgmt	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against
Mercer Multi-Asset Credit Fund [1]	11	11	91%	9%	0%	0%	0%	91%	9%

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

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

A summary of the votes in relation to the AVC assets (where relevant) are set out below.

Fund	Meetings eligible to vote	Resolutions eligible to vote	% of resolutions voted by the manager	% Resolutions voted with management	% Resolutions voted against management	% Resolutions abstained
Aviva Investors (30:70) Currency Hedged Global Equity Index	2,482	34,071	95.70%	75%	23%	2%
Aviva Investors (60:40) Global Equity Index	2,578	34,422	95.69%	75%	23%	2%
Aviva Investors BlackRock DC Diversified Growth	890	11,708	92%	94%	5%	1%
Prudential With Profits fund	6,318	72,503	98%	91%	7%	2%

Source: Aviva & Prudential.
Figures subject to rounding.

Significant Votes: The Trustees have based their definition of significant votes on Mercer's Beliefs, Materiality and Impact (BMI) Framework. The Trustees are expected to report the *most* significant proposals over the period. Significant proposals are determined using the following criteria:

1. The proposal topic relates to an Engagement Priority (climate change, human/labour rights, and diversity).

2. The *most* significant proposals need to relate to the three companies with the largest weight in any given fund (relative to other companies in the full list of significant proposals).

Over the Scheme Year there were no votes that were considered significant out of the very limited number of votes held within the Mercer Multi-Asset Credit Fund.

There were no votes related to the AVC assets that were considered to be significant by the Trustees, in the context of financial materiality of the AVC assets in the context of the overall DB Scheme assets.