DXC Pension Plan (the ‘Plan’) – DB Sections
Annual Implementation Statement – 30 June 2023

1. Introduction

This Implementation Statement (‘the Statement’) sets out how, and the extent to which, the policies in the Statement of Investment Principles (‘SIP’) produced by the Trustee for the Defined Benefit Assets have been followed during the year to 30 June 2023. This Statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, which transposes the EU Shareholder Rights Directive (SRD II) into UK law.

2. Investment Objectives of the Sections

The Trustee’s primary objective is to ensure that the assets of the Plan are sufficient to meet its obligations to beneficiaries. The most objective measure of the Plan’s ability to pay members' benefits is the ratio of assets to the liabilities measured on a ‘low risk’ basis. The Trustee’s primary aim can, therefore, be translated into a desire to avoid deterioration of the low risk funding level.

The Trustee also recognises the importance of ensuring that the assets of the Plan are managed in a manner which is acceptable to the Company. The Trustee is able to take into account the Company’s views because the Trustee is confident in the Company’s ability and preparedness to underwrite the Plan’s obligations to beneficiaries.

The long term target for the purposes of making investment decisions is to be funded on an insurer buy-out basis.

3. Review of the SIP

As at 30 June 2023, there was a SIP in place for all the Defined Benefit Assets, covering:

- CSC Section;
- Rebus Section;
- LPC Section;

- Xchanging Sections.

Collectively, the above are referred to as “the Sections”. Post the year end, the assets and liabilities of the Rebus Section were transferred out of the Plan to another DB pension scheme.

During the year to 30 June 2023, the Trustee reviewed the SIP to reflect changes that were made to the investment strategies of the Sections. These investment strategies, implemented at different periods throughout the year, culminated in;

- The CSC Section fully redeemed the active equity mandates held with Cantillon, Impax and RLAM, the full redemption of the synthetic equity mandate held with Columbia Threadneedle and the partial redemptions of the Mercer Diversifying Alternatives Strategy Fund, the Highbridge Tactical Credit and Shenkman Opportunistic Credit Funds. At the end of the period, Insight replaced Columbia Threadneedle as investment manager of the Section’s LDI holdings with Insight. The proceeds of the above were used to increase the allocation to LDI, as well as the implementation of a 7% allocation to the Mercer Passive Global Equity Fund, which were pending settlement as at 30 June 2023 this was in lieu of the previous synthetic equity. An allocation to cash was also held at year-end awaiting investment in other bond asset classes.
- The Rebus Section fully redeemed its holdings in the Mercer Passive Global Equity and Tailored Credit Funds. The proceeds were used to increase the Section’s holdings in LDI assets as well as increasing the exposure to the Mercer Synthetic Equity Nominal Bond Fund.
- The LPC Section redeemed the majority of its Passive Global Equity holdings with the proceeds being invested in LDI and the Mercer Synthetic Equity Nominal Bond Fund.
- The Xchanging Sections redeemed their Passive Global Equity holdings with the proceeds being invested in LDI and the Mercer Tailored Credit Fund.
- Over the year, the CSC Section increased its target Interest Rate and Inflation Hedge Ratios to 90% of total liabilities (on a gilts+0.25% basis), the Rebus Section increased its Interest Rate and Inflation Hedge Ratios to 100% of funded liabilities, the LPC Section increased its Interest Rate and Inflation Hedge Ratios to 95% of total liabilities and the Xchanging Sections increased its Interest Rate and Inflation Hedge Ratios to 100% of total liabilities.

4. <u>Assessment of how the policies in the SIP have been followed for the year to 30 June 2023</u>

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee’s policies in the SIP, relating to the Defined Benefit Assets as a whole. Details on the Trustee’s policies on engagement, stewardship and environmental, social and governance (ESG) issues are set out later in this document. The SIP is available on the website alongside this statement.

	Requirement	Policy	In the year to 30 June 2023
1	Securing compliance with the legal requirements about choosing investments	The Trustee obtains investment advice from the Plan's Investment Consultant (Mercer), who provides expert advice enabling the Trustee to choose investment vehicles that can fulfil the Plan's investment objectives. In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.	Over the year to 30 June 2023, the Trustee received investment advice from the Plan's Investment Consultant on the suitability of the investment arrangements. This included the appointment or removal of investment vehicles, changes to asset allocation and the continuing suitability of existing investment vehicles. The following changes were made to each Section, having received advice from the Plan's Investment Consultant: **CSC Section**: New allocations were made to a passive global equity mandate while Insight replaced Columbia Threadneedle as the Section's LDI manager. The equity mandates with Cantillon, Impax and RLAM mandates were fully redeemed while partial disinvestments were made to the Credit Opportunities strategies with Highbridge and Shenkman and the Mercer Diversifying Alternatives Strategies Fund. These changes were all part of de-risking the pension scheme. **Rebus Section**: In order to ensure there was sufficient liquidity for the LDI arrangements, the Mercer Passive Global Equity and Tailored Credit Funds were fully redeemed with the proceeds used to increase the Section's holdings in LDI assets and the Mercer Synthetic Equity Nominal Bond Fund. **LPC Section:** In order to ensure there was sufficient liquidity for the LDI arrangements and as part of de-risking activity, the majority of the Passive Global Equity holding was redeemed with the proceeds being invested in LDI and the Mercer Synthetic Equity Nominal Bond Fund. **Xchanging Sections**: The passive global equity holdings were fully redeemed with the proceeds being invested in LDI and the Mercer Tailored Credit Fund.

2	Kinds of investments to be held	In establishing the investment strategy for each Section of the Plan, the Trustee has considered a wide range of assets classes. From this the Trustee has determined, based on advice from Mercer, a suitable strategic asset allocation for each Section. The Trustee recognises that a well-diversified portfolio which invests in a range of different asset classes can help reduce volatility as different asset classes will exhibit different performance patterns over time.	The basis of the Trustee's strategy is to divide each Section's assets between a "Growth" portfolio, comprising assets such as equities, synthetic equities and alternatives and a "Low Risk" portfolio, comprising assets such as credit, liability driven investments ("LDI") and other fixed income-type investments. The Trustee regards the basic distribution of the assets to be appropriate for each Sections' objectives and liability profile. The Trustee invests in a range of asset classes, regions and sectors to ensure diversification. Over the year to 30 June 2023, the Trustee considered the asset allocation of the Growth and Low Risk portfolios in response to changes in the Sections' funding positions, market conditions and the long-term goal of achieving an Insurer Buy-In. The Trustee received advice from Mercer and consulted with the Sponsoring Company on all changes. All Sections of the Plan had agreed de-risking journey plans, which were consulted on with the Company, which are designed to de-risk over time. The journey plans involve increased allocations in Credit and LDI assets when it is affordable to do so. Over the period, the Xchanging Sections reached the end of their journey plans, resulting in the removal of equity assets. In preparation for buy-out the Trustee commenced selling the more illiquid assets in the CSC Section.
3	The balance between different kinds of investments	The Trustee has set a strategic asset allocation for the asset classes in which each Section invests.	The strategic asset allocations are set out in the SIP and reviewed on a regular basis. Mercer has responsibility for ensuring the actual allocation of the Plan's investments in Mercer Funds remains within the agreed tolerance ranges, as set out in the Investment Guidelines agreed with Mercer.

			For the other asset classes, the respective allocations are monitored by the Trustee as part of the quarterly reporting process and rebalancing is instructed by the Trustee if required following advice from Mercer.
4	Risks, including the ways in which risks are to be measured and managed	The Trustee recognises that, with the development of modern financial instruments, it would be possible to select investments that produce cash flows similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that the Company has indicated it is willing to make, the Trustee has agreed to take investment risk relative to the liabilities. The SIP sets out the risks considered by the Trustee and how they are managed.	As detailed in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation and the choice of funds and fund managers. The Trustee reviewed various quantitative risk measures for the CSC Section as part of their quarterly investment monitoring over the year, including risk attribution and interest rate and inflation hedge ratios for the Sections. This risk monitoring was extended to the other Sections following the results of the Actuarial Valuation. The Trustee also considered risk levels, their risk appetite and how risks are managed alongside the Sections' funding status, covenant support and market conditions over the year.
5	Expected return on investments	The Trustee takes investment risk via its Growth assets to target a greater investment return than those assets held to support the funding level basis, whilst maintaining a prudent approach to meeting the Plan's liabilities.	The excess return achieved on the Plan's investments is monitored versus expectations as part of the monitoring provided by the investment consultant to the Trustee for the Sections. The realised investment return is also reviewed for all Sections and if the Section no longer needs as much return the journey plan indicates de-risking. Specifically, the Trustee receives an investment performance report on a quarterly basis – this includes the risk and return characteristics of the various funds in which the Plan invests. The investment performance report includes how each fund/manager is performing relative to the stated benchmark, on a net of fees basis. The Trustee also considered performance of the assets relative to the liabilities in their funding

			monitoring and review of the investment strategy of the Sections. The realised return on investments for the Sections were: **CSC Section**: Over the 3 years to 30 June 2023, the CSC Section returned -8.5% p.a. This was against a manager benchmark return of -11.7% p.a. and a change in the value of liabilities of -12.9% p.a.. **Rebus Section**: Over the period since the inception of the Mercer funds (24 March 2021) to 30 June 2023, the Rebus Section returned -20.5%. p.a. Performance relative to liabilities is not available due to these having not been monitored for a full year. **LPC Section**: Over the period since the inception of the Mercer funds (23 August 2021) to 30 June 2023, the Section has returned -15.9%. p.a. Performance relative to liabilities is not available due to these having not been monitored for a full year. **Xchanging Sections**: Over the period since the inception of the Mercer funds (22 September 2021) to 30 June 2023 the LPSO Section, LCO Section and Non-Marine Section of the Xchanging Sections have returned -21.8% p.a., -20.4% p.a. and -24.8% p.a. respectively.
6	Realisation of investments	The Trustee appreciates that retaining sufficient liquidity to be able to meet member benefit payments is a key risk to the Plan. Disinvestments to meet cashflows are carried out in such a way that is consistent with the overall strategic allocation and objectives.	Over the year, Mercer took account of the Trustee's objectives when processing any investments or disinvestments that were required to meet cashflows as follow: **CSC Section**: Disinvestments were generally made from the LDI portfolio, as this was expected to broadly maintain the expected risk and return. **Rebus, LPC and Xchanging Sections:** Disinvestments were generally made from liquid assets in a manner consistent with the overall strategic asset allocation.

			The Sections' assets are primarily invested in liquid assets to ensure that cashflows can be realised easily, noting the level of liquidity in the portfolios was increased over the year. In preparation for buy-out the Trustee's commenced selling illiquid assets to improve the liquidity of the portfolio.
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 Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds, consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager. Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.	The Trustee considered financially material considerations over the year when appointing new investment managers, changing asset allocation and monitoring existing investment managers. Within the funds, consideration of financially material considerations was delegated to the investment managers and reviewed by the Trustee periodically.
8	The extent to which non-financial matters are taken into account in the selection, retention and realisation of investments	The Trustee also takes into consideration non-financial matters when setting the investment objectives and strategy, but members' views on 'non-financial matters' (where 'non-financial matters' includes members' ethical views separate from financial considerations) are not explicitly taken into account in the selection, retention and realisation of investments.	Non-financial matters were considered by the Trustee to the extent that they were applicable to the Plan's investments. Within the funds, consideration of non-financially material considerations was delegated to the investment managers and reviewed by the Trustee periodically.

9	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees policies mentioned in this statement.	The Trustee's policy in relation to investments to be held is set out in the SIP. Mercer is responsible for the selection, appointment, removal and monitoring of the underlying investment managers in the Mercer Funds. The other investment managers are appointed by the Trustee based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.	In the year to 30 June 2023, the Trustee received quarterly reports from Mercer setting out the performance and Mercer research view of each of the managers in which the Plan invests, including the underlying investment managers within the Mercer Funds where applicable. Based on these reports and advice from Mercer, the Trustee reviewed whether the investment managers continued to operate and perform in line with expectations and whether the likelihood of achieving the expected return and risk characteristics had changed. This was considered alongside funding status, covenant strength and market conditions. The Trustee made a number of changes to the investment arrangements, as set out previously, to ensure the arrangements were consistent with the Trustee's objectives, risk appetite and market views, based on advice from Mercer.
10	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.	Where mandates are actively managed, managers are incentivised through performance targets (an appointment will be reviewed following periods of sustained underperformance). The 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 Trustee is dissatisfied, then it will look to replace the manager.	In the year to 30 June 2023, the Trustee has worked with Mercer to review ongoing manager performance: **The Sections:** the Trustee is satisfied that the contractual arrangement in place continues to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance. Within the Mercer Funds, Mercer are responsible for the appointment and termination of investment managers. For the holdings outside of Mercer, no investment managers have been terminated by the Trustee due to specific manager-related concerns over the period. The changes were in relation to strategic changes to de-risk the Sections.
11	How the method (and time horizon) of the evaluation of the asset manager's	The Trustee's focus is primarily on long term performance but short term performance is also reviewed.	The Trustee received investment manager performance reports from the managers and Mercer on a quarterly basis throughout the year, which present performance information over 3 month, 1 year, 3 years and since

	performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.	Remuneration is agreed upon prior to manager appointment and is reviewed on a regular basis. If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee may ask the manager to review their fees instead of terminating the appointment.	inception periods. The Trustee reviews absolute performance, relative performance against a suitable index used as a benchmark, where relevant, and against the manager's stated performance target (over the relevant time period), on a net of fees basis. The Trustee may choose to invest through pooled funds via Mercer where this results in lower fee levels. Mercer regularly renegotiates fees with the underlying managers.
12	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	The Trustee receives MiFID II reporting from their investment managers and Mercer (where Mercer asks the investment managers to include portfolio turnover and turnover costs in their presentations and reports where applicable. Mercer (on behalf of the Trustee) will engage with a manager if portfolio turnover is higher than expected. This is assessed by comparing portfolio turnover across the same asset class on a year-on-year basis, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus. The Trustee does not explicitly monitor portfolio turnover costs across the whole portfolio but this impacts overall performance which is monitored.	MiFID II cost and charges reporting was provided by the investment managers and Mercer over the period where applicable. The credit managers also provided information on portfolio turnover and turnover costs. The Trustee did not note any concerns in relation to turnover levels or costs over the period.

13	The duration of the arrangement with the asset manager.	For open-ended funds, the Trustee will retain an investment manager 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 Trustee is no longer comfortable that the manager can deliver the mandate. For closed-ended funds (private markets), the Plan is invested for the lifetime of the fund (unless a secondary market trade is possible).	Given the focus on buy-out the Trustee is preparing the asset portfolio which entails de-risking and selling illiquid assets. The Trustee's focus is shorter-term then it has been historically but it is thinking about the longer-term benefits for the members.

Policy on Responsible Investment and Corporate Governance

The Plan's SIP includes the Trustee's policy on ESG factors, stewardship and climate change. This policy sets out the Trustee's principles on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The SIPs were reviewed at many times during the year the last was in March 2023 during the year under review. The SIP has subsequently been updated again following 30 June 2023 to reflect changes made in June to de-risk the investments.

In order to establish the Trustee's beliefs and produce the policy in the SIP, the Trustee has undertaken training provided by its investment consultant, Mercer Limited ("Mercer"), on responsible investment which covered ESG factors, stewardship, climate change.

Details on how the Trustee consider ESG and climate change are set out separately in the Trustee's ESG Beliefs Statement which is included in the Statement of Investment Principles. The Trustee has taken into account the expected lifetime of the Plan when considering how to integrate these issues into the investment decision making process.

Having considered its fiduciary duty, the Trustee has delegated the evaluation of ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations (including engagement activities) attached to the investments, to the appointed investment managers in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes when appointing new managers and monitoring existing managers. These issues are monitored by the Trustee, which takes account of Mercer's assessment of how the investment managers incorporate ESG into their investment processes. Monitoring is undertaken on a regular basis.

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.

Investment Restrictions due to ESG, Stewardship and Climate Change Considerations

- As an overarching principle, Mercer, as the Trustee's discretionary investment manager, prefer an approach of positive engagement rather than negative divestment. However, Mercer recognise that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.
- Controversial and civilian weapons, as well as tobacco, are excluded from the fixed income and passive equity funds.
- In addition, Mercer monitor for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, environmental and corruption issues.

Policy Updates

- The Trustee considers how ESG, climate change and stewardship are integrated within the investment processes of Mercer, as well as those of the underlying asset managers and the directly appointed managers. Mercer and the directly appointed managers have provided reporting to the Trustee during the year and will continue to do so regularly going forward.
- The Mercer Sustainability Policy is reviewed regularly. In August 2022 the policy was updated to reflect 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 Mercer'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, Enhanced UN Global Compact engagement and escalation process and Client engagement survey.

ESG Rating Review

- ESG ratings assigned by the manager research teams of Mercer and its affiliates are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee. ESG ratings are reviewed by Mercer during its quarterly monitoring process, with a more comprehensive review performed annually, which seeks evidence of positive momentum on ESG integration compared to the appropriate universe of strategies in Mercer's global investment manager database.
- ESG ratings are also reviewed by the Trustee in considering new investment managers.

Diversity

- Gender diversity statistics of the Mercer funds were shared with the Trustee as part of Mercer's annual ESG report.

5. Engagement and Voting Activity

Set out below is a summary of voting activity for this reporting period relating to the relevant funds in which each Section's Growth Portfolio invest. Information is not available on the government bond and LDI assets.

As part of the monitoring of the managers' approaches to voting, Mercer assesses how active 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).

The statistics set out in the table below in relation to Mercer Funds are drawn from the Glass Lewis voting system (via Mercer's custodian, State Street). Statistics in relation to non-Mercer funds are sourced from the investment managers noting that Highbridge and Shenkman were not able to provide these disclosures given the nature of their investments. 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.

Voting Activity Summary 1 July 2022 to 30 June 2023

Applicable Section	Fund	Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
		Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against	No.	Against
CSC, Rebus & LPC Sections	Mercer Multi-Asset Credit Fund (1)	13	13	92%	8%	0%	0%	0%	92%	8%	3	33%
Rebus & LPC Sections	Mercer Passive Emerging Markets Equity Fund (2)	23,580	23,108	83%	15%	2%	0%	0%	83%	17%	2,878	49%
Rebus & LPC Sections	Mercer Passive Fundamental Indexation Global Equity (2)	3,207	3,177	84%	13%	0%	1%	3%	86%	14%	228	72%
LPC Section	Mercer Passive Global Equity CCF	18,586	18,143	84%	11%	0%	2%	2%	85%	15%	1,500	64%
Rebus & LPC Sections	Passive Climate Transition Infrastructure Equity UCITS CCF (2)	3,459	3,305	71%	23%	3%	2%	1%	75%	25%	338	68%
Rebus & LPC Sections	Mercer Passive Global REITS UCITS CCF (2)	3,102	3,000	75%	19%	0%	3%	2%	78%	22%	309	70%
Rebus & LPC Sections	Mercer Passive Global Small Cap Equity UCITS CCF (2)	46,935	45,685	83%	13%	0%	2%	2%	85%	15%	4,550	70%
Rebus & LPC Sections	Mercer Passive Low Volatility Equity UCITS CCF (2)	4,211	4,150	83%	13%	0%	1%	3%	85%	15%	303	73%

Rebus & LPC Sections	Mercer Passive Sustainable Global Equity UCITS CCF (2)	16,759	16,400	76%	20%	1%	2%	2%	77%	23%	1,195	81%
Rebus Section	Ruffer Absolute Return Fund	1,053	1,053	95%	4%	2%	0%	0%	95%	5%	63	24%

(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

(2) Held via Diversified Growth Fund Holding

– "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).

– "No. of meetings" represents meetings were eligible to vote at.

– "Against*" represents in what % of meetings voted at least once against management.

– "Meetings No." refers to the number of meetings the managers were eligible to vote at.

– "Meetings Against" refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

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

1. The proposal topic relates to climate change, human/labour rights or diversity. This is classified in the "Proposal Description" column below, referenced as Environmental (for climate change), Social (for human/labour rights), and Governance (for diversity).

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

Most significant votes

Fund	Company *(Holding Weight)*	Meeting Date - Proposal Text *(Significance Category)*	Manager Vote Decision *(Communication of vote against management - Rationale if available)*	Proposal Outcome *(Next steps if available)*
Mercer Passive Fundamental Indexation Global Equity	**Apple Inc** *(7.1%)*	10/03/2023: **Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report** *(Governance)*	**For** *(No - Manager's policy dictates they will support proposals that seek the disclosure of the median pay gap.)*	**34% Support** Proposal did not pass. *(The shareholder proposal received support of 33.8% of votes cast. Manager will be reviewing whether Apple take further steps in regard to diversity reporting.)*
	Microsoft Corporation *(1.6%)*	13/12/2022: **Shareholder Proposal Regarding Report on Hiring Practices** *(Social)*	**Against** *(N/A - Manager did not support this proposal as they felt the company provides existing reporting covering the majority of the information requested.)*	**11% Support** Proposal did not pass. *(None to report)*
	Shell Plc *(0.9%)*	23/05/2023: **Approval of Energy Transition Progress** *(Environmental)*	**Against** *(No – Manager voted against the company's energy transition progress, noting disclosure and Scope 3 target improvements would be required.)*	**77% Support** Proposal passed. *(This company is part of the manager's climate engagement program, in which they engage with issuers to manage and integrate climate risk in business planning, seek out transition-related opportunities to support risk-adjusted returns, and report their strategy to investors in line with TCFD recommendations. The manager encouraged the company to improve transparency on energy transition actions, especially with respect to 1.5D alignment and work with customers on the Scope 3 reduction target. The manager mentioned also disclosure issues around*

				absolute GHG emissions trend and capex alignment with plans.)
		23/05/2023: **Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement** *(Environmental)*	**For** *(No – Manager supported the shareholder proposal asking to align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement as it would aid shareholders in understanding the company's assessment of how it could reduce its carbon footprint to limit global warming well below 2 degrees Celsius above pre-industrial levels and to limit the temperature increase to 1.5 degrees Celsius.)*	**19% Support** Proposal did not pass. *(The shareholder proposal received support of 19.3% of votes cast. Manager intends to monitor company response to this particular proposal and has continued engagement with the company in regard to their strategy.)*

Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
Mercer Passive Global Equity CCF	**Alphabet Inc** *(2.5%)*	02/06/2023: **Shareholder Proposal Regarding Human Rights Impact Assessment** *(Social)*	***For*** *(No – vote FOR this proposal is warranted because an independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.)*	***18% Support*** Proposal did not pass. *(Support for this resolution at 18% was lower than last year, however still high enough to indicate some investors feel this is a significant unaddressed risks for Alphabet. The manager will continue to support resolutions and initiatives aimed at social media companies to ensure action is taken to mitigate this significant systemic risk.)*

		02/06/2023: **Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement** *(Enviromental)*	***For*** *(No – A vote FOR this proposal is warranted, as shareholders would benefit from greater transparency of the company's framework for addressing misalignments between its climate goals and direct and indirect lobbying, and how the company would plan to mitigate any risks that might be identified.)*	**14% Support** Proposal did not pass. *(Paris Agreement-aligned lobbying is one of the manager's engagement and voting priorities for ensuring their portfolios reach Net Zero. The manager will continue monitoring the company's reporting developments.).*
	Apple Inc *(5.0%)*	10/03/2023: **Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report** *(Governance)*	**For** *(No – A vote in favour of this proposal was warranted, as shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.)*	**33% Support** Proposal did not pass. *(This resolution received 33.8% support, signalling that investors are interested in gender and racial pay gap data disclosure. The manager will continue monitoring the company's disclosures and efforts to increase transparency.)*
	Microsoft Corporation *(3.5%)*	13/12/2022: **Shareholder Proposal Regarding Report on Hiring Practices** *(Social)*	**For** *(No – A vote in favour of this proposal was warranted because additional information could help shareholders better understand how the company is assessing and managing the progress of its various diversity and inclusion initiatives.)*	**11% Support** Proposal did not pass. *(Manager will monitor the disclosures of the company and will continue to support resolutions to address racial inequality and DEI causes.)*
Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*

Mercer Passive Climate Transition Infrastructure Equity UCITS CCF	**EDP-Energias DE Portugal S.A.** *(1.9%)*	12/04/2023: **Assessment of 2030 Climate Change Commitment** *(Environmental)*	**For** *(No - The manager supported this proposal as they felt the current level of disclosures are sufficient to allow shareholders to understand and evaluate how the company intends to meet its climate objectives. The company has adopted a net zero ambition and has set reduction targets for its Scope 1, 2, and 3 emissions. The Company also provides reporting aligned with the TCFD and information concerning its scenario analysis.)*	**100% Support** Proposal passed. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*
	CenterPoint Energy *(1.7%)*	21/04/2023: **Shareholder Proposal Regarding Scope 3 Targets** *(Environmental)*	**For** *(No - The manager voted for this resolution is applied as they expect companies to set 1.5 degree aligned targets covering all scopes of emissions.)*	**18% Support** Proposal did not pass. *(While there is room for improvement regarding scope 3 targets, the company has made clear progress over recent years. They have committed to Net Zero direct emissions by 2035, driven by an accelerated closure of coal plants replaced by solar, wind and batteries. The manager will continue to engage as the company progresses its commitment.)*
	Southern Company *(1.8%)*	24/05/2023: **Shareholder Proposal Regarding Report on Net Zero 2050 Goal Progress** *(Environmental)*	**Against** *(N/A - A vote against is applied as the manager expects companies to be taking sufficient action on the key issue of climate change.)*	**Withdrawn** (The proposal was withdrawn following the managers' vote.)

		24/05/2023: **Shareholder Proposal Regarding Scope 3 GHG Emissions Targets** *(Environmental)*	**For** *(No - A vote in support of this proposal is warranted as the manager expects increasing transparency of strategy aligned to 1.5C pathway in line with the company's stated commitments. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets. The manager will continue to monitor the Company's commitments and disclosures in this regard.)*	**19% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*
Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
Mercer Passive Global REITS UCITS CCF	**Digital Realty Trust Inc** *(2.4%)*	08/06/2023: **Shareholder Proposal Regarding Concealment Clauses** *(Governance)*	**For** *(No - A vote in favour is applied as the manager supports proposals related to improvement in information available in respect of diversity and inclusion policies as the manager considers these issues to be a material risk to companies. In addition, in June 2022, 45.59% percent of Digital Realty's investors supported the request of this resolution. Since this high vote, the company has not released any additional information on its use of concealment clauses, nor has it agreed to a conversation with the resolution's proponents.)*	**Withdrawn** *(The proposal was withdrawn following the managers' vote.)*

	Klepierre *(0.3%)*	11/05/2023: **Opinion on Climate Ambitions and Objectives** *(Environmental)*	**For** *(N/A - The manager supported this item, given the company's sufficient disclosures and commitments. The company has committed to a net-zero carbon portfolio by 2030 and its carbon reduction targets for Scopes 1 and 2 emissions, and Scope 3 for downstream leased assets was validated by the SBTi as aligned with a 1.5°C scenario.)*	**93% Support** Proposal passed. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*
	Public Storage *(3.4%)*	02/05/2023: **Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement** *(Environmental)*	**For** *(No - A vote in favour is applied as the manager 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.)*	**35% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*
Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
Mercer Passive Global Small Cap Equity UCITS CCF	**New York Community Bancorp Inc.** *(0.1%)*	01/06/2023: **Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement** *(Environmental)*	**For** *(No - The manager voted for this proposal, noting the benefits to shareholders of improvements in disclosure around the company's climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.)*	**94% Support** Proposal passed. *(None to report)*

	Skechers USA, Inc. *(0.1%)*	12/06/2023: **Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement** *(Environmental)*	**For** *(No - While the manager noted commendable progress from the company in its strategy, they supported this shareholder proposal as they felt the company lacks meaningful targets, strategy and actions in regards to climate change.)*	**12% Support** Proposal did not pass. *(None to report)*
	Texas Roadhouse Inc *(0.1%)*	11/05/2023: **Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement** *(Environmental)*	**For** *(No - The manager supported this shareholder proposal as they believed its success would further enable shareholders to determine the strength of company policy, strategy and actions in regards to climate change.)*	**40% Support** Proposal did not pass. *(None to report)*
Fund	**Company** *(Holding Weight)*	**Meeting Date - Proposal Text** *(Significance Category)*	**Manager Vote Decision** *(Communication of vote against management - Rationale if available)*	**Proposal Outcome** *(Next steps if available)*
Mercer Passive Low Volatility Equity UCITS CCF	**Lilly(Eli) & Co** *(1.4%)*	01/05/2023: **Shareholder Proposal Regarding Diversity and Inclusion Report** *(Social)*	**Against** *(N/A - The manager did not support this proposal as they felt the company provides existing reporting covering the majority of the information requested.)*	**27% Support** Proposal did not pass. *(None to report)*

	Microsoft Corporation *(1.2%)*	13/12/2022: **Shareholder Proposal Regarding Report on Hiring Practices** *(Social)*	**Against** *(N/A - The manager did not support this proposal as they felt the company provides existing reporting covering the majority of the information requested.)*	**11% Support** Proposal did not pass. *(Like many other US companies, the Company saw a sharp rise in the number of socially-themed shareholder proposals filed at their last AGM, held in November 2021. A number of these proposals saw significant support from shareholders that voted. We engaged with the Company during the quarter with a particular focus on those shareholder proposals which received strong support at the 2021 AGM. The Company appears to be responding positively to investor requests, by committing to provide additional reporting on gender/ethnic pay gap and on workplace sexual harassment policies. Overall, the Company gave us the impression to be fully aware of investor concerns and expectations and trying to be pro-active with regards to addressing concerns relating to human capital, discrimination and labour management.)*
	PepsiCo Inc *(1.4%)*	03/05/2023: **Shareholder Proposal Regarding Congruency Report on Net-Zero Emissions Policy** *(Environmental)*	**Against** *(N/A - The manager voted against this proposal, noting that the company have existing disclosures in place that meet the requirements of this reporting. In particular, the company publishes its GHG emissions targets, and its emissions generated from employee travel. This information allows shareholders to assess the company's congruence between its publicly stated goals, and its policies and expenditures on employee travel.)*	**2% Support** Proposal did not pass. *(None to report)*

Fund	Company *(Holding Weight)*	Meeting Date - Proposal Text *(Significance Category)*	Manager Vote Decision *(Communication of vote against management - Rationale if available)*	Proposal Outcome *(Next steps if available)*
Mercer Passive Sustainable Global Equity UCITS CCF	**Alphabet Inc** *(2.4%)*	02/06/2023: **Shareholder Proposal Regarding Human Rights Impact Assessment** *(Social)*	**For** *(The manager published their intention to vote for this resolution, against management's recommendation - A vote in favour is applied as the manager supports such risk assessments as they consider human rights issues to be a material risk to companies.)*	**18% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*
		02/06/2023: **Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement** *(Environmental)*	**For** *(No - The manager voted for this proposal, noting their encouragement of all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.)*	**14% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)*
	Apple Inc *(7.5%)*	10/03/2023: **Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report** *(Governance)*	**For** *(No - A vote in favour was applied as the manager expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.)*	**33% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager has engaged with Apple a number of times in recent years, and will monitor their response to shareholder concerns on these issues.)*

	Microsoft Corporation *(5.2%)*	13/12/2022: **Shareholder Proposal Regarding Report on Hiring Practices** *(Social)*	**Against** *(N/A - The manager felt a vote against this resolution was warranted, as the company has implemented the main requests of the Fair Chance Business Pledge and is disclosing sufficient information for shareholders to be able to assess the impact of its various diversity and inclusion initiatives.)*	**11% Support** Proposal did not pass. *(The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager has engaged with Microsoft a number of times in recent years, and will continue to monitor their progress on ESG factors.)*