

Engagement Policy Implementation Statement for the Year Ended 31 December 2023

Great Lakes (UK) Limited Pension Plan (“the Plan”)

1. INTRODUCTION

This Engagement Policy Implementation Statement (the Statement) sets out the Trustees assessment of how, and the extent to which, they have followed their engagement policy and their policy with regard to the exercise of rights (including voting rights) attaching to the Plan’s investments during the one-year period to 31 December 2023 (the “Plan Year”). The Trustees policies are set out in their Statement of Investment Principles (SIP) dated July 2020.

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 for Work and Pensions.

The Trustees have appointed Mercer Limited (Mercer) as a discretionary investment manager and the Plan’s assets are invested 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).

The relevant Mercer affiliate is responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund’s assets.

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 Plan. Mercer’s Client Engagement Survey seeks to integrate the Trustees view on specific themes by assessing the level of alignment between Mercer’s engagement priority areas and those of the Trustees, whilst highlighting additional areas of focus which are important to the Trustees. The Trustees review regular reports from Mercer with regard to the engagement and voting undertaken within the Mercer Funds in order to consider whether the policies align with those of the Trustees.

Section 2 of this Statement sets out the Trustees engagement policy and assesses the extent to which it has been followed over the Scheme Year.

Section 3 sets out the Trustees policy with regard to the exercising of rights (including voting rights) attaching to the Plan's investments and considers how, and the extent to which, this policy has been followed during the Plan Year. This Section also provides detail on voting activity undertaken third party investment managers appointed within the Mercer Funds during the Plan Year.

Taking the analysis included in Sections 2 to 3 together, it is the Trustees belief that their policies with regard to engagement and the exercise of rights attaching to investments has been successfully followed during the Plan Year.

2. TRUSTEES POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

Mercer and 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 Plan. 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 Plan'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.

How the Policy has been implemented over the Plan 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 Footprinting	ESG Rating Review
<p>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 within the Mercer Funds, in the monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.</p> <p>The Mercer Sustainability Policy is reviewed regularly. In August 2023 the governance section was updated, and the climate scenario modelling section is now detailed the standalone Task Force on Climate Related Financial Disclosures (TCFD report).</p> <p>In line with the requirements of the EU Shareholder Rights Directive II (SRD II), Mercer has implemented a standalone Stewardship Policy to specifically address the requirements of SRD II.</p> <p>The most recent UN Principles of Responsible Investment results (based on 2022 activity) awarded Mercer were awarded 4 stars out of 5 for Policy Governance and Strategy.</p>	<p>Consideration of the impacts of climate change has been central to Mercer's global investment beliefs since 2014. Mercer and the Trustees believe climate change poses a systemic risk, with financial impacts driven by two key sources of change:</p> <ol style="list-style-type: none">1. The physical damages expected from an increase in average global temperatures2. The associated transition to a low-carbon economy <p>Each of these changes presents both risks and opportunities to investors. Mercer therefore considers the potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes.</p> <p>As at 31 December 2022, Mercer are on track to reach our 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.</p>	<p>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. 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 Irish domiciled 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.</p> <p>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.</p>
Approach to Exclusions	Diversity	
<p>Mercer and MGIE preference is to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of</p>	<p>Mercer's ambition to promote diversity extends beyond its own business through to the managers it appoints. This is partly assessed within the</p>	

certain investments may be necessary based on Mercer's Investment Exclusions Framework. Controversial weapons and civilian firearms are excluded from active equity and fixed income funds, and passive equity funds. In addition tobacco companies (based on revenue) and nuclear weapons are excluded from active equity and fixed income funds. **The Mercer sustainability-themed funds have additional exclusions, for example covering gambling, alcohol, adult entertainment and fossil fuels.**

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.

manager research process and documented in a dedicated section within research reports.

Mercer considers broader forms of diversity in decision-making, but currently report on gender diversity. As at 1 April 2023, 35% of the Key Decision Makers (KDM's) within Mercer Investment Solutions team are non-male, and Mercer's long term target is 50%.

Within the Fixed Income universe, the average fund has 13% non-male KDM's and within the EMEA Active Equity universe, the average is 17%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead or aligned, at 15% and 17%.

Over the year to 31 December 2022, there has been an increase across both active equity and fixed income multi-client funds and their respective universes and across both active equity and fixed income multi-client funds, the representation of females KDMs is higher than the broader universe of 13.7%. Mercer expect this number to grow over time both across our funds and the industry as a whole, supported in part through our engagements with managers on the topic and participation in industry initiatives.

In Q3 2022, MGIE was confirmed as a signatory of the UK Chapter of the 30% Club and helped to establish the Irish Chapter over 2023.

Engagement

The 2023 Stewardship Report highlights the engagement objectives which have been set, examples of engagement and the escalation process and participation in collaborative initiatives. Mercer's annual Global Manager Engagement Survey on sustainability and stewardship topics, now in its third year, was distributed to over 200 managers. The survey seeks to gather information from each manager appointed in the Mercer Funds on their broad approach to

stewardship as part of their investment integration, as well as gain insights and examples of voting and engagement activities. The results from the survey provides an important source of information for tracking and measuring our managers' stewardship efforts to assess effectiveness and to identify potential areas for improvement.

The Trustees recognise that they have no direct voting power in respect of the buy-in policy with Aviva. That said, it is noted that Aviva has an extensive range of ESG, Responsible Investment and Stewardship policies (including an ESG Base Exclusion Policy, Responsible Investment Philosophy, Stewardship statement, Voting policy and ESG Asset Class Policies).