

Implementation Statement

St Dunstan's Retirement Benefits Plan (1973)

Purpose of this statement

This implementation statement has been produced by the Trustees of the St Dunstan's Retirement Benefits Plan (1973) ("**the Plan**") to set out the following information over the year to **31 March 2022**:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Plan's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

How voting and engagement policies have been followed

Based on the information provided by the Plan's investment managers, the Trustees believe that their policies on voting and engagement have been met in the following ways:

- During the year the Trustees agreed a new process for monitoring their manager's ESG credentials. They will receive an ESG monitoring report from Barnett Waddingham triennially to formally review their managers. In the interim periods the Trustees will consider the managers' stewardship and engagement reporting annually and if any issues arise, the Trustees will consider whether any action is required.
- Following Russia's invasion of Ukraine the Trustees considered their exposure to Ukraine and Russia and whether any action was needed. However, the Plan's exposure was small and, given the circumstances, no action could be taken.
- Both the Mercer and Willis Towers Watson portfolios invest in a range of underlying funds. The managers undertake their own assessment of the underlying manager ESG and engagement credentials. Both managers report on their underlying fund ratings within quarterly or annual reporting to the Trustees.
- For the pooled funds in which the Plan invests, the Plan delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which the Trustees review to ensure alignment with their own policies. The Trustees reviewed the manager reports on voting and engagement following the Trustee meeting in **July 2022**.
- As part of ongoing monitoring of the Plan's investment managers, the Trustees use ESG ratings information available within the pensions industry or provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable with the actions of the fund managers is in alignment with the Plan's stewardship policies.
- All managers are signatories to the UK Stewardship Code.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) over the period to 31 March 2022 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in July 2020 and has been made available online here:

<https://www.blindveterans.org.uk/media/6193/2020-07-blind-veterans-sip.pdf>

The Trustees have delegated the exercise of rights attaching to investments, including voting rights, and undertaking engagement activities to the Plan's investment managers.

**Prepared by the Trustees of the St Dunstan's Retirement Benefits Plan (1973)
August 2022**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's Growth Portfolio on behalf of the Trustees over the year to 31 March 2022. The LDI portfolio with BMO has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Mercer	Willis Towers Watson
Fund name	Mercer Growth Portfolio	Towers Watson Partners Fund
Structure	Segregated	Pooled
Ability to influence voting behaviour of manager	Mercer appoint third party investment managers to manage the Mercer Funds. Any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are delegated to the third-party investment managers.	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	Mercer do not record this data at an aggregate level for the fund.	592
No. of eligible votes	46,553	7,410
% of resolutions voted	97%	99%
% of resolutions abstained*	2%	1%
% of resolutions voted with management¹	88%	90%
% of resolutions voted against management¹	10%	8%
% of resolutions voted against proxy voter recommendation	Not provided, however the managers of the underlying equity investments use a proxy advisor	7%

*By abstaining, one states that one is uncertain of the arguments for or against the alternatives which form the subject of a ballot or vote

Totals may not sum due to rounding

Mercer Growth Portfolio: The Trustees' voting rights are at the level of the Mercer Fund in which they invest and relate to any proposed changes to it (such as the Mercer Fund's investment objectives) rather than the underlying investments held by the Mercer Funds. As such, no votes are cast by the Trustees (or by others on behalf of the Trustees) with respect to those underlying investments. Instead, any voting rights that do apply with respect to the underlying investments attach to the Mercer Funds and those voting rights are, ultimately, delegated to the third party investment managers appointed by Mercer Global Investments Europe (MGIE). The underlying funds utilise the services of various proxy voting providers.

Towers Watson Partners Fund: As the Partners Fund is a multi-asset fund, voting rights are reflected differently in each segment of the portfolio. In equities, voting rights are virtually all exercised via the underlying managers.

¹ As a percentage of the total number of resolutions voted on

Within private markets, the underlying fund managers typically own a majority share in the assets they hold with few formal votes taken. Where there are formal votes, typically these are via Investor Advisory Committees (IACs) which are generally made up of larger investors and represent the interests of all investors in the fund. In the credit space, there are no real voting rights, but the underlying managers may engage with issuers about bond covenants. Finally, in the diversifying strategies layer, voting rights will vary depending on the strategy (e.g. we would expect a long-short equity manager to exercise voting rights, but a reinsurance strategy wouldn't have any voting rights). The underlying funds utilise the services of a proxy voting provider. EOS at Federated Hermes are employed to provide corporate engagement and voting recommendation services with respect to the Global Equity Focus Fund holdings within the Fund.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. **Mercer** and **Willis Towers Watson** have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show three of these votes for each fund.

A summary of the significant votes provided is set out below.

Mercer Growth Portfolio

	Vote 1	Vote 2	Vote 3
Company name	Intel Corp.	BHP Group plc	Alphabet Inc
Approximate size of fund as at 31 March 2022 (as % of portfolio)	9%	3%	2%
Summary of the resolution	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Management Proposal Regarding Approval of Climate Transition Action Plan	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity
How the manager voted	For	Against	For
Rationale for the voting decision		Not provided	
Outcome of the vote		Not provided	
Implications of the outcome		Not provided	
Criteria on which the vote is considered “significant”	Mercer has based its definition of significant votes on its Global Engagement Priorities and based on its Beliefs, Materiality, and Impact Framework. They have selected votes that focus on proposals covering these priority areas, with specific focus placed on Shareholder proposals relating to these priority areas and taking into account the size of holdings across funds.		

Towers Watson, Partners Fund

	Vote 1	Vote 2	Vote 3
Company name	Amazon	Microsoft	General Electric Company
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.6%	0.9%	0.2%
Summary of the resolution	Report on the impacts of plastic packaging	Report on Gender/Racial Pay Gap	Require Independent Board Chair
How the manager voted	For	For	Against
Rationale for the voting decision	Promotes transparency around environmental issues	Promotes appropriate accountability and incentivisation on gender and diversity	GE is still in middle of a large turnaround, and this is not the time to increase bureaucracy by requiring to split chairman and CEO. The new management are showing great progress on restructuring and swift decision making on multiple items are crucial to success. The chairman role should be split when the company stabilizes.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome	They will continue to consider proposals whether from management or shareholders which enhance transparency around environmental issues.	They will continue to consider proposals whether from management or shareholders which enhance company diversity	None to report
Criteria on which the vote is considered "significant"	They consider ESG factors to be a major factor influencing the long-term predictability and sustainability of a company's revenue and earnings growth.	They consider diversity to be a critical factor influencing the long-term performance and sustainability of a company.	They voted against ISS and ISS Sustainability Policy.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Plan's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Mercer	Willis Towers Watson
Fund name	Mercer Growth Portfolio	Towers Watson Partners Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	Not directly, this is delegated to the managers of the underlying fund holdings.	Not directly, this is conducted by EOS** and the underlying managers
Number of entities engaged on behalf of the holdings in this fund in the year	Not directly, this is delegated to the managers of the underlying fund holdings.	Not directly, this is conducted by EOS and the underlying managers
Number of engagements undertaken at a firm level in the year	This data is not aggregated across the underlying fund holdings.	150*

*There is a significant lag in the reporting period of the Towers Watson Partners Fund. Voting statistics are as at 31 December 2020.

**WTW have partnered with Hermes EOS to undertake public policy engagement on behalf of clients.

Examples of engagement activity undertaken over the year to 31 March 2022

Mercer Growth Portfolio

Mercer do not engage directly with underlying companies as day-to-day investment management is delegated to the sub-investment managers. However, Mercer encourage the underlying managers to engage in line with their engagement priorities and monitor this periodically.

The manager does not currently keep a record of the engagements undertaken by the underlying fund managers. This is partly due to the differing reporting provided by the underlying fund managers on engagement activities within private markets, which makes it difficult to collate and compare between different providers.

Mercer are still working with underlying managers to improve the reporting on voting and engagement. The Trustees' advisors have asked Mercer for an update on progress of this.

Towers Watson Partners Fund

Private Equity Management Engagements on ESG

Towers Watson identified that a selection of their preferred managers were falling behind the best ESG data practices, including carbon emissions monitoring. Willis Towers Watson met with a range of Sustainable Investment (SI) consultants to assess how they could support private equity managers, and this led to the creation of a shortlist of recommended SI consultants, which they then referred to the managers.

Following this engagement, several managers are now working with SI consultants to improve their monitoring and assessment of ESG data.