

Engagement Policy Implementation Statement for the Year Ended 5 April 2022

THE EVERGREEN PENSION PLAN (“the PLAN”) - Mercer Invested Assets Only

1. INTRODUCTION

This Engagement Policy Implementation Statement (the “Statement”) sets out the Trustee’s 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 period from 5 October 2020 to 5 April 2022 (the “Plan Year”). The Trustee’s policies are set out in their Statement of Investment Principles (“SIP”) dated September 2020. A copy of the Trustee’s SIP is available at <https://www.jameshall.co.uk/the-evergreen-pension-plan-annual-engagement-policy-implementation-statement/>.

The Trustee terminated Mercer’s appointment on 10 March 2022 and appointed Schroders plc (“Schroders”) as the fiduciary manager for the Plan. As such, at the Plan Year-End the majority of the Plan’s assets had been disinvested from the Mercer Funds, with the remainder pending disinvestment. The Plan will be fully disinvested from the Mercer Funds in August 2022.

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 Pensions Regulator.

Prior to the termination of Mercer’s appoint, the Trustee invested the assets of the Plan in a fiduciary arrangement with Mercer Limited (“Mercer”). Under this arrangement Mercer were appointed as a discretionary investment manager and day-to-day management of the Plan’s assets was 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.

Under these arrangements, the Trustee accepted 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 Trustee had made Mercer aware that they expect MGIE to manage assets in a manner, as far as is practicably possible, that is consistent with the Trustee’s engagement policy and their policy with regard to the exercise of rights attaching to the Plan’s investments. The Trustee reviewed regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their policies are being properly implemented.

Section 2 of this Statement sets out the Trustee’s engagement policy and assesses the extent to which it has been followed over the Plan Year.

Section 3 sets out the Trustee’s 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 by the Plan’s third party investment managers during the Plan Year.

Taking the analysis included in Sections 2 and 3, it is the Trustee's 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. TRUSTEE'S POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

In the context of the Mercer Funds, the Trustee believe that good stewardship and the incorporation of ESG factors into their investment decision-making processes can have a material impact on the financial and non-financial performance of the Plan's assets over the medium and longer term. The Trustee also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that require the Trustee's explicit consideration.

It was the Trustee's 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 and UK Corporate Governance Code, where possible, including public disclosure of compliance via an external website, when managing the Plan's assets. Further, in appointing the third party asset managers, the Trustee 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 Trustee considered regular reports from Mercer that include an assessment of each third party manager's engagement activity.

How the Policy has been implemented over the Plan Year

The following work was undertaken during the Plan Year relating to the Trustee's policy on ESG factors, stewardship and climate change.

Policy Updates

The Trustee considers how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, have provided reporting to the Trustee on a regular basis.

The Mercer [Sustainability Policy](#) is reviewed regularly. In March 2021 there was an update in relation to Sustainable Finance Disclosure Regulation ("SFDR") implementation.

In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone [Engagement Policy](#) to specifically address the requirements of the directive.

Climate Change Reporting and Carbon Foot-printing

Mercer undertook climate scenario modelling and stress testing on the Mercer multi sector funds used by the Plan, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant [Climate Change Management Report](#). The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2°C scenario, where consistent with investment objectives and for consistency with the Paris Agreement on Climate Change.

The headline Weighted Average Carbon Intensity ("WACI") metric for all equity funds is reporting in the Quarterly Investment Reports whilst an in-depth analysis of top 5 carbon emitters, the top 5 contributors to the WACI, and the trends over time is completed on an annual basis. The latest in-depth analysis is as at 30 June 2021 and also used by the Mercer and MGIE investment team to drive engagement with managers.

ESG Rating Review

ESG ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee. 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. The Mercer funds overall ESG rating compared to the appropriate universe of strategies in Mercer's global investment manager database.

As at 31 December 2021, in the Annual ESG review provided by Mercer, the Trustee noted that 88% of Mercer Funds now have an ESG rating equal to or above their asset class universe. This compares to 97% at the end of 2020 but it should be noted that the scope of the review expanded in 2021 to include all liquid multi-client Mercer Funds. For the Plan, only the active Global High Yield Bond Fund and the Diversified Alternatives Strategies Fund were behind the broad universe.

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 number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.

Controversial and civilian weapons, and tobacco are excluded from active equity and fixed income funds, and passive equity 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, environmental and corruption issues.

Sustainability-themed investments

An allocation to Sustainable Equities was included within the Plan’s portfolio of Growth assets.

A detailed standalone sustainability monitoring report is produced for the active Sustainable Global Equity fund on a semi-annual basis, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

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 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 30 September 2021 33% of the Key Decision Makers (KDM’s) within Mercer IS team are non-male, and our long term target is 50%. Within the Fixed Income universe the average fund has 8% non-male KDM’s and within the average 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%.

3. TRUSTEE'S POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO PLAN INVESTMENTS

Policy

The Trustee's policy was to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the third party investment managers appointed by Mercer on the Trustee's 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 may have detailed knowledge of both the governance and the operations of the investee companies and so permits the managers to vote based on their own proxy-voting execution policy, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. As such the Trustee 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 period from 30 September 2020 to 31 March 2022 for a range of Mercer Funds that the Plan's assets were invested in, this period being the closest to the Plan Year that data is available for. This may include information in relation to funds that the Plan's assets were no longer invested in at the year end. 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.

"Other" reflects instances where managers have withheld votes in Power of Attorney markets, share blocking markets or where conflicts of interest may be present.

Voting Activity Summary 30 September 2020 to 31 March 2022

Fund Name	Total Proposals		Vote Decision (%)					For/Against Mgmt (%)	
	Eligible Proposals*	Proposals Voted On*	For	Against	Abstain	No Action*	Others*	For	Against
Mercer Fundamental Indexation Global Equity CCF ¹	2764	2712	89	9	0	2	0	87	13
Mercer Global Listed Infrastructure Fund ²	447	432	90	6	3	0	0	91	9
Mercer Global Small Cap Equity Fund ¹	11352	11119	92	6	1	1	0	92	8
Mercer Low Volatility Equity Fund ¹	9376	9234	93	5	0	1	0	93	7
Mercer Multi-Asset Credit Fund	27	18	67	0	33	0	0	62	38
Mercer Passive Global REITS UCITS CCF	3409	3281	82	14	0	3	0	83	17
Mercer Sustainable Global Equity Fund	6350	6220	85	12	1	1	0	86	14
MGI Emerging Markets Equity Fund	17474	16780	84	12	4	0	0	86	14
MGI Eurozone Equity Fund	5324	5184	85	13	2	0	0	85	15
MGI UK Equity Fund	1277	1273	98	2	0	0	0	99	1

*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.

*Others” 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).

Significant Votes: Mercer has based its definition of significant votes on its Beliefs, Materiality and Impact (“BMI”) Framework. In order to capture this in the monitoring and reporting of managers voting activities, significant votes focus on proposals covering priority areas identified by the BMI Framework.

¹ Allocation terminated on 23 March 2022

² Allocation terminated on 30 March 2022

Sample of the most significant votes

Fund	Shareholder Proposal (“SHP”)	Issuer	Vote Decision
Mercer Fundamental Indexation Global Equity CCF	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Intel Corp.	For
	Shareholder Proposal Regarding Report on Racism in Company Culture	Intel Corp.	For
Mercer Global Listed Infrastructure Fund	Management Proposal Regarding Advisory Vote on Climate Action Plan (2021-2030)	Aena S.M.E. S.A.	Against
	Management Proposal Regarding Amendments to Articles (Sustainability and Climate Action Committee)	Aena S.M.E. S.A.	For
	Management Proposal Regarding Advisory Vote on Environmental Transition Plan	Vinci	For
Mercer Global Small Cap Equity Fund	Management Proposal Regarding Share Issuance Authority	ASR Nederland NV	For
	Management Proposal Regarding Election of Directors	Brunswick Corp.	For
	Management Proposal Regarding Election of Directors	West Fraser Timber Co.	For
Mercer Low Volatility Equity Fund	Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board	Alphabet Inc	Mixed*
	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	Mixed*
	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Microsoft Corp	Against
<i>*This mixed decision was the result of 1 manager voting “against”, and 3 managers voting “for” the proposal.</i>			
Mercer Multi-Asset Credit Fund	Shareholder Proposal Regarding Proxy Access Bylaw Amendment	Nisource Inc. (Holding Co)	For
	Management Proposal Regarding Election of Directors	Nisource Inc. (Holding Co)	For
Mercer Sustainable Global Equity Fund	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Microsoft Corporation	Mixed*
	Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board	Alphabet Inc	For
	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	For
	<i>*This mixed decision was the result of 2 managers voting “against”, and 1 manager voting “for” the proposal.</i>		

MGI Emerging Markets Equity Fund	Management Proposal Regarding Election of Directors	Taiwan Semiconductor Manufacturing	For
	Management Proposal Regarding Election of Directors	Infosys Ltd	For
	Management Proposal Regarding Election of Directors	Samsung Electronics	For
MGI Eurozone Equity Fund	Management Proposal Regarding Greenshoe	LMVH M.H.V SE	Against
	Management Proposal Regarding Election of Directors	Siemens AG	For
MGI UK Equity Fund	Management Proposal Regarding Approval of Climate Transition Action Plan	BHP Group plc	Against
	Shareholder Proposal Regarding Disclosure Concerning Coal, Oil and Gas Assets	BHP Group plc	Against
	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	BHP Group plc	For

Schroders Invested Assets Only

As previously noted, Schroders was appointed on 10 March 2022 as the fiduciary manager for the Plan, with assets beginning to be transitioned to Schroders commencing 16 March 2022. For completeness, information is provided below on voting activity undertaken by the appointed external managers within the new Schroder fiduciary investment arrangements during the year to 31 March 2022.

Summary of voting activity – Equity mandates

	BNYM Global Equity Fund	Vanguard FTSE All World ETF Fund
Total meetings eligible to vote	882	5,268
Total resolutions eligible to vote	11,989	54,483
% of resolutions did you vote on for which you were eligible?	97%	99%
% did vote with management?	88%	94%
% vote against management?	8%	5%
% abstained	1%	2%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2%	0%

BNYM uses Institutional Shareholder Services, "ISS", for proxy voting services.

Vanguard Investment Stewardship uses the Institutional Shareholder Services (ISS) Proxy Exchange platform for the execution of their votes.

The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

BNYM does not use PLSA template. We included votes withhold in votes abstained for BNYM to be in line with the PLSA template, although there are differences between votes withhold and votes abstained. BNYM also did not vote on 3% of the overall proposals.

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of "Abstain" is also considered a vote against management.

Examples of most significant votes carried out by the Underlying Managers

BNYM Global Equity Fund

Microsoft

In November 2021, BNYM supported a shareholder proposal that requested a report on effectiveness of workplace sexual harassment policies. Given Microsoft faces a litany of potential controversies in recent years, BNYM believe a transparent report allows shareholders to more adequately assess if the company is addressing these risks effectively. The proposal passed with majority support, forcing Microsoft to report on the effectiveness of workplace sexual harassment policies.

Goldman Sachs

In April 2021, BNYM voted for a shareholder proposal requesting Goldman Sachs report on the impact of the use of mandatory arbitration on employees and workplace culture. As Goldman Sachs requires employees to agree to arbitrate employment-related claims, BNYM believe additional information is useful for shareholders to determine if this process had any impact on human capital management issues such as employee retention and recruitment. The proposal did not pass; however, Goldman Sachs chose to act and produce a response in light of the high level of support which is a good outcome despite the result of the proposal.

Electronic Arts Inc

BNYM inquired as to whether or not Electronic Arts will be including Scope 3 emissions in their reporting and also will they be setting TCFD disclosure targets. Electronic Arts responded that they recently hired new talent to comply with the environmental disclosures and will be explaining the disclosures over the coming months.

EXXON MOBIL CORPORATION

In 2021, BNYM held multiple engagements with Exxon Mobil Corporation and the dissident in the proxy contest, Engine No.1. At the May 2021 meeting, BNYM submitted a cross-slate vote, voting for all dissident candidates and the replacement of one management nominee with an alternative whom BNYM believed had a more appropriate skillset required for Exxon's business strategy. BNYM believe that this support will enhance Exxon's preparedness for an energy transition in the future and the dissident nominees will bring necessary independent industry expertise to the board.

Vanguard FTSE All-World ETF Fund

ORIGIN ENERGY LIMITED

Origin is the second-largest utility provider in Australia. Over the last several years, activist groups have targeted Origin as one of the largest carbon emitters in Australia. Vanguard has engaged with Origin's board and company leaders over many years and the recent discussions have been focused on the company's climate risk mitigation and energy transition plans.

At the annual meeting on 20 October 2021, Vanguard considered, but did not support, several shareholder proposals requesting that company to publish a report on water quality and groundwater management at its sites, temporarily halt operations in area with cultural heritage sites, publicly disclose all materials and agreements used in consent negotiations with Indigenous communities, suspend membership in industry groups whose goals don't align with the Paris Agreement and commit to align all material future capital expenditures with a 1.5 degrees global warming limit.

Vanguard evaluates the materiality and oversight of these various risks on a case-by-case basis. Should there be gaps in the company's current disclosures or disconnects with long-term strategy, Vanguard may vote in favour of shareholder proposals that seek enhanced reporting of the company's approach to risk oversight and strategy alignment. Based on the analysis carried out, Vanguard expressed their support for the revision of the climate targets and their expectation that Origin would update its disclosure, however they did not support the capital allocation proposal by shareholder as they believed that the proposal was aimed at directing the company's strategy away from gas operations, which was overly prescriptive. In addition, Vanguard found the company's governance and oversight processes on climate risks were sufficient, and related disclosures were appropriate and Origin should retain flexibility to manage its relations with industry associations. As a result, Vanguard decided to not support the proposal on climate -related lobbying resolution at this time but encouraged the board to continue to prioritise its review and oversight of the risks highlighted by the proposal, particularly related to organisations that are not fully aligned to the Paris Agreement. Finally, for the water, cultural heritage and consent resolution, Vanguard concluded that Origin had taken appropriate and sufficient action to manage related risks and impacts and was providing adequate reporting to the public. The resolution was deemed overly prescriptive because they sought to dictate the company's operations.

The votes were considered because they were related to climate risk. Although Vanguard did not support the shareholder's proposals, Vanguard has called on companies and their boards to enhance disclosure on oversight and management of a company's material risks. Market norms, regulations, and investor expectations are moving toward greater disclosure on governance matters. The Trustee can expect Vanguard, through their engagements, proxy voting and public advocacy, to continue to seek relevant, decision-useful information on material risks including climate change.

FEDEX

FedEx is a US based package logistics company. At the annual meeting for FedEx on 27 September 2021, Vanguard supported a nonbinding management proposal seeking approval for the compensation of named executive officers and a shareholder proposal requesting that the board report on the company's lobbying-related oversight, policies and expenditures. However, Vanguard did not support a shareholders proposal that requested reports on how the company's policies may reinforce racism within its corporate culture.

For the proposal to ratify named executive officers' compensation, Vanguard's review revealed strong pay for performance alignment on a relative basis and determined that the plan appropriately represented the shareholders' interests and incentivised executives to think about the company's long-term success. Therefore, Vanguard supported this year's executive compensation plan.

For the proposal to report on racism in FedEx's corporate culture, Vanguard are encouraged to see the company's strong commitment to continually improving its diversity-related disclosures through its annual ESG report. Company leaders were receptive to feedback that investors would benefit from additional disclosure on the board's assessment of the effectiveness of its diversity-related efforts. Vanguard did not support the proposal because Vanguard believe the company has provided extensive disclosure of its diversity, equity and inclusion efforts and the board remains committed to improving this reporting.

COSTCO

Costco is an American Multinational corporation which operates a chain of membership-only warehouse clubs. At the annual meeting for Costco on the 20 January 2022, Vanguard supported a shareholder proposal requesting that the board adopt short-, medium-, and long-term science-based greenhouse gas emissions reduction targets, inclusive of its full value chain, to achieve net zero emissions by 2050 and to effectuate appropriate reductions prior to 2030. The proposal passed with 70% support.

Vanguard expects companies and their boards to exhibit three key elements of sound climate risk governance:

- Oversight: A climate-competent board that demonstrates awareness of climate risks and fosters healthy debate on climate topics, challenges management assumptions, and makes thoughtful and informed decisions regarding these risks.
- Mitigation: Robust risk oversight and mitigation measures, including setting targets aligned with the goals of the Paris Agreement and an expected net zero transition and integrating climate risk considerations into strategic business planning and capital allocation decisions.
- Disclosure: Effective and comprehensive disclosures, both qualitative and quantitative, to show progress over time, preferably written in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Where climate change is a material risk to a company's business strategy, Vanguard expect the board to be climate-competent and reflect the necessary skills to independently oversee its company's risks and strategy related to the expected energy transition. Vanguard encourage companies to disclose material risks, including climate-related risks, and their mitigation strategies. As Vanguard have previously communicated, robust climate risk mitigation measures include setting targets aligned with the goals of the Paris Agreement or applicable subsequent agreements and disclosing how the company will deliver shareholder value considering climate risk.

Approved by the Trustee in conjunction with the Trustee Report and Accounts on 5 November 2022