EDF Energy Group of the ESPS - SIP Implementation Statement (DB Section)

Introduction

This SIP Implementation Statement (the Statement) has been prepared by the Group Trustees in relation to the EDF Group of the Electricity Supply Pension Scheme (the Group). The Statement is required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). The regulations state that the Statement must (amongst other matters):

- Set out how, and the extent to which, in the opinion of the Group Trustees, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, the Group Trustees (including the most significant votes cast by the Group Trustees or on their behalf) during the year and state any use of the services of a proxy voter during that year.

From 1 October 2022, further Department of Work and Pensions (DWP) guidance on the reporting of stewardship activities through Implementation Statements came into effect. This Statement aims to consider this guidance as the Group Trustees move towards meeting the DWP's updated stewardship expectations.

Based on regulatory requirements, the Statement will cover the period from 1 April 2022 to the end of the Group's financial year on 31 March 2023.

The Statement is split into three sections:

1. An overview of the Group Trustees' actions and highlights during the period covered;
2. The policies set out in the Group's SIP for the DB section and the extent to which they have been followed in the reporting period; and
3. The voting behaviour and significant votes undertaken by the investment managers on behalf of the Group.

Overview of Group Trustees' Actions - DB

SIP Updates

There were no material amendments to the SIP during the reporting period. The SIP was last reviewed in January 2022.

The Group Trustees have made informed strategic investment decisions in accordance with their rights and responsibilities to enable the achievement of the Group Trustees' long-term investment objectives as set out in the SIP.

A copy of the current SIP can be downloaded from the Employer's website:
www.edfenergy.com/download-centre

Investment Objectives and Strategy

During the reporting period the key investment strategy/objective change that took place followed the gilt crisis in September and October 2022 where extensive rebalancing was carried out to top up collateral and support the Group's liability hedging programme. As markets stabilised towards the end of 2022, an investment strategy review was carried out to update the Group's current Pension Risk Management Framework (PRMF) objectives and constraints. The following changes were made:

- Collateral Requirements: Update the Group's collateral test metric from the Group's LDI manager's collateral requirements to the Group's investment consultant's more prudent collateral test requirements.

- Monitoring the Group's illiquid holdings: Given the significant overweight in the Group's illiquid holdings following the gilt crisis, the Group Trustees decided to add a specific metric to monitor the Group's illiquid position relative to their illiquid budget.

The primary investment objective for the Group remained the same following consolidation: to set the asset allocation with the target of being fully funded on a self-sufficiency (defined by reference to a discount rate of gilts +0.5%) basis by 2027 through a combination of investment returns and employer contributions.

There were a few amendments to the asset allocation of the DB Section over the financial year. These included new allocations to sustainable equities through Stewart Investors Worldwide Sustainability Fund, to structured credit through Schroders Alternative Securitised Income Fund, as well as transferring the Group's Absolute Return Bond mandate in the M&G Alpha Opportunities fund, that had monthly dealing, to M&G's Sustainable Total Return Credit Investment Fund that has daily dealing and a higher focus on sustainable metrics.

Overall, the Group's agreed strategic asset allocation reflects the Group Trustees' view of the most appropriate investments, balancing risk/reward characteristics of the funds the Group is invested in, to support the Group's full funding objective.

Group Trustees' policies for investment managers

For segregated mandates, the terms of the long-term relationship between the Group Trustees and their investment managers are set out in separate Fund Management Agreements (FMAs). These document the Group Trustees' expectations of their investment managers alongside the investment guidelines they are required to operate under.

For pooled arrangements, the Group's investments are managed according to standardised fund terms, ensuring the investment objectives and guidelines of the vehicle are consistent with its own objectives. These terms are reviewed at the point of investment by the Group Trustees for DB assets and following any material changes notified by the investment manager. The underlying 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 Group Trustees are dissatisfied, then they will look to replace the investment manager.

Where relevant, the Group Trustees require their investment managers to invest with a medium-to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes.

As demonstrated in the following sections of this Statement, the actions the Group Trustees have undertaken during the relevant reporting period reflect the policies within the Group's SIP. Any changes to the investment strategy agreed during the period but implemented after the period end will be reported against in the next implementation statement.

Review of DB SIP Policies

Investment Strategy and Risk Management

The Group Trustees review the Group's investment objective, strategy and structure on a quarterly basis and obtain advice from their investment adviser, Redington, as and when is necessary. The Group Trustees monitor the allocation on a quarterly basis and use the PRMF to ensure it remains consistent with its risk-focussed objective.

The Group Trustees manage the risks factors stated in the SIP through measures specific to each risk, consulting with the Employer and seeking guidance and written advice from its investment adviser as appropriate. Over the period, the Group Trustees monitored the risk factors, through the funding and risk update papers, for the Group on at least a quarterly basis and considered any action where appropriate.

The Group Trustees aim to meet with the Group's investment managers periodically. In order to do so, they review the information from the investment managers and Redington on a quarterly basis. They then assess the need to meet with the investment managers. Any potential issues would be raised by: Redington, the investment managers, members of the Pension Management Team (PMT) or performance of the investment. If required, members of the PMT would meet with the investment manager first on behalf of the Group Trustees. Should there be a material change in the Group's circumstances, they will review whether and to what extent the investment arrangements should be altered and whether the current risk profile remains appropriate.

Before any investment is made into a new fund, the Group Trustees will make a decision on whether to invest into a segregated mandate compared to a pooled fund (if there is the option), taking into considerations such as required flexibility on investment guidelines, fees and implications for liquidity. Over the reporting period, the Group Trustees agreed that they were comfortable with the allocations with respect to their tolerance bands. Any breach of the tolerance bands in the reporting period has been identified, acknowledged by both the Group Trustees and the Employer, with appropriate actions identified to resolve the situation noting that this may not be immediate.

The Group Trustees continue to explore alternative asset classes that may improve the overall efficiency and underlying diversification of the current portfolio. The Group Trustees were provided with asset class training at both the June 2022 and September 2022 IC meetings. The investment adviser provided a high-level summary of Structured credit and Environmental, Social, and Governance (ESG) equity asset classes that may improve the overall efficiency and underlying diversification of the current portfolio, alongside improving the ESG and in particular climate, characteristics of the portfolio. The Group Trustees also received an LDI training session in June 2022 and Stewardship training in March 2023.

Under the terms of the Trust Deed, the Group Trustees are responsible for the investment of AVCs paid by members. The Group Trustees review the investment performance of the chosen providers on a regular basis and take advice as to the providers' continued suitability. The last AVC review was conducted in November 2022.

Investment Managers (reviews, selection and implementation)
The Group Trustees review the continuing suitability of the Group's investments on a quarterly basis, including the appointed investment managers and the balance between active and passive management, which may be adjusted from time to time. However, any such adjustments would be made with the aim of ensuring that the overall level of risk is consistent with that being targeted as set out in Section 3 - Investment Objectives within the SIP. The investment adviser maintains a dialogue with rated investment managers over the period and communicates any relevant operational/process changes at the fund or company level of the investment manager to the Group Trustees as and when they arise.

The Group's investment managers manage the day-to-day investment of the Group's assets according to the standardised fund terms that were reviewed at the point of investment by the Group Trustees. Over the period, the Group made several new allocations as previously mentioned, structured credit with the Schroders Alternative Securitised Income Fund, sustainable equities with the Stewart Investors Worldwide Sustainability Fund and the switch from the monthly dealt M&G Alpha Opportunities fund to M&G's Sustainable Total Return Credit Investment Fund with daily dealing and a higher focus on sustainable metrics.

The Group Trustees review the portfolio transaction costs and portfolio turnover range of investment managers on an annual basis, where the data is disclosed and available. There were no reports of materially high portfolio transaction and turnover costs over the period.

Investment managers are aware of the Group Trustees' views, particularly with respect to socially responsible investment policies that are documented in the SIP. Investment managers are briefed on the Group Trustees' views before any appointment is made.

Socially Responsible Investment
The Group Trustees incorporate financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible, taking into account the advice of the Group Trustees' investment adviser. The integration of ESG and stewardship into an investment manager's investment process is considered as one of the ten key selection factors in the investment adviser's overall assessment of an investment manager's strategy. From 2020, the Group Trustees have clearly defined climate-related investment beliefs and the objective of investing in line with the goals of the Paris Agreement (i.e. achieving a 50% reduction in portfolio emissions by 2030 and a 100% reduction by 2050), was agreed by the Group Trustees in the second half of 2021. The climate-related beliefs enable the IC to identify which climate-related opportunities are more relevant for the Group and its objectives, and to further understand which climate-related risks should be monitored.

The ability for the Group Trustees to influence investment managers' voting and stewardship activities will depend on the nature of the investments held. The Group Trustees' policy is to delegate responsibility for the exercise of rights (including voting rights) attaching to investments to the investment managers and to encourage the investment managers to exercise those rights. If the Group Trustees deem it unsuitable, they will engage with the relevant investment manager and seek to better align the policies of the Group Trustees with the behaviour of the investment manager. However, the Group Trustees do take stewardship into account in selecting, monitoring, and retaining its investment managers. This is reported as part of the implementation statement.

Being cognisant of the DWP's updated guidance emphasising the need for asset owners to be more "active" in their approach to stewardship, the Group Trustees have started to review the above policy with a view to bringing it more in-line with the new guidance. The Group Trustees intend to review this policy in 2023.

In terms of collaborative initiatives, the Group Trustees have committed to the Taskforce for Climate Change Related Financial Disclosures (TCFD) to support the monitoring and management of climate risks.

Overview of the Group Trustees' voting and engagement policies

Summary of the Group's policies

The Group Trustee's policy is to delegate responsibility for engaging, monitoring investee companies, and exercising of voting rights to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term. The Group Trustees recognise that good stewardship practices, including engagement and voting activities, are an important part of general Group governance as they help preserve and enhance asset owner value over the long term.

Engagement

Direct engagement with underlying companies (as well as other relevant persons) in respect of shares and debt is carried out by the Group's investment managers. This includes monitoring and engaging with issuers of debt or equity on financially material issues concerning strategy, capital structure, management of actual or potential conflicts of interest, risks, environmental impact, social considerations and corporate governance.

The Group Trustees expect their investment managers to independently consider whether 'Exclusion' or 'Engagement' as a method of incorporating climate change risks into an effective risk management framework is more appropriate within their investment process.

While the Group Trustees choose investment managers that align with their beliefs on stewardship (where possible), there are instances where the Group Trustees have less direct influence over the investment managers' policies on the exercise of investment right, for example, where assets are held in pooled funds, due to the collective nature of these investments. The Group Trustees disclose the voting behaviour carried out on their behalf. If the Group Trustees deem it unsuitable, they will engage with the relevant investment manager and seek to better align the policies of the Group Trustees with the behaviour of the investment manager.

As part of moving towards the new DWP stewardship expectations, the Group Trustees plan to consider both how best to assess the engagement activities of Group's managers and how best to then engage with the managers where necessary. The Group Trustees may also set new expectations for the Group's managers' engagement activities to ensure they are of sufficient quality.

Voting

The Group Trustees delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the Group's investment managers. The Group Trustees are not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Group Trustees are comfortable that the voting policies for the Group have been adequately followed over the period.

In a similar way to engagement, in future, the Group Trustees plan to consider how best to assess the voting activity of the Group's investment managers and how best to then engage with the investment managers where necessary. The Group Trustees also plan to create their own definition of what they consider to be a significant vote which will be used in the next Implementation Statement. In the interim, the Group Trustees have asked their voting investment managers to provide significant votes which took place over the reporting period.

Voting statistics for each of the Group's relevant managers, as well as a selection of significant votes cast on behalf of the Group over the period are provided in this Statement. Where relevant, the Group Trustees expect their investment managers to use voting rights to affect the best possible sustainable long-term outcomes.

Final Remarks

Overall, the Group Trustees have demonstrated key actions for the Group during the relevant reporting period that show how they continue to make investment decisions in line with the policies set out in the SIP.

The reporting period for this Statement covers 1 April 2022 to 31 March 2023. Any actions undertaken by the Group Trustees after this date will be covered in the next Implementation Statement. It is the Group Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments have been followed over the reporting period. Looking ahead, the Group Trustees plan to consider how best to meet the DWP's new expectations on stewardship and move to take more ownership of stewardship, as the new guidance expects. Changes to the Group Trustee's approach will be taken with regard to the Group's governance and be in the best interests of the Group's members.

Appendix A: Engagement

The Group Trustees expect the nature of engagement to vary between asset classes. The Group Trustees also believe engagement can take place across the Group's investments and is not restricted to equity investments. With this in mind, below are three examples of engagement within the credit, infrastructure and property asset classes.

Bluebay - Direct Engagement

Company: Jaguar Land Rover Automotive PLC

Focus of the engagement: Transition towards electric vehicles.

Details of the engagement: Bluebay engaged with Jaguar Land Rover, a British multinational automotive manufacturer which produces luxury vehicles, at an industry conference and again in March when the investment manager spoke with the company's Treasurer in a one-to-one meeting. The focus of the engagement has been to gain insights on environmental opportunities and risks relating to the company's shift from producing internal combustion engine vehicles to electric vehicles. Jaguar Land Rover has lagged peers in the transition towards electric vehicle production and has failed to achieve targets previously laid out by management. Executives argue that the cause of this delay to the electrification of their range has been supply constraints around semi-conductors and microchips.

Outcome of the engagement: Management now guides towards a near-term target for the launch of a full range of new electric vehicle models of their flagship vehicles and a positive outlook for production volumes, citing much-improved microchip availability.

CQS - Direct engagement

Topic: Climate Water and forestry

Focus of the engagement: CDP Non-disclosure Campaign

Details of the engagement: CQS was a supporter and engagement lead in CDP's 2022 Non-Disclosure Campaign. The campaign, which was selected because CQS believes that collaborative engagement can increase the probability of tangible impact, sought to encourage companies to improve their disclosures on climate, forests and water. CQS signed letters to 63 companies and led on engagements with 18 of these companies. Each engagement they led on represented at least 25 investors covering at least $3.9tn in assets (the largest covering $9.6tn in assets).

Outcome of the engagement: 2022 was a strong year for the campaign with a very clear difference in submission rates between companies that have been targeted directly by lead participants and those who have not. 27% of companies engaged made disclosures, including a number that CQS engaged with. CQS have since submitted their interest in the 2023 CDP Disclosure campaign.

M&G - Direct Engagement

Company: Online Digital Market Place Provider

Focus of the engagement: Improve D&I disclosures by producing a gender pay gap report and set numerical targets for D&I improvement at different levels of the workforce.

Details of the engagement: M&G met with the Head of Sustainability and Investor Relations at the company to make their expectations known. The company informed us that they are planning to expand their DEI efforts into disability, ethnicity and sexual orientation but are facing challenges due to GDPR limitations and variation in regulations across markets. They currently do not produce a gender pay gap report in the UK due to this lack of data, but Adevinta are looking to report on this from 2023. By the end of 2022 they conducted a taxonomy review of all suppliers and created risk metrics. By the end of 2023, the company intends to go one level deeper and establish a specific plan for different categories of suppliers, which includes both social and environmental aspects.

Outcome of the engagement: The company ran an Early Women in Leadership Programme, which has been extended to EGC, which they are tracking. M&G voiced that it would be useful to see the successes of these programmes publicly disclosed, which the company noted and said that they will endeavour to do so in their upcoming reports. Overall, M&G are happy that the direction of travel for the company is positive, but will continue to monitor the situation to ensure that disclosure is improved and M&G's asks are implemented. M&G await the company's 2024 report.

CBRE – Direct Engagement*

Company: Wickes

Focus of the engagement: Collection of ESG data and ESG workshops with tenants of the buildings in the portfolio

Details of the engagement: CBRE undertook tenant engagement with large occupiers including Wickes, with the presence of Wickes' Head of Sustainability and Sustainability Manager. The occupier shared their sustainability strategy as well as their ESG targets and aspirations, particularly in relation to low carbon technologies and green building certifications.

Outcome of the engagement: As a result of the workshop, Wickes shared their annual environmental data for gas, electricity, water and waste for 2021. Information was also shared in the support of the BREEAM In Use certification for their 34,458 sq ft unit in Yeovil (Lynx Trading Estate).

*CBRE notes that there are limited opportunities for engagement with direct real estate portfolios. However, it continues to engage, throughout the year, with the tenants of the buildings in the portfolio, to assist in the collection of data, running of ESG workshops, and engaging with local authorities in relation to planning matters.

Appendix B: Summary of voting over the period

How have the policies been followed for the Group?
The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. The investment manager is responsible for voting and engagement on the underlying assets rather than the Group Trustees, the Group Trustees' ability to influence voting activities undertaken is limited. The Group Trustees monitor the voting behaviour carried out on their behalf. If the Group Trustees deem it unsuitable, they will engage with the relevant investment manager and seek to better align the policies of the Group Trustees with the behaviour of the investment manager.

The Group Trustees plan to create their own definition of what they consider to be a significant vote which will be used in the next Implementation Statement. In the interim, the Group Trustees have asked their voting investment managers to provide significant votes which took place and which the investment managers themselves deem to be significant. Voting statistics for each of the Group's relevant investment managers, as well as a selection of significant votes cast on behalf of the Group over the period are provided below. Where relevant, the Group Trustees expect their investment managers to use voting rights to affect the best possible sustainable long-term outcomes.

	Amundi	GQG	LGIM	Ruffer	Stewart
How many meetings were you eligible to vote at over the year to 31/03/2023?	57	93	1,739	47	57
How many resolutions were you eligible to vote on over the year to 31/03/2023?	916	1,073	23,814	716	663
What % of resolutions did you vote on for which you were eligible?	100%	96%	100%	100%	98%
Of the resolutions on which you voted, what % did you vote with management?	81%	88%	77%	95%	93%
Of the resolutions on which you voted, what % did you vote against management?	19%	9%	22%	4%	6%
Of the resolutions on which you voted, what % did you abstain from?	0%	5%	0%	1%	1%
In what % of meetings, for which you did vote, did you vote at least once against management?	75%	45%	83%	38%	38%
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	N/A	2%	16%	4%	14%

Voting behaviour

Amundi

Voting

The Group invests in pooled fund arrangements, and as such, it is not necessary for investment managers to consult with the Group Trustees before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Group Trustees request the investment managers to produce information that demonstrate the investment manager is exercising good stewardship.

Amundi has centralised the exercise of voting rights within a "Corporate Governance" team composed of experts in charge of coordinating all voting-related tasks, specifically:

- Monitoring General Meetings in the voting scope.
- Managing relations with custodians and proxy voting companies.
- Analysing the resolutions proposed by issuers.
- Sharing information and soliciting the opinions of fund managers and of financial and extra financial analysts.
- Calling and leading voting committees.
- Undertaking pre and post AGM's shareholder dialogue.
- Being involved with working forums on governance

The team uses the ISS "ProxyExchange" to send voting instructions. Analysis from Institutional Shareholder Services Inc. (ISS), Glass Lewis and ECGS is available to aid problematic resolutions, while retaining autonomy for Amundi to determine their voting action.

Most significant votes
Amundi determines their most significant vote based on the following criteria:

- Shareholder proposals based on ESG integration,
- Vote of all items for meetings of issuers that have been noted as a conflict of interest as per Amundi's voting policy.
- Emblematic votes, as encountered by the voting analysts (linked for example to controversies that have been highly mediatized)

Company:	**Intel Corporation**
Date:	10 November 2022
Resolutions:	Report on climate change.
Amundi's Vote:	Voted for the resolution.
Rationale:	Amundi voted for this resolution as they believe additional information on meeting Paris Agreement goals would be useful to shareholders to assess potential risks and increase their understanding on how the company is managing its transition.

GQG

Voting

The Group invests in pooled fund arrangements, and as such, it is not necessary for investment managers to consult with the Group Trustees before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Group Trustees request the investment managers to produce information that demonstrate the investment manager is exercising good stewardship.

GQG's portfolio management is responsible for proxy voting decisions. While the majority of portfolio company proxy votes are company-management-initiated, routine in nature, and voted in accordance with GQG's proxy voting policy, some proxy categories warrant an escalated review by GQG. The categories warranting a review generally represent proxies that are strategic to the company. Therefore, GQG escalates certain categories of proxy votes to a designated GQG investment analyst with the responsibility to ensure that those proxies are being voted in the best interests of GQG's clients given the potential significance of the proxy vote to the company's shareholders.

To augment independent research, GQG use ISS as an additional source of information to guide their voting. While GQG find themselves voting with ISS on the majority of issues, they do not blindly follow their lead and will vote against their recommendations if and when they deem it necessary.

Most significant votes

GQG defines a "significant vote" by the criteria listed below. The threshold for significance is determined by whether the items on a company's proxy agenda meet four of the seven factors that they consider. Significant votes may include instances where GQG voted to abstain on certain proposals.

- Potential impact on financial outcome- votes which might have a material impact on future company performance, for example approval of a merger or a requirement to publish a business strategy that is aligned with the Paris Agreement on climate change
- Potential impact on stewardship outcome- any decision which may reduce the investor voice (e.g., around shareholder rights), such as a debt for equity swap, management buyout of a significant share of equity, a downgrading of voting rights
- Significant size of holding in the mandate
- High-profile or controversial vote - a significant level of opposition from investors to the company resolution; a significant level of support for an investor resolution; level of media interest; level of political or regulatory interest; level of industry debate
- Any vote in non-listed equity asset classes - e.g., in private equity, infrastructure or other asset classes.
- Any vote against management or our default voting policy
- Any vote on climate related or social proposals

Company:	Exxon Mobil Corporation
Date:	25 May 2022
Resolutions:	Approve the reporting on Scenario Analysis consistent with international energy agency's net zero by 2050
GQG's Vote:	Voted for the resolution.
Rationale:	GQG voted in favour of this resolution in the best interest of its investors and to support proposals on advocating ESG disclosures.

LGIM

Voting

The Group invests in pooled fund arrangements, and as such, it is not necessary for investment managers to consult with the Group Trustees before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Group Trustees request the investment managers to produce information that demonstrate the investment manager is exercising good stewardship.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.

Most significant votes

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what LGIM deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Company:	Amazon.com, Inc
Date:	25 May 2022
Resolutions:	Elect director Daniel P. Huttenlocher
LGIM's Vote:	Voted against the resolution.
Rationale:	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

Ruffer LLP

Voting

The Group invests in this segregated arrangement. It is not necessary for investment managers to consult with the Group Trustees before voting, as they are invested in line with Ruffer's absolute returns approach. As part of its wider due diligence of the implementation of investment strategies, the Group Trustees request the investment managers to produce information that demonstrate the investment manager is exercising good stewardship.

Ruffer's proxy voting advisor ISS. They have developed their own internal voting guidelines, however they consider issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer are cognisant of proxy advisers' voting recommendations, they do not delegate or outsource their stewardship activities when deciding how to vote on their clients' shares. Each research analyst, supported by their responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. In the 12 months to 31 March 2023, of the votes in relation to holdings in the portfolio they voted against the recommendation of ISS 3.5% of the time.

Most significant votes

Ruffer have defined 'significant votes' as those that they think will be of particular interest to their clients. In most cases, these are when they form part of continuing engagement with the company and/or they have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and their internal voting guidelines.

Company:	BP Plc
Date:	12 May 2022
Resolutions:	Environmental - Vote on shareholder resolution relating to the company's climate change targets
Ruffer's Vote:	Voted against the resolution.
Rationale:	Ruffer voted in line with ISS and management. They have done extensive work on BP's work on the energy transition and climate change and they think BP are industry leading. Ruffer support management in their effort to provide clean, reliable and affordable energy and therefore Ruffer voted against the shareholder resolution. The resolution failed with 85.1% against. Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which deem as unnecessary.

Stewart Investors

Voting

The Group invests in pooled fund arrangements, and as such, it is not necessary for investment managers to consult with the Group Trustees before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Group Trustees request the investment managers to produce information that demonstrate the investment manager is exercising good stewardship.

Stewart Investors has a comprehensive proxy voting policy which is contained within our Stewardship and Corporate Engagement policy. Voting decisions are not outsourced to a third party or separate department, instead the investment team consider each proxy vote individually and on its own merits in the context of their knowledge about that company.

Each Portfolio Manager has ultimate discretion on voting decisions for their portfolios, ensuring that all company resolutions are reviewed and an appropriate and consistent recommendation is made in line with the corporate governance guidelines and principles. Where we have concerns, we generally seek to engage a company prior to a vote so that appropriate consultation may take place with a view towards achieving a satisfactory solution. If the company does not change its behaviour and is not in-line with what we see as the minimum requirements for a given market, we will vote against. We look to have a positive relationship with the companies we invest in so we can have the most productive engagement. We are long-term shareholders and this also supports the effectiveness of engagement and ideally we will not need to vote against the company.

Most significant votes

Company:	Zebra Technologies Corp
Date:	5 December 2022
Resolutions:	Advisory vote on Executive Compensation
Stewart's Vote:	Voted against the resolution.
Rationale:	Stewart voted against Zebra Technologies' execution remuneration, as they believe the CEO's total remuneration is high compared to the median employee, and exceeds that of peers.

Overview of Group Trustees' Actions - DC

Introduction and SIP Updates

This statement, written for the benefit of the members of the EDF Group of the ESPS (the Group), sets out how, and the extent to which, the Statement of Investment Principles (SIP) produced by the Group Trustees has been followed over the 12 months to 31 March 2023.

The SIP is a document drafted by the Group Trustees in order to help govern the Group's investment strategy. It details a range of investment-related policies, a summary of which is included in the table below, alongside the relevant actions taken by the Group Trustees in connection with each of these policies.

As required by the legislation, 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.

At the start of 2022, the EDF Energy Generation and Supply Group of the ESPS (EEGS) and the EDF Energy Pension Scheme (EEPS) were transferred into the British Energy Generation Group of the ESPS (BEGG). On completion, the receiving scheme was renamed the EDF Group of the Electricity Supply Pension Scheme (EDFG). The latest SIP was signed in January 2022 and remains the most recent version.

Within the Implementation Statement the Group Trustees refer to the following parties:

- MGIE – Mercer Global Investments Europe Limited, to whom the Group Trustees have delegated day to day investment decision making in respect of many of the Group's funds (the Delegated Investment Manager).
- MWS – Mercer Workplace Savings, a governance and oversight solution provided by Mercer Limited.

Investment Objectives and Strategy

The Group Trustees' objective is to invest the Group's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework the Group Trustees seeks to achieve this, as detailed below:

- To establish a default arrangement broadly appropriate for the needs of the majority of the membership. This is structured as an investment programme which automatically manages a member's investments over their lifetime (Retirement Strategy). The Retirement Strategy is structured to invest members in a growth phase aiming to provide long term growth and gradually de-risk members' investments as they reach five, eight and eleven years from when they expect to retire (the de-risking phase) into funds which more closely match how the member wishes to access their pension savings.

- To make available a range of pooled investment funds and Retirement Strategies which serve to meet the needs and risk tolerances of the members in a DC pension arrangement. The Group Trustees recognise that members of the Group have differing investment needs and that these may change during members' working lives. They also recognise that members have different attitudes to risk. The Group Trustees believe that members should be able to make their own investment decisions based on their individual circumstances.

- To avoid over-complexity in investment in order to manage administration costs and facilitate employee understanding.

- To provide options to assist members to maximise benefits (cash, annuity or drawdown) received at retirement, whilst protecting against risks relative to that benefit near retirement.

- To support members with clear communication. This is to be achieved via regular and effective communication and by signposting points of contact for bespoke advice or guidance.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Group. Detail on the Group Trustees' objectives with respect to the default investment options, the alternative lifestyle strategies and the freestyle fund range are outlined in the SIP.

In total the Group has five defaults in the strategy including legacy arrangements:

Current Defaults:

- Cash Retirement (DC Top-Up members, Legacy Lifestyle DC Seeboard PIP members and AVC payers)
- Drawdown Retirement (Post 2015 DC Only Section)
- Annuity Retirement (LERP Section)

Legacy Defaults:

- Legacy Default 5 Years (Legacy EEPS Members)
- Legacy Default 11 Years (Legacy EEPS Members)

Group Trustees' policies for investment managers

The Group Trustees have appointed MWS for the provision of services related to the corporate investment platform where the Group's assets are invested. The Group Trustees have delegated the ongoing governance and monitoring of Scottish Widows Limited (Scottish Widows), as the provider of the corporate investment platform, to MWS which aims to ensure it remains a market leading corporate investment platform and to ensure it provides access to a range of investment strategies. The investment strategies on the corporate investment platform include funds (Mercer funds), whose investment manager selection and monitoring has been delegated to Mercer Limited, through the MWS Investment Governance Committee (MWS IGC), with underlying investment managers being selected for the management of the underlying assets. These underlying investment managers are MGIE and investment managers with fund strategies that are highly rated by Mercer Limited (externally managed funds).

The remainder of this document summarises the actions taken by the Group Trustees over the 12 months to 31 March 2023 in connection with the policies set out in the SIP during that period. All policies have been complied with unless stated otherwise.

Policy	Evidence
Additional Voluntary Contributions ("AVCs")	
Under the terms of the Trust Deed, the Group Trustees are responsible for the investment of AVCs paid by members. The Group Trustees review the investment performance of the chosen providers on a regular basis and take advice as to the providers' continued suitability.	During the scheme year, the Group Trustees reviewed an annual monitoring report covering the AVC investments held. The date of the last review provided was December 2022. Within this report, the performance, fees and ongoing suitability of the investment options were reviewed in the context of the remaining membership. Bi-annual newsletters are sent out where AVC related matters are communicated to members.
Securing compliance with the legal requirements about choosing investments	
The Group Trustees have appointed Mercer Limited as professional consultants (the DC investment adviser) to provide relevant investment advice to the Group Trustees on the DC Section. The Group Trustees also obtain and consider advice as appropriate from other professional advisers. In the Group Trustees' opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.	The fund range for EDFG was expanded to allow for all of the funds held within EEGS, EEPS and BEGG prior to the consolidation, and the Group Trustees received advice from their DC investment adviser according to the Pensions Act. In addition, the Group Trustees decided to implement a number of additional funds within the self-select range following the strategy review in 2019. These funds were implemented in November 2022 as part of the consolidation of the EDF Schemes, the formal advice letter for this was dated November 2021.

Policy	Evidence
Kinds of investments to be held	
The Group Trustees have made available a range of individual self-select fund options for investment in addition to the default arrangement. All the funds within the default arrangement are also available as self-select options. The Group Trustees make three retirement strategies available. Four risk profiled funds have also been made available to members. The Delegated Investment manager, MGIE, is responsible for making decisions on asset allocation selection, appointment, removal and monitoring of underlying external investment managers in these funds. In addition, there are also a number of legacy AVC fund options invested with Prudential and Aviva.	The default investment strategy is reviewed at least triennially. It was subject to its last formal triennial review in November 2022. The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. No changes were made following this review (aside from the consolidation to EDFG) and the kinds of investment held in the default strategy are consistent with the SIP. As part of the triennial review, the Group Trustees also undertook a review of the alternative lifestyles available to members. The Group Trustees concluded that the available range of funds/types of investments available to members continued to be appropriate and provided members options across the risk/return spectrum. The Group Trustees did decide to make available additional funds within the self-select range; namely two Sustainable Equity funds and a Property Fund, and these were implemented in November 2022 as part of the consolidation of the EDF Schemes. A range of different asset class funds have been made available, including: developed market equities, emerging market equities, small capitalisation equities, low volatility equities, real estate, money market investments, gilts, index-linked gilts, corporate bonds, diversified growth funds and pre-retirement funds. The details of the types of investment referenced in the SIP remains consistent with the fund range offered to members. No changes to the type of investments used in the default have implemented since this review and the strategy remains consistent with this policy in the SIP.

Policy	Evidence
The balance between different kinds of investments	
The Group Trustees recognise the risks that may arise from the lack of diversification of investments. The Group Trustees therefore make available a range of investment options, to enable members to achieve a diversified holding. Members can combine the investment funds in any proportion in order to achieve the desired balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances.	The strategic asset allocation of the default investment option is reviewed on a triennial basis. The date of the last review was November 2022. This confirmed that the strategic asset allocation was appropriate to meet the stated aims and objectives of the default. The Group Trustees decided to make available additional funds within the self-select range; namely two Sustainable Equity funds and a Property Fund; these were implemented in November 2022 as part of the consolidation of the EDF Schemes. The MWS IGC also conducts an annual review of the strategic asset allocation of the Mercer funds and underlying investment managers. Over the Group year, the following changes were incorporated into the Mercer Growth and Diversified Retirement funds: • Increased allocation to inflation sensitive assets such as global inflation linked bonds. • Increased exposure to UK/European equity regions and moving away from US equities by reducing allocation to broad exposures. • Reduction to credit and nominal bonds as a result of low yields. The Group Trustees receive a quarterly investment performance report that monitors the risk and return of options within the Group. The Group Trustees are satisfied that the spread of funds available, and the investment managers' policies on investing in individual securities within each asset type or fund, provides adequate diversification of investments.
Risks, including the ways in which risks are to be measured and managed	
The Group Trustees have considered risks from a number of perspectives. Table 12.11 of the SIP details these risks, and how they are managed and measured.	The risks below are not exhaustive, but cover the main risks considered by the Group Trustees to be financially material. - Inflation Risk - Pension Conversion Risk - Market Risk - Counterparty Risk - Currency Risk - Operational Risk - Liquidity Risk - Valuation Risk - Environmental, Social and Governance Risk - Investment manager Skill/ Alpha Risk The Group Trustees regularly monitor these risks and the appropriateness of the investments considering the risks described above. The Group Trustees maintain a risk register of the key risks, including market risks, investment manager risks and ESG risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.

Policy	Evidence
Expected return on investments	
Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default Retirement Strategy, the Group Trustees have explicitly considered the trade-off between risk and expected returns.	The investment performance report is reviewed by the Group Trustees on a quarterly basis – this includes the risk and return characteristics of the default and additional investment fund choices. The investment performance report includes how each investment manager is delivering against their specific mandates. The growth phase of the default arrangements aims to provide long term growth with some protection against inflation erosion and volatility when compared to global equity markets. Over the three year and since inception time periods to 31 March 2023, all funds used within the default lifestyle arrangements, had performed in line with, or above, their benchmarks.
Realisation of investments	
The selection, retention and realisation of investments within the pooled investment vehicles is the responsibility of the relevant investment manager, including the Delegated Investment Manager, MGIE. In selecting assets, the Group Trustees consider the liquidity of the investments in the context of the likely needs of members.	The Group Trustees receive an administration report on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Annual Defined Contribution Governance Statement, the Group Trustees are satisfied that all requirements were met throughout the year – 86% of SLAs were met. The pooled investment vehicles are daily-dealt, with assets mainly invested in regulated markets and therefore should be realisable at short notice, based on either Group Trustees or member demand.

Policy	Evidence
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 Group Trustees incorporate financially material considerations into decisions on the selection, retention and realisation of investments through the appointment of investment managers, including the Delegated Investment Manager, MGIE, so far as possible, taking into account the advice of the Group Trustees' DC investment adviser. Monitoring is undertaken on a regular basis and is documented at least annually. The Group Trustees believe that Environmental, Social and Governance (ESG) factors (including but not limited to climate risk) will be financially material over the time horizon of the Group and should be considered as part of investment strategy and implementation decisions, noting that these decisions have largely been delegated to the Delegated Investment Manager, MGIE.	The investment performance report is reviewed by the Group Trustees on a quarterly basis – this includes ratings (both general and specific ESG) from the DC investment adviser. All of the investment managers under the remit of the Delegated Investment Manager, MGIE, remained highly rated during the year. The investment performance report includes how each investment manager is delivering against their specific mandates. Where investment managers of Mercer funds are not highly rated by the Manager Research Team from an ESG perspective, Mercer Limited, via the MWS IGC, will engage with those investment managers to improve ESG practices or replace these investment managers with more highly rated ESG investment managers. This is in line with Mercer's Sustainable Investment Policy. Section 10 of the Group's SIP includes the Group Trustees' policy on ESG factors, stewardship and Climate Change. This policy sets out the Group Trustees' beliefs on ESG and climate change and the processes followed by the Group Trustees in relation to voting rights and stewardship. The Group Trustees have delegated the ESG, climate change and stewardship considerations to the MWS IGC and investment managers of the Group's funds, alongside other investment responsibilities. The Group Trustees believe that the MWS IGC and the investment managers, have the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four-pillar framework: integration, stewardship, thematic investment and screening. The Mercer funds incorporate these four-pillars as far as is practical. The MWS IGC, is expected to provide reporting on a regular basis, at least annually, on the ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios. The Group Trustees acknowledge that investment managers in fixed income do not have a high ESG rating assigned by the DC investment adviser due to the nature of the asset class where it is harder to engage with the issuer of debt.

Policy	Evidence
The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	
The Group Trustees take into account member views, when expressed, and may ask for member views from time to time in relation to financial and non-financial matters	The Group Trustees may incorporate the views of members with respect to the scheme offering. No members expressed any views during the year relating to the scheme offering.
The exercise of the rights (including voting rights) attaching to the investments	
The Group Trustees recognise that good stewardship practices, including engagement and voting activities, are an important part of general scheme governance as they help preserve and enhance asset owner value over the long term. Where relevant, the Group Trustees expect their investment managers to use voting rights to effect the best possible sustainable long-term outcomes.	The Group Trustees have delegated their voting rights to the investment managers. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The Group Trustees receive an annual ESG report from the MWS IGC, which includes details on the investment managers' voting policies and significant votes undertaken over the previous year. Once appointed, the Group Trustees give appointed investment managers, including the Delegated Investment Manager, MGIE, full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The following funds contain an allocation to equities: - EDFG Growth - EDFG High Growth - EDFG Moderate Growth - EDFG Defensive - EDFG Diversified Growth - EDFG Diversified Retirement - EDFG Drawdown Retirement - EDFG Active UK Equity - EDFG Active Global Equity - EDFG Active Low Volatility Equity - EDFG Active Global Small Cap Equity - EDFG Active Emerging Markets Equity - EDFG Property - EDFG Active Sustainable Global Equity - EDFG Passive Sustainable Global Equity - EDFG Passive UK Equity - EDFG Passive Overseas Equity - EDFG Passive Overseas Equity Hedged - EDFG Passive Equity Hedged - EDFG Aquila Global Equity 50/50 Index - EDFG Legal & General Ethical Global Equity Index - EDFG Passive Emerging Markets Equity - EDFG Shariah The voting records of the investment managers are summarised in the appendix.

Policy	Evidence
Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Group Trustees would monitor and engage with relevant persons about relevant matters)	
Once appointed, the Group Trustees give appointed investment managers, including the Delegated Investment Manager, MGIE, full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Outside of those exercised by investment managers on behalf of the Group Trustees, no other engagement activities are undertaken.	Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the Group Trustees. The Group Trustees have delegated the ESG, climate change and stewardship considerations to the MWS IGC and investment managers of the Group's funds, alongside other investment responsibilities. The Group Trustees believe that the MWS IGC and the investment managers, have the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four-pillar framework: integration, stewardship, thematic investment and screening. The Mercer funds incorporate these four-pillars as far as is practical. The MWS IGC, is expected to provide reporting on a regular basis, at least annually, on the ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios. Where underlying investment managers are not meeting expectations, the Delegated Investment Manager, MGIE, and the MWS IGC, is expected to engage with these investment managers. Engagement for the DC Section's investment managers is summarised in the appendix.

Policy	Evidence
How the arrangement with the investment manager incentivises the investment manager to align its investment strategy and decisions with the Group Trustees' policies mentioned in sub-paragraph (b) of the legislation	
The Group Trustees' policy in relation to investments to be held is set out in section 18 of the SIP. In line with section 18 – paragraph 2 of the SIP, the Group Trustees appoint investment managers of externally managed funds and the Delegated Investment Manager, MGIE, based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required.	The Group Trustees access the investment managers' products (or funds) through the Scottish Widows insurance platform. The Delegated Investment Manager, MGIE, appoints underlying investment managers for the majority of the Group's funds, while Mercer Limited (via the MWS IGC) remain responsible for the appointment of investment managers for the white-labelled "Mercer" Funds. The Group Trustees select funds from external investment managers based on their capabilities, and therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer Limited's manager research rating reflects Mercer's forward-looking assessment of an investment manager's ability to meet or exceed their objectives. As the Group Trustees invest in pooled or multi-client investment vehicles they accept that they have no ability to influence the investment managers to align their decisions with the Group Trustees' policies set out in this Statement. However, appropriate mandates can be capped to align with the overall investment strategy.
How the arrangement incentivises the investment manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	
The Group Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Group's assets. When assessing an investment manager's performance, the focus is on longer-term outcomes and is assessed over a medium-to longer-term timeframe.	The Group Trustees, the MWS IGC and the Delegated Investment Manager, MGIE, all expect the underlying investment managers to incorporate the consideration of longer-term factors, such as ESG, into their decision-making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of investment manager appointments. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The MWS IGC monitors and oversees the engagement activity of all Mercer white-labelled funds and, if dissatisfied, will look to replace the investment manager. The Delegated Investment Manager, MGIE, engages with underlying investment managers on this activity and if dissatisfied will look to replace the investment manager. Shorter term performance is also monitored to ensure any concerns can be identified in a timely manner. The Group Trustees would not expect to terminate an investment manager's appointment based purely on short-term performance. However, an investment manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure or the investment team. All DC funds are open-ended, with no set duration. Within the DC section, the MWS IGC, is responsible for the selection, appointment, monitoring and removal of the underlying investment managers while MGIE is responsible for the selection, appointment, monitoring and removal of the underlying investment managers within the majority of underlying funds. The Group Trustees are responsible for the selection, appointment and removal of the externally managed funds. The Group Trustees may also choose to remove a fund from the fund range, if no longer considered appropriate and the fund range is reviewed on at least a triennial basis.

Policy	Evidence
How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for investment management services are in line with the Group Trustees' policies mentioned in sub-paragraph (b) of the legislation.	
The Group Trustees recognise their time horizon is long as set out in section 18 of the SIP. As such investment managers are assumed to be held for a suitably long time. Investment managers' performance net of fees is therefore reviewed over both short and long time horizons. Remuneration is agreed upon prior to investment manager appointment and is reviewed on a regular basis.	Investment managers are paid an ad valorem fee for a defined set of services. The Group Trustees review the fees periodically to confirm they are in line with market practices. The annual Value for Money Assessment reviews the DC section fees to ensure they represent value for members. If performance is not satisfactory, the Group Trustees will ask the underlying investment manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees. The Delegated Investment Manager, MGIE, is also responsible for making decisions on asset allocation, selection, appointment, removal and monitoring of underlying external investment managers in the majority of Mercer funds. The underlying external investment managers, including the third party investment managers who are appointed by the MWS IGC to manage Mercer funds, have full discretion to buy and sell investments on behalf of the Group. The Group Trustees are responsible for the selection, appointment, removal and monitoring of the Delegated Investment Manager, MGIE, and the externally managed Mercer funds. The fund range is formally reviewed on at least a triennial basis. Within the quarterly performance reports, long and short time horizons are considered for performance metrics.

Policy	Evidence
How the Group Trustees monitor portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range.	
The Group Trustees' policy in relation to the monitoring of portfolio turnover costs is set out in section 18 of the SIP. The Group Trustees review the portfolio transaction costs and portfolio turnover range of investment managers periodically, where the data is disclosed and available.	The Group Trustees will determine whether the costs incurred are within reasonable expectations. Within the DC Section, portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. However, at present, the Group Trustees note several challenges in assessing these costs: • No industry-wide benchmarks for transaction costs exist • The methodology leads to some curious results, most notably "negative" transaction costs • Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs. The Group Trustees do not currently define target portfolio turnover ranges for funds. Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the Annual Defined Contribution Governance Statement (the latest Statement is available here: https://www.edfenergy.com/download-centre). The transaction costs for each fund cover the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs. The slippage cost methodology captures the change in price of the relevant asset between the decision to execute a transaction and the actual execution. It is based on identifying the price at the decision point, which is referred to as the arrival price. The slippage cost methodology is based on a price being available for the asset at the time the decision was made to execute. If a price is not available from the time of the decision, then a price needs to be taken from the nearest time before the decision point when a price is available – the price that is found is then compared with the execution price. The transaction costs for each fund cover the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs. It is worth noting that transaction costs can be negative, thus contributing positively to performance. There is little flexibility for the Group Trustees to impact transaction costs as they invest in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Group invests in, there is not yet any "industry standard" or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Group Trustees will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value.

Policy	Evidence
The duration of the arrangement with the investment manager	
All DC funds are open-ended, with no set duration. Within the DC section, the Delegated Investment Manager, MGIE, is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Group Trustees are responsible for the selection, appointment and removal of the externally managed funds. The Group Trustees may also choose to remove a fund from the fund range, if no longer considered appropriate, and the fund range is reviewed on at least a triennial basis.	There is no set duration for the investment manager appointment. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Group Trustees are dissatisfied with the investment managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Group Trustees. The Group Trustees have not removed any investment managers during the year to 31 March 2023. As Delegated Investment Manager, MGIE both appointed and removed underlying investment managers from within the funds made available to Group members during the year to 31 March 2023.

Overview of the Group Trustees' voting and engagement policies

Summary of the Group's policies

The Group Trustees recognise that good stewardship practices, including engagement and voting activities, are an important part of general Group governance as they help preserve and enhance asset owner value over the long term.

As the Group invests in pooled funds, the Group Trustees require its underlying investment managers to engage with the investee companies. The Group Trustees have delegated their voting rights to the investment managers. Where underlying investment managers are not meeting expectations, MGIE, as the Delegated Investment Manager, is expected to engage with these investment managers.

As mentioned previously, direct engagement with underlying companies (as well as other relevant persons) in respect of shares and debt is carried out by the Group's investment managers. This includes monitoring and engaging with issuers of debt or equity on financially material issues concerning strategy, capital structure, management of actual or potential conflicts of interest, risks, environmental impact, social considerations and corporate governance. Where relevant, the Group Trustees expect their investment managers to use voting rights to affect the best possible sustainable long-term outcomes.

While the Group Trustees choose investment managers that align with their beliefs on stewardship (where possible), there are instances where the Group Trustees have less direct influence over the investment managers' policies on the exercise of investment rights. For example, where assets are held in pooled funds, due to the collective nature of these investments. The MWS IGC monitors and discloses the voting behaviour carried out on all Mercer Funds and the Group Trustees monitor voting behavior of any externally managed funds. If voting behavior is deemed to be not suitable the relevant party will engage with the relevant investment manager and seek to better align their respective policies with the behaviour of the investment manager.

The Group Trustees expect their investment managers to independently consider whether 'Exclusion' or 'Engagement' as a method of incorporating climate change risks into an effective risk management framework is more appropriate within their investment process.

How have the policies been followed for the Group?

All of the Group's investment managers (Scottish Widows, Mercer, BlackRock, Legal & General (LGIM) and HSBC) are signatories to the UN Principles of Responsible Investment (UN PRI).

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. The investment manager is responsible for voting and engagement on the underlying assets rather than the Group Trustees, the Group Trustees' ability to influence voting activities undertaken is limited.

Overview of MGIE approach to voting and engagement

MGIE's policy on consulting with clients before voting

The legal right to vote belongs to the relevant fund, as the owner of the securities. The voting activity is delegated to the external underlying investment managers as appointed by MGIE, as the investment manager for the investment vehicles in which clients are invested. MGIE expects underlying investment managers to comply with its Engagement Policy and will seek to ensure that obligations under this Engagement Policy are discharged by the underlying investment managers. The Engagement Policy is available here:

https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/corporate-policies.html

MGIE's process for deciding how to vote

MGIE has developed adequate and effective strategies for determining when and how any voting rights in funds are to be exercised, to the exclusive benefit of the fund and its investors. MGIE has put in place a policy covering each fund to ensure the exercise of voting rights are in accordance with the investment objective and policy of the fund. Mercer will provide a report on an annual basis which provides an overview of underlying investment manager engagement processes, significant votes, use of proxy advisers and engagement examples.

MGIE's proxy voting services

An overview on the use of any proxy voting services by underlying investment managers will be provided by Mercer on an annual basis going forward.

MGIE's policy with respect to conflicts of interest

MGIE applies an effective written conflicts of interest policy and has put in place procedures and measures for the prevention or management of conflicts of interest including where such conflicts may arise due to how it engages with the companies it invests in. A conflicts of interest policy is published here:

https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/corporate-policies.html

MGIE operates on a manager of managers basis, appointing underlying investment managers to its funds under management, and does not hold only securities directly on behalf of clients. The underlying investment managers manage the voting processes, therefore there is no conflict of interest involving MGIE as the investment manager.

MGIE's additional comments with respect to voting activities or processes

MGIE accepts that underlying investment managers may have detailed knowledge of both the governance and the operations of the investee companies and has therefore enabled underlying investment managers to vote based on their own proxy-voting execution policy.

Source: MWS

DC Voting (broken down for each mandate)

Passive Funds	Passive UK Equity	Passive Overseas Equity	Passive Overseas Equity Hedged	Passive Sustainable Global Equity	Passive Emerging markets	Sharia
How many meetings were you eligible to vote at over the year to 31/03/2023?	680	1,991	2,235	1,182	2,963	95
How many resolutions were you eligible to vote on over the year to 31/03/2023?	10,135	25,196	27,694	16,150	26,187	1,423
What % of resolutions did you vote on for which you were eligible?	99%	95%	92%	99%	99%	97%
Of the resolutions on which you voted, what % did you vote with management?	96%	93%	92%	77%	80%	81%
Of the resolutions on which you voted, what % did you vote against management?	3%	6%	7%	22%	18%	20%
Of the resolutions on which you voted, what % did you abstain from?	<1%	<1%	<1%	<1%	3%	0%
In what % of meetings, for which you did vote, did you vote at least once against management?	21%	31%	31%	n/a	n/a	79%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.			-	-	HSBC use the voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our own bespoke voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	<1%	<1%	<1%	n/a	n/a	12%

Active Funds	Active UK Equity	Active Global Equity	Active Sustainable Global Equity	Active Emerging Markets Equity	Active Global Small Cap Equity	Active Low Volatility Equity
How many meetings were you eligible to vote at over the year to 31/03/2023?	62	415	375	765	566	524
How many resolutions were you eligible to vote on over the year to 31/03/2023?	1,082	5,968	6,130	7,765	6,342	8,239
What % of resolutions did you vote on for which you were eligible?	100%	99%	99%	99%	99%	99%
Of the resolutions on which you voted, what % did you vote with management?	99%	91%	87%	82%	92%	92%
Of the resolutions on which you voted, what % did you vote against management?	<1%	8%	12%	15%	8%	8%
Of the resolutions on which you voted, what % did you abstain from?	<1%	<1%	<1%	3%	<1%	<1%
In what % of meetings, for which you did vote, did you vote at least once against management?	-	-	-	-	-	-
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	-					
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-	-	-	-	-	-

Multi Asset Funds	Diversified Growth	Diversified Retirement	Growth	Moderate Growth	Defensive	High Growth
How many meetings were you eligible to vote at over the year to 31/03/2023?	11,049	6,153	11,049	10,856	4,599	11,049
How many resolutions were you eligible to vote on over the year to 31/03/2023?	119,851	69,990	119,851	117,293	46,929	119,851
What % of resolutions did you vote on for which you were eligible?	99%	99%	99%	99%	99%	99%
Of the resolutions on which you voted, what % did you vote with management?	83%	82%	83%	83%	83%	83%
Of the resolutions on which you voted, what % did you vote against management?	16%	17%	16%	16%	15%	16%
Of the resolutions on which you voted, what % did you abstain from?	1%	2%	1%	1%	2%	1%
In what % of meetings, for which you did vote, did you vote at least once against management?	-	-	-	-	-	-
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	-					
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-	-	-	-	-	-

Source: MGIE as at 31 March 2023

LGIM / BlackRock Funds	**Legal & General Ethical Global Equity Index**	**Aquila Connect 50/50 Global Equity**	**Aquila Connect World ex UK**	**Aquila Connect UK Equity**
How many meetings were you eligible to vote at over the year to 31/03/2023?	1,155	2,581	1,991	680
How many resolutions were you eligible to vote on over the year to 31/03/2023?	16,602	34,376	25,196	10,131
What % of resolutions did you vote on for which you were eligible?	99%	96%	95%	99%
Of the resolutions on which you voted, what % did you vote with management?	82%	94%	93%	96%
Of the resolutions on which you voted, what % did you vote against management?	18%	5%	6%	3%
Of the resolutions on which you voted, what % did you abstain from?	<1%	<1%	<1%	<1%
In what % of meetings, for which you did vote, did you vote at least once against management?	76%	29%	31%	21%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.		
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	13%	<1%	<1%	<1%

Source: Scottish Widows and MGIE as at 31 March 2023

Examples of Significant Votes

To ensure voting behaviour is consistent with the Group's investment objectives and stewardship priorities, the Group Trustees have classified 'significant votes' as those which consider any one of the following factors with relevant (but not exhaustive) examples:

- Climate Change
- Biodiversity
- Board Diversity
- Health & Safety

The Group Trustees have reviewed voting records from the investment managers in each of their priorities listed above. Investment managers have provided examples of significant votes across the funds previously noted as containing equity. Given the volume of voting activity across the funds, for the purpose of this statement, we have disclosed significant voting activity of funds used in the default strategy, where the majority of members' assets are invested.

Mercer Global Investments Europe Limited (MGIE)

MGIE determine significant votes based on its Engagement Priorities, as set out in the Beliefs, Materiality and Impact (BMI) Framework in the MGIE Sustainable Investment Policy, which is available at:

https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf

The significant votes outlined below are votes relating to shareholder resolutions with a specific focus on Climate Change, Modern Slavery and Diversity (i.e. the engagement priority areas in the BMI framework). When there are a large number of votes in any one fund relating to these priority areas / themes we consider the size of the holding within the fund.

Applicable to the Diversified Growth, Growth, Moderate Growth and High Growth Funds:

Company:	Standard Bank Group Ltd.	Alphabet Inc.	Firstenergy Corp.	NextEra Energy Inc.	Skechers USA, Inc.
Date:	31/05/2022	01/06/2022	17/05/2022	19/05/2022	26/05/2022
Resolutions:	Shareholder Proposal Regarding Disclosure of GHG Emissions	Shareholder Proposal Regarding Report on Board Diversity	Shareholder Proposal Regarding Child Labour Linked to Electric Vehicles	Shareholder Proposal Regarding Disclosure of a Board Diversity and Skills Matrix	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement
Investment manager Vote:	For	For	Against	For	For
Rationale:	Support for all climate-related shareholder proposals at Standard Bank Group's 2022 AGM is considered warranted in light of the benefits of progressive disclosure on the company's financed emissions and climate strategy, noting that the company is considering to put forward the proposals to vote is a positive development.	A vote in favour is applied because the investment manager believe that a well governed and diverse board is more likely to perform over the long term.	A vote AGAINST this proposal is warranted as it is unclear how the requested report would benefit shareholders given that the production of electric vehicle batteries is not within the company's supply chain.	A vote in favour is applied because the investment manager believes that a well governed and diverse board is more likely to perform over the long term.	The company lacks meaningful targets, strategy and actions with regard to climate change, we therefore supported the proposal, which received 75% of votes cast. We shall be reviewing next steps from the company.
Outcome:	Passed	Not passed	Not passed	Not passed	Passed
Approx.Size of Holding at date of vote	0.028%	0.096%	0.074%	0.372%	0.007%
Priority Area	Climate Change	Board Diversity	Health and Safety	Board Diversity	Climate Change

Applicable to the Sharia Fund:

Company:	**Apple Inc.**	**ABB Ltd.**	**QUALCOMM Incorporated**	**Starbucks Corporation**
Date:	10/03/2023	23/03/2023	08/03/2023	23/03/2023
Resolutions:	Elect Director Sue Wagner	Re-elect Peter Voser as Director and Board Chair	Elect Director Ann M. Livermore	Shareholder proposal to Report on Plant-Based Milk Pricing
Investment manager Vote:	Against	Against	Against	For
Rationale:	Concerns about insufficient diversity of the board.	We have concerns about insufficient diversity of the board.	We have concerns about insufficient diversity of the board.	We believe that the proposal would enhance accountability in relation to the pricing of plant-based milk.
Outcome:	Passed	Passed	Passed	Passed
Approx.Size of Holding at date of vote	7.00%	0.29%	0.77%	0.65%
Priority Area	Board Diversity	Board Diversity	Board Diversity	Biodiversity

Applicable to the Legal & General Ethical Global Equity Index Fund:

Company:	Alphabet Inc.	NVIDIA Corporation	Bank of America Corporation	Royal Dutch Shell Plc
Date:	01/06/2022	02/06/2022	26/04/2022	24/05/2022
Resolutions:	Report on Physical Risks of Climate Change	Elect Director Harvey C. Jones	Elect Director Brian T. Moynihan	Approve the Shell Energy Transition Progress Update
Investment manager Vote:	For	Against	Against	Against
Rationale:	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023.	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
Outcome:	Not Passed	Passed	Passed	Passed
Approx.Size of Holding at date of vote	2.00%	1.31%	0.79%	0.61%
Priority Area	Climate Change	Board Diversity	Board Diversity	Climate Change

Applicable to Passive UK Equity (1), Aquila Connect 50/50 Global Equity (2), Aquila Connect World Ex-UK Equity (3), Aquila Connect World Ex-UK Equity Hedged (4), Aquila Connect UK Equity (5):

Company:	Rio Tinto Plc (1)	Santos Limited (2)	Equinor ASA (3)	Woodside Petroleum Ltd. (4)	Ocado Group Plc (5)
Date:	08/04/2022	03/05/2022	11/05/2022	19/05/2022	04/05/2022
Resolutions:	Approve Climate Action Plan	Approve Climate-related Lobbying	Increase Investments in Renewable Energy, Stop New Exploration in Barents Sea, Discontinue International Activities and Develop a Plan for Gradual Closure of the Oil Industry	Approve Climate Report	Re-elect Andrew Harrison as Director
Investment manager Vote:	For	Against	Against	For	Against
Rationale:	n/a	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company	Proposal is not in shareholders' best interests.	n/a	Remuneration arrangements are poorly structured.
Outcome	Passed	Withdrawn	Not Passed	Passed	Passed
Approx.Size of Holding at date of vote	n/a	n/a	n/a		n/a
Priority Area	Climate Change	Climate Change	Biodiversity	Climate Change	Board Diversity

Source: MGIE and Scottish Widows as at 31 March 2023
Note: Voting information is not available for both Active and Passively managed Sustainable Global Equity Funds.