

Merlin Pension Scheme

Implementation Statement

This implementation statement has been produced by the Trustee of the Merlin Pension Scheme ("the Scheme") to set out the following information over the year to 31 March 2024:

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

Scheme material event

On 23 November 2022, the Scheme entered into a bulk annuity insurance contract with Aviva Life & Pensions UK Limited ("Aviva" and the "Insurer"), which is expected to provide all defined benefits to members under the Scheme.

Therefore, as at 31 March 2024 the Scheme retained a small investment with Legal & General Investment Management ("LGIM") in the Sterling Liquidity Fund for the purpose of meeting the remaining premium, any potential additional liabilities that may fall due on the Scheme that are not covered by the bulk annuity policy and ongoing expenses.

How voting and engagement policies have been followed

Based on the information provided by the Scheme's investment manager, LGIM the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invested entirely in pooled funds with LGIM until November 2022 and until this time, delegated responsibility for carrying out voting and engagement activities to the Scheme's investment manager. Given the nature of the assets held, voting rights were not applicable to any funds.
- In November 2022, the Scheme purchased a bulk annuity policy with Aviva, which will meet the benefit entitlements of the Scheme's members. Remaining assets are held in the LGIM Sterling Liquidity Fund.
- Annually the Trustee, with input from their investment consultant, receives and reviews voting information and engagement policies from their investment manager to ensure alignment with the Scheme's policies.
- LGIM has confirmed that they are signatories to both the Financial Reporting Council's UK Stewardship Code 2012 and UK Stewardship Code 2020.
- Voting is not applicable assets held in the LGIM Sterling Liquidity Fund; however the Trustee is comfortable that the engagement of the Scheme's investment manager is in line with the Scheme's stewardship policies.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 31 March 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in June 2023 to reflect the purchase of the bulk annuity contract with Aviva and has been made available online here: [Statement of Investment Principles \(schemedocs.com\)](https://schemedocs.com)

The Trustee notes that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is fully delegated to the Insurer.

The Scheme retains cash and liquidity holdings but the Trustee notes that the ability to engage and the effect of engaging with investment managers and counterparties is limited for these holdings. The Trustee therefore has not set stewardship priorities.

**Prepared by the Trustee of the Merlin Pension Scheme
September 2024**

Voting Data

Voting is not applicable to the Scheme's remaining assets with LGIM.

Engagement Data

The Trustees considers it a part of their investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. As noted above, engagement for the Scheme's remaining holdings with LGIM is limited given the nature of the assets, however a summary of the engagement activities undertaken by LGIM during the year to 31 March 2024 is shown below.

Manager	LGIM
Number of engagements undertaken at a fund level in the year	23
Number of companies engaged with at a fund level in the year	12
Number of engagements undertaken at a firm level in the year	2,144
Number of companies engaged with at a firm level in the year	2,006
Examples of engagements undertaken with holdings in the fund	Climate change, activism, board composition, capital management and climate impact pledge.

Source: LGIM

Examples of engagement activity undertaken over the year to 31 March 2024

1. In Q2 2023, concerns have mounted over Thames Water. While the company has been under pressure from rising costs and inflation, consumers have simultaneously been voicing concerns about leaks, pollution and a lack of investment in infrastructure. Until a solution for the financial position for the company is agreed, the situation will, in LGIM's view, remain unstable.

LGIM are members of the Ceres Valuing Water Finance Initiative, which aims to engage with companies to value and take action on water as a financial risk and drive large-scale change to better protect water systems. In addition to this collaborative initiative targeting companies, LGIM also believe that policy action is vital in achieving the systemic improvements LGIM need to see in order to combat water-based threats such as pollution and antimicrobial resistance.
2. As part of LGIM's campaign for gender and ethnic diversity, LGIM sent engagement letters to 16 large-cap UK and US companies that, according to their data, have no women on their executive leadership team. LGIM's expectation is for these companies to have at least one woman in their executive leadership team, increasing to 40% over time. LGIM are asking companies to be clear and consistent when reporting on the make-up of this team. So far, they have had responses from seven of the companies, a 44% response rate, which is encouraging.
3. In July 2023, the amended EU Nature Restoration Law was approved, after much debate. Having signed the open letter to EU heads of state and government, members of the European Parliament and the President of the European Commission, co-ordinated by Business for Nature, LGIM are pleased to see that EU leaders are taking steps towards protecting and restoring nature and implementing the Global Biodiversity Framework agreed at COP15 in November 2022.