



PUBLIC RI REPORT

2021 PILOT

Mercer (Fund of Funds Manager)

Generated 2022-08-18

About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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Senior Leadership Statement (SLS)

Senior leadership statement

Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment?
- What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?

Mercer believes a responsible investment approach is more likely to create and preserve long-term investment capital. Mercer's Global Responsible Investment Beliefs (since 2014) state that: 1. Environmental, Social and Governance (ESG) factors can have a material impact on long-term risk and return outcomes and these should be integrated into the investment process. 2. Taking a broader and longer-term perspective on risk, including identifying sustainability themes and trends, is likely to lead to improved risk management and new investment opportunities. 3. Climate change poses a systemic risk, and investors should consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes. 4. Stewardship (or active ownership) supports the realisation of long-term shareholder value by providing investors with an opportunity to enhance the value of companies and markets.

Mercer adopts a consistent approach to responsible investment across its research, advice and solutions deliverables for clients globally. The approach to responsible investment integration follows Mercer's 'Responsible Investment Pathway', which begins with establishing Responsible Investment Beliefs, followed by Policy, Process and Portfolio development. Mercer's framework consists of four strategies that apply to the Portfolio: ESG Integration; Active Ownership or Stewardship; Investment (thematic/impact); and Screening. This framework consistently helps us to deliver a comprehensive approach to responsible investment for our clients.

Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policy makers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Some 2020 highlights include meaningful developments on: 1. Investment team integration – a) A new Sustainable Investment Manager was hired in the Pacific reporting to the CIO and in Europe and the Pacific significant improvements were made in integrating ESG within Portfolio Intelligence functions b) New regular ESG working groups in Europe and North America, overseen by the CIOs, include investment team members, across asset classes. The investment teams still leverage the responsible investment consulting team but are expected to own the integration progress. c) Policy updates were made across regions, including for Mercer Alternatives, which finalised and communicated a Sustainable Investment Policy with significant input from investment team members. 2. Climate change transition – a) The new advisory framework and Analytics for Climate Transition (ACT) tool launched by Mercer's consulting team has supported the Australian and European teams to develop carbon reduction targets and climate transition plans in 2020. This was a very detailed exercise across asset classes for approvals ahead of the commitment announcements in early 2021. Other regions will undertake their analysis and approval processes in 2021.

b) Existing sustainability themed product offerings were evolved and new ones developed for launch in 2021, to support the increasing allocations to the solutions opportunities within SAA decisions and single sector client selections as part of the transition focus. 3. Stewardship – a) All regions now have online vote disclosure, research and vote reporting portal access, provided by CGI Glass Lewis. b) In Australia, there is a new top twenty direct engagement program and across the Pacific and Europe, vote expectations for appointed managers have been strengthened for Mercer's key engagement priorities (climate change, diversity and inclusion and modern slavery). c) Mercer Europe confirmed its commitment to the UK Stewardship Code and has begun to draft its Stewardship Statement under the much strengthened new 2020 Code. Mercer Europe will become among the first to be confirmed as a signatory in 2021. d) The Pacific and Europe also undertook their annual manager survey on stewardship and top engagement topics (and other regions are expected to join this in 2021). This includes a heightened focus on the UN Global Compact breaches and manager engagement expectations.

e) On collaborative initiatives, Mercer joined CA100+ early in 2020, currently being represented out of Australia, but this is likely to expand to other regions, and continued to participate in multiple other initiatives globally. 4. European regulatory response – a) A significant Mercer team was mobilised by the EU sustainable investment regulation and specifically by the response required by Sustainable Finance Disclosure Regulation (SFDR). Mercer Europe updated its Sustainability Policy as per SFDR requirement and the team undertook a significant exercise to classify and develop existing funds and policies. Mercer Europe will offer a significant number of Article 8 funds promoting sustainability - importantly including Article 8 multi-asset funds – and a small number of Article 9 funds with a sustainable investment objective. 5. RIAA leadership recognition – a) Outside the PRI assessment, in Australia Mercer was recognised as a responsible investment leader among fund managers and achieved reaccreditation for specific fund ranges in both Australia and New Zealand, which is a notably robust application and review process..

Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

Mercer recognises responsible investment is central to our investment activity and the examples below are indicative of Mercer’s continued leadership intentions: 1. ESG expectations continue to rise for appointed managers, as evidenced by new metrics on diversity and inclusion and climate change; 2. The recent net zero by 2050 carbon reduction targets in Australia and Europe, with other regions now conducting their analysis and reviews; 3. Existing sustainability themed product offerings are evolving and new ones being developed in line with client expectations by region; 4. Regular participation in multiple collaborative investor initiatives; 5. Investment team KPI’s are now more formally linked to responsible investment objectives.

Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.

Name	Hooman Kaveh
Position	Global Chief Investment Officer
Organisation's name	Mercer

● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by Mercer (Fund of Funds Manager) in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of Mercer (Fund of Funds Manager)'s responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.

Organisational Overview (OO)

Organisational information

Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(P) Fund of funds, manager of managers or sub-advised products

(1) This is our only (or primary) type

Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

- ☐ (A) Yes
- (B) No

Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

Assets under management

All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries	US\$ 356,923,000,000.00
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(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission	US\$ 0.00
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(C) AUM subject to execution, advisory, custody, or research advisory only	US\$ 0.00
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Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.

Percentage of AUM	
(A) Listed equity – internal	0.0%
(B) Listed equity – external	53.0%
(C) Fixed income – internal	0.0%
(D) Fixed income – external	43.0%
(E) Private equity – internal	0.0%
(F) Private equity – external	1.0%
(G) Real estate – internal	0.0%
(H) Real estate – external	1.0%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	1.0%
(K) Hedge funds – internal	0.0%
(L) Hedge funds – external	1.0%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%

(P) Farmland – external	0.0%
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(Q) Other – internal, please specify:	0.0%
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(R) Other – external, please specify:	0.0%
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(S) Off-balance sheet – internal	0.0%
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(T) Off-balance sheet – external	0.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastru cture	(6) Hedge funds
(A) Segregated mandate(s)	99.0%	97.0%	29.0%	0.0%	16.0%	1.0%
(B) Pooled fund(s) or pooled investment(s)	1.0%	3.0%	71.0%	100.0%	84.0%	99.0%

ESG strategies

Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PUBLIC	Externally managed assets	1

Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external	(4) Fixed income – securitised - external
(A) Screening alone	0.0%	0.0%	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%	0.0%	0.0%
(C) Integration alone	0.0%	0.0%	0.0%	0.0%
(D) Screening and integration	0.0%	100.0%	100.0%	100.0%
(E) Thematic and integration	0.0%	0.0%	0.0%	0.0%
(F) Screening and thematic	0.0%	0.0%	0.0%	0.0%
(G) All three strategies combined	100.0%	0.0%	0.0%	0.0%
(H) None	0.0%	0.0%	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 SAM	CORE	OO 6 SAM	N/A	PUBLIC	Externally managed assets	1

What type of screening is applied to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external	(4) Fixed income – securitised - external
(A) Positive/best-in-class screening only	0.0%	0.0%	0.0%	0.0%
(B) Negative screening only	100.0%	100.0%	100.0%	100.0%
(C) A combination of positive/best-in-class and negative screening	0.0%	0.0%	0.0%	0.0%

Externally managed assets

Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- ☐ (A) Yes
☒ (B) No

Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

☒ (A) Yes

☐ (B) No

Stewardship

Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(2) Engagement on listed equity – passive	(3) (Proxy) voting on listed equity – active	(4) (Proxy) voting on listed equity – passive
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2

Does your organisation conduct stewardship activities for your fixed income assets?

	(1) Passive – SSA	(2) Passive – corporate	(4) Active – SSA	(5) Active – corporate	(6) Active – securitised	(7) Private debt
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity for this strategy/asset type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Private equity, real estate and infrastructure

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 ALT	CORE	OO 5	Multiple, see guidance	PUBLIC	Private equity, real estate and infrastructure	2

Does your organisation conduct stewardship activities in the following asset classes?

	(1) Private equity	(2) Real estate	(3) Infrastructure
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Through internal staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct stewardship activities for this asset class	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5, OO 5.2 HF	Multiple, see guidance	PUBLIC	Hedge funds	2

Does your organisation conduct stewardship activities for your hedge fund assets?

	(1) Engagement	(2) (Proxy) voting
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

The following externally managed asset classes are reported in OO 5.1 as 100% pooled funds or pooled investments and, therefore, ESG incorporation into external manager appointment is not applicable.

	(3) ESG incorporation into external manager appointment is not applicable as we only invest in pooled funds
(F) Real estate	<input checked="" type="radio"/>

External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

Voluntary reporting

Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(A) Listed equity	<input type="radio"/>	<input checked="" type="radio"/>
(L) External manager selection, appointment and monitoring (SAM) – private equity	<input checked="" type="radio"/>	<input type="radio"/>
(M) External manager selection, appointment and monitoring (SAM) – real estate	<input checked="" type="radio"/>	<input type="radio"/>
(N) External manager selection, appointment and monitoring (SAM) – infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(O) External manager selection, appointment and monitoring (SAM) – hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

(1) Yes, report on the module
ISP: Investment and Stewardship Policy <input checked="" type="radio"/>

(J) External manager selection, appointment and monitoring (SAM) – listed equity ☒

(K) External manager selection, appointment and monitoring (SAM) – fixed income ☒

Pooled funds governance: Appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 5.1	SAM 12	PUBLIC	Pooled funds governance: Appointment	GENERAL

Would you like to voluntarily report on ESG incorporation in the appointment of your external managers for pooled funds?

- ☒ (A) Yes
☐ (B) No

ESG/sustainability funds and products

Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

Percentage

(A) Listed equity – passive 2.0%

(B) Listed equity – active 3.0%

(C) Fixed income – passive	0.0%
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(D) Fixed income – active	2.0%
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(E) Private equity	4.0%
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(F) Real estate	0.0%
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(G) Infrastructure	3.0%
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(H) Hedge funds	0.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

Coverage of ESG/RI certification or label:

(A) Listed equity	2.0%
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(B) Fixed income	1.0%
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(C) Private equity	4.0%
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(E) Infrastructure	3.0%
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Climate investments

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

2.0%

Context and explanation

Appointment: Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 33	CORE	OO 5.1	N/A	PUBLIC	Appointment: Pooled funds	GENERAL

For your externally managed pooled funds, please describe any other mechanisms in place to set expectations as part of the appointment or commitment process.

Mercer's investment approach results in a combination of segregated mandates with sub-investment managers or investments in pooled vehicles. Appropriate approaches are expected for each. Investment Management Agreements ("IMAs") for mandates reference the Mercer Sustainability Policy. Where the investment is in pooled funds, Mercer actively monitors its appointed sub-investment managers, consistent with the policy, however, adopting the policy ultimately relies on the investment managers incorporating ESG into their investment processes. Pooled vehicles have their own Trustee or Responsible Entity, who must act on behalf of all unit holders collectively. Mercer's Trustee retains ultimate responsibility for meeting the firm's aspirations in regard to investing in a sustainable manner and for the firm's share in such vehicles. Mercer's Trustee in each region may, where appropriate, seek to monitor significant ESG issues that arise within a pooled investment. For example, Mercer will make best efforts to implement the Investment Exclusions Framework and will notify the underlying pooled fund manager of any approved exclusions with specific definitions. In selecting sub-investment managers, Mercer considers the manager's ability to implement any approved exclusions. Compliance with the exclusions is monitored and forms part of the IMAs. If a manager of an underlying pooled fund excludes a product, activity or industry using a definition that is different to Mercer's definition, this is acceptable provided there is broad consistency. If we become aware that an underlying pooled fund has material exposure to an excluded product, activity or industry, and the manager is unable or unwilling to divest these exposures, the underlying pooled fund will be terminated in an orderly manner. With regards to voting, Mercer accepts that it cannot vote these shares and will instead seek to monitor, and on occasion influence, voting by the underlying investment manager.

Investment and Stewardship Policy (ISP)

Responsible investment policy & governance

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- ☒ (A) Yes, we do have a policy covering our approach to responsible investment
- ☐ (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☒ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☒ (E) Approach to stewardship
- ☒ (F) Approach to sustainability outcomes
- ☒ (G) Approach to exclusions
- ☒ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- ☒ (I) Definition of responsible investment and how it relates to our fiduciary duty
- ☒ (J) Definition of responsible investment and how it relates to our investment objectives
- ☒ (K) Responsible investment governance structure

- ☐ (L) Internal reporting and verification related to responsible investment
☐ (M) External reporting related to responsible investment
☐ (N) Managing conflicts of interest related to responsible investment
☒ (O) Other responsible investment aspects not listed here, please specify:
 Mercer Sustainable Investment Beliefs

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?

Mercer's Responsible Investment consulting team supports our Investments team on the topics covered by the Responsible Investment or Sustainability Policies. In each region there are formal structures of people and committees to connect the RI team and Investments team members with primary and supporting ESG contacts in the organisation to enhance the interactions and speed up the flow of information. Within Europe, for example, there is an ESG Steering Committee that meets once per month to discuss ESG governance related topics such as fund exclusions and regulatory implications. This includes representatives from across the business; including CIO, Portfolio Management team and Responsible Investment. Similar structures exist in other regions and in each case the CIO has direct oversight and involvement along with portfolio management and analytical team members.

The Responsible Investment team advises on policy development and regular total portfolio reviews, suggests amendments as necessary to RI expectations and process requirements for implementation. The team also conduct at least annual reviews of implementation monitoring against policy commitments. In some regions that is a Board level requirement. In all regions compliance reviews policy commitments before policies are approved and published. A broad and shared understanding between all stakeholder teams is developed for how policy commitments will be implemented and evidence is sought for that implementation as part of monitoring processes. For example, the role of the operations team and custodians in any policy commitments on exclusions.

The Global ESG Integration Committee also helps to ensure there is a coordinated approach to ESG integration globally to leverage scale and maximise investment outcomes. This committee meets quarterly and is a combination of Investments and Responsible Investment team members representing multiple regions around the world. This is co-chaired by the Pacific CIO and a senior member of the Responsible Investment team. All CIOs are invited to observe the meeting and on many occasions they attend, including the global CIO. Regardless, the Pacific CIO formally updates the global CIO group on committee activity and any decisions requiring approval. The committee is expected to: oversee and coordinate the approach to ESG integration across global Investment Solutions, to leverage scale and maximise investment outcomes; develop and/or review RI frameworks and policies on ESG matters, ensuring these are applied across the regions in a consistent manner, where possible; share ideas, learnings and keep up to date with best-practice; policy updates by region are shared as part of this committee and the work plan for policy implementation across each of the four pillars – Integration, Active Ownership, Thematic Investing, and Screening – are discussed on a quarterly basis.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

☒ (A) Overall approach to responsible investment. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☒ (B) Guidelines on environmental factors. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☒ (C) Guidelines on social factors. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☒ (D) Guidelines on governance factors. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ (E) Approach to stewardship. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ (F) Approach to sustainability outcomes. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ (G) Approach to exclusions. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ **(I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):**

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ **(J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):**

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ **(K) Responsible investment governance structure. Add link(s):**

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☑ **(O) Other responsible investment aspects [as specified] Add link(s):**

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>; <https://www.mercer.com.au/content/dam/merc/attachments/asia-pacific/australia/investment/merc-super-investment-trust/2020/MIAL-Mercer-Funds-Sustainable-Investment-Policy-Dec-2020.pdf>; <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Sustainable%20Investment%20Policy%20for%20Mercer%20Alternatives%20F.pdf>; https://secure.superfacts.com/web/IWfiles/attachments/Form/Mercer_Funds_Responsible_Investment_Policy.pdf;

☐ (P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

- ☐ (A) Overall approach to responsible investment
- ☐ (B) Guidelines on environmental factors
- ☐ (C) Guidelines on social factors
- ☐ (D) Guidelines on governance factors

AUM coverage of all policy elements in total:

100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- ☒ (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- ☒ (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- ☐ (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 5	CORE	Multiple, see guidance	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your asset class-specific guidelines that describe how ESG incorporation is implemented?

AUM Coverage:

(A) Listed Equity 100.0%

(B) Fixed Income 100.0%

(C) Private Equity 100.0%

(D) Real Estate 100.0%

(E) Infrastructure 100.0%

(F) Hedge Funds 100.0%

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☐ (D) Other chief-level staff, please specify:
- ☒ (E) Head of department, please specify department:

Head of Compliance
- ☐ (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

In your organisation, which internal or external roles have responsibility for implementing responsible investment?

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☐ (D) Other chief-level staff [as specified]
- ☒ (E) Head of department [as specified]
- ☒ (F) Portfolio managers
- ☒ (G) Investment analysts
- ☒ (H) Dedicated responsible investment staff
- ☐ (I) Investor relations
- ☒ (J) External managers or service providers
- ☐ (K) Other role, please specify:
- ☐ (L) Other role, please specify:
- ☐ (M) We do not have roles with responsibility for implementing responsible investment.

People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief-level staff	(3) Investment committee	(5) Head of department [as specified]
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff	(10) External managers or service providers
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(F) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Please specify for "(E) Other objective related to responsible investment".

Understand and promote Mercer's sustainable investment beliefs and implement the key principles embedded in Mercer's policies on sustainable investment

Please specify for "(F) Other objective related to responsible investment".

Support the business in undertaking its activities in a responsible manner through including sustainability considerations in your role and decision making

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PUBLIC	People and capabilities	General

Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.

Mercer has aimed to integrate responsible investment objectives into all roles but simplifying two key expectations:

- Understand and promote Mercer's sustainable investment beliefs and implement the key principles embedded in Mercer's policies on sustainable investment
- Support the business in undertaking its activities in a responsible manner through including sustainability considerations in your role and decision making

It is then the expectation that each team member will be able to evidence examples commensurate with their role as part of the review process with their manager across roles spanning from investment management to portfolio intelligence analytics and client management. This approach ensures that the expectations are spread across all roles, not just a few key people. For investment team members, and particularly portfolio managers and Chief Investment Officers, this becomes quite specific re improvements in ESG ratings by asset class, for example.

Evidence that actively supports these KPIs will then form one part of the rating assigned to team members that then determines their remuneration. There isn't a fixed weight to specific responsible investment requirements, however, Mercer has adopted remuneration policies that are consistent with the aim of recognising sustainability risks in Mercer's activities. Furthermore, given European regulatory requirements, in that region Mercer's approach to the assessment of principal adverse impacts of investment decisions on sustainability factors is documented and publicly available here <https://investment-solutions.mercer.com/content/dam/mercerc-subdomains/delegated-solutions/CorporatePolicies/MGIE-Remuneration-Policy-March2021.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

(1) Board and/or trustees

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(D) Objective on ESG performance ☐

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☐

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☐

(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
--	-------------------------------------

(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
--	-------------------------------------

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>
--	-------------------------------------

(D) Objective for ESG performance	<input checked="" type="checkbox"/>
-----------------------------------	-------------------------------------

(E) Other objective related to responsible investment (as specified in ISP 8 option E)	<input checked="" type="checkbox"/>
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(F) Other objective related to responsible investment (as specified in ISP 8 option F)	<input checked="" type="checkbox"/>
--	-------------------------------------

(3) Investment committee

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
--	-------------------------------------

(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
--	-------------------------------------

(D) Objective for ESG performance	<input checked="" type="checkbox"/>
-----------------------------------	-------------------------------------

(E) Other objective related to responsible investment (as specified in ISP 8 option E)	<input checked="" type="checkbox"/>
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(F) Other objective related to responsible investment (as specified in ISP 8 option F)	<input checked="" type="checkbox"/>
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(5) Head of department

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
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(6) Portfolio managers

(A) Objective on ESG incorporation in investment activities ☒

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☒

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☒

(D) Objective for ESG performance ☒

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☒

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☒

(7) Investment analysts

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(D) Objective for ESG performance ☐

(E) Other objective related to responsible investment (as specified in ISP 8 option E) ☒

(F) Other objective related to responsible investment (as specified in ISP 8 option F) ☒

(8) Dedicated responsible investment staff

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
--	-------------------------------------

(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
--	-------------------------------------

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>
--	-------------------------------------

(D) Objective for ESG performance	<input checked="" type="checkbox"/>
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(E) Other objective related to responsible investment (as specified in ISP 8 option E)	<input checked="" type="checkbox"/>
--	-------------------------------------

(F) Other objective related to responsible investment (as specified in ISP 8 option F)	<input checked="" type="checkbox"/>
--	-------------------------------------

(10) External managers or service providers

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
--	-------------------------------------

(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
--	-------------------------------------

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>
--	-------------------------------------

(D) Objective for ESG performance	<input checked="" type="checkbox"/>
-----------------------------------	-------------------------------------

(E) Other objective related to responsible investment (as specified in ISP 8 option E)	<input type="checkbox"/>
--	--------------------------

(F) Other objective related to responsible investment (as specified in ISP 8 option F)	<input type="checkbox"/>
--	--------------------------

(G) We have not linked any RI objectives to variable compensation	<input type="checkbox"/>
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?

- ☐ (A) Quarterly or more frequently
- ☒ (B) Bi-annually
- ☐ (C) Annually
- ☐ (D) Less frequently than annually
- ☐ (E) On an ad hoc basis
- ☐ (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

Does your organisation incorporate ESG factors into your strategic asset allocation?

- ☒ (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- ☒ (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- ☐ (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- ☐ (D) Not applicable, we do not have a strategic asset allocation process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10.1	CORE	ISP 10	N/A	PUBLIC	Strategic asset allocation	1

For what proportion of assets do you incorporate ESG factors into your strategic asset allocation process?

(A) We incorporate ESG factors into calculations for expected risks and returns of asset classes (1) for all of our assets

(B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes (1) for all of our assets

Stewardship

Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity 100.0%

(B) Fixed income 100.0%

(C) Private equity 100.0%

(D) Real estate 100.0%

(E) Infrastructure 100.0%

(F) Hedge funds 100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- ☒ (A) Key stewardship objectives
- ☒ (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- ☒ (C) Prioritisation approach depending on entity (e.g. company or government)
- ☒ (D) Specific approach to climate-related risks and opportunities
- ☒ (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- ☐ (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- ☒ (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- ☒ (H) Approach to collaboration on stewardship
- ☐ (I) Escalation strategies
- ☐ (J) Conflicts of interest
- ☐ (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- ☐ (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- ☐ (M) None of the above elements are captured in our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12.1	PLUS	ISP 12	N/A	PUBLIC	Stewardship policy	2

Describe any additional details related to your stewardship policy elements or your overall stewardship approach.

Mercer believes that stewardship, or active ownership, helps the realisation of long-term investor value of companies and markets through voting and engagement. Voting: As part of its outsourced investment model, Mercer outsources proxy voting responsibility to its listed equity investment managers and expects all shares to be voted in a manner deemed most likely to protect and enhance long-term value. Mercer carefully evaluates each manager's capability in ESG engagement and proxy voting as part of the manager selection process, to ensure it is representing Mercer's commitment to good governance, sustainable investment and long-term value creation. Engagement: This may be undertaken with companies via investment managers, collaborative initiatives and/or directly to enhance the long-term value of the company in the portfolio. Mercer believes its appointed investment managers are typically best placed to prioritise particular engagement topics by company, however, Mercer as fiduciary also has a role to play in relation to more strategic themes and topics. Mercer has developed an Engagement Framework which considers three main criteria – Beliefs, Materiality and Influence, and engagement priorities are expected to intersect meaningfully across all 3. This has helped develop a systematic approach and key principles for considering themes and topics and agreeing portfolio-wide engagement priorities. Policymakers: Mercer may also engage with regulators, and sometimes with governments, to recommend changes or express views on proposed changes to regulatory regimes where this is deemed important to protect the rights, and enhance the interests, of its investors. Disclosure: Mercer leverages a third party provider to publish voting results for all companies voted on a 6-monthly basis, within 3 calendar months of the end of the 6-month period. More detailed approaches to stewardship have some variability by region, driven by regulation and industry/client expectations.

Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

How is your stewardship policy primarily applied?

- ☒ (A) It requires our organisation to take certain actions
- ☐ (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- ☐ (C) It creates permission for taking certain measures that are otherwise exceptional
- ☐ (D) We have not developed a uniform approach to applying our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 14	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship policy implementation	2

How does your organisation ensure that its stewardship policy is implemented by external service providers? Please provide examples of the measures your organisation takes when selecting external providers, when designing engagement mandates and when monitoring the activities of external service providers.

Provide examples below:

(A) Measures taken when selecting external providers:

As part of the investment manager selection process Mercer's portfolio managers utilise Mercer's ESG ratings together with their own research to carefully evaluate each manager's capability in ESG integration, stewardship activities and overall Responsible Investment approach, to ensure it is representing Mercer's commitment to good governance, sustainable investment and long-term value creation. Mercer's global manager research team commenced ESG research in 2008 at a manager level and in 2010 began ratings at a strategy level. Since that time, ESG factors have become integrated into our standard manager research process for all asset classes, with a rating specific to ESG integration process capabilities on an ESG1-4 basis (ESG1 are leaders). This rating reflects the due diligence conducted in desk-based research and in meetings with the sub-investment managers to test their process for identifying and understanding potentially material risks and opportunities relevant to their portfolio. **(response continued in row below)**

These ratings also capture stewardship, particularly for equities and passive equities, given the opportunity this presents to enhance the value of companies and markets. In their own selection and recommendation process, Mercer's portfolio managers will seek examples on voting and engagement and expectations will be included within Investment Management Agreements. On selection and appointment, managers will also receive a copy of the policy..

(B) Measures taken when designing engagement mandates for external providers:

Mercer expects sub-investment managers to adopt clear guidelines on their engagement activities and to report on these activities and outcomes. Mercer does not design the specific details or engagement mandates with investment managers, but has a thorough understanding of best practice and what to expect.

(C) Measures taken to monitor external providers' alignment with our organisation's stewardship policy:

Monitoring processes are addressed further in ISP 12.1, but one part of that is the annual manager engagement survey on stewardship and ESG matters, the results of which are actively used in subsequent manager engagement. This includes monitoring collaborative initiative participation, voting and engagement approaches on priority engagement topics for Mercer, and engagement tracking on UN Global Compact breaches through a template format. Voting monitoring is also undertaken by reviewing the vote statistics reporting that is easily compiled via the third party vote reporting portal and the web disclosure service. The Equity Investment Team has primary and day-to-day responsibility for the implementation and monitoring of the policy is Policy, dealing with any queries about it, and implementing internal control systems and procedures that are required, with input provided by Mercer's Responsible Investment team. Mercer's Compliance team are responsible for conducting a second line of defense in monitoring and effectiveness reviews.

Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure	(6) Hedge funds
(A) Maximise the risk-return profile of individual investments	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>
(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other criteria to prioritise engagement targets, please specify:	<input type="checkbox"/>	<input type="checkbox"/>

(I) We do not prioritise our engagement targets



Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship methods	2

Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.

(A) Internal resources (e.g. stewardship team, investment team, ESG team or staff)

2

(B) External investment managers, third-party operators and/or external property managers (if applicable)

1

(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee)

5

(D) Informal or unstructured collaborations with peers

4

(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (iCI) or similar)

3

Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PUBLIC	Collaborative stewardship	2

Describe your position on collaborating for stewardship.

Mercer believes its appointed investment managers are typically best placed to prioritise particular engagement topics by company on material ESG issues, with the aim of improving long-term risk adjusted returns and the stability of financial markets. However, Mercer as fiduciary also has a role to play in relation to more strategic themes and topics. Our Investment Engagement Framework, considers three main criteria – Beliefs, Materiality and Influence (BMI) and engagement priorities are expected to intersect meaningfully across all three. This has helped to develop a systematic approach and key principles for considering themes and topics and agreeing portfolio-wide engagement priorities. Mercer currently participates in several regional and global collaborative initiatives that align with our current engagement priorities (climate change, diversity and inclusion and modern slavery), with new initiatives reviewed against the BMI framework.

Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(H) We did not use any escalation measures during the reporting year. Please explain why below	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) We do not have any restrictions on the escalation measures we can use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.

In Europe, the Annual Stewardship Policy Review and Annual Voting and Engagement Review examines sub-investment manager's approach to the principles of the UK Stewardship Code and vote execution, rationale behind voting decisions and engagements. A heat map summarises Mercer's qualitative assessment of the voting and engagement activity of each manager for each equity fund, which is communicated to clients and the investment team. The portfolio management team utilise this in their manager monitoring and engagement processes, together with results from the annual manager engagement survey.

In Australia, the Sustainable Investment Manager is running an active engagement program, particularly for local companies, and plays a regular role in meetings with managers with the portfolio management team where vote reporting and results from the annual engagement survey are also raised. Mercer's global focus over 2020 has also been to introduce quality voting reports in all regions to enable portfolio management teams, with support from the Responsible Investment team, to assess managers more closely and to take a more active approach to the most sensitive votes in each region.

Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship examples	2

Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.

	(1) Engagement type	(2) Primary goal of stewardship activity
(A) Example 1	a) Internally (or service provider) led	a) Managing ESG risks/opportunities
(B) Example 2	b) Collaborative	c) Both managing ESG risks and delivering outcomes

	(3) The ESG factors you focused on in the stewardship activity	(4) Description of stewardship activity and the desired change(s) you achieved
(A) Example 1	Lack of ESG factor integration within buy/sell investment processes for appointed investment managers	<p>Mercer actively engaged with one of the underlying managers in a Mercer Fund, who were previously rated ESG4 by our manager research team (the lowest rating on the scale). In this instance the manager research team had highlighted a lack of evidence that ESG considerations were being appropriately integrated into the manager's credit analysis (in particular that ESG factor analysis was having an impact on what goes into the portfolio and adding value from a risk management perspective). (response continued in row below)</p> <p>Mercer's Portfolio Management team impressed this view upon the underling manager's team during a number of meetings during the year which we believe contributed to some enhancements to the manager's process (including a dedicated ESG section to the memos used to make investment decisions on underlying credits). The manager was then able to demonstrate this to our manager research team at a subsequent meeting, including examples of a number of securities where the investment decision not to invest was made as a result of the enhanced data. This led to an upgrade in the rating of the strategy to ESG3..</p>
(B) Example 2	Climate-related financial risks, particularly disclosure, scenario analysis and net zero target setting	Climate Action 100+ - see the public annual report. Mercer is primarily represented out of Australia currently.

Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?

- ☒ (A) We engage with policymakers directly
- ☒ (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- ☐ (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?

- ☒ (A) We participate in "sign-on" letters on ESG policy topics. Describe:
Carbon Disclosure Project (CDP), Institutional Investors Group on Climate Change (IIGCC) annual Investor Letter to governments
- ☒ (B) We respond to policy consultations on ESG policy topics. Describe:
UK Stewardship Code
- ☒ (C) We provide technical input on ESG policy change. Describe:
UK DWP "Taking Action on Climate Change Consultation"
- ☒ (D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:
Engagement may be undertaken with regulators, and sometimes governments, to recommend changes or express views on proposed changes to regulatory regimes where this is deemed important to protect the rights and enhance the interests of shareholders.
- ☐ (E) We proactively engage regulators and policymakers on other policy topics. Describe:
- ☐ (F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:

The appropriate management committees have oversight and accountability on positions Mercer takes – for example the Global ESG Integration Committee and Global CIO Group review where Mercer will put its name to supporting certain initiatives and make public supporting statements on specific issues. The Responsible Investment team prepares and writes the documentation needed for formal decision making at appropriate committees. Direct policymaker interactions are also reviewed regionally by other legal and compliance representatives.

○ (B) No, we do not have these governance processes in place. Please explain why not:

Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

Mercer has well established positions on sustainable finance and our support for the PRI. Our parent company, Marsh McLennan, has also become increasingly consistent with the Mercer view across the broader organisation, as demonstrated in the most recent 2020 ESG report called 'Changing What's Possible'. These public views together with our culture and governance processes, as documented and underpinned by The Greater Good, ensure consistency in any political positions Mercer and Marsh McLennan may seek to influence. Marsh McLennan views engagement in the legislative process as part of responsible corporate citizenship. Our Government Relations team represents our public policy priorities by strategically engaging policymakers and external stakeholders to help shape positive outcomes for the company and its clients. This includes sharing thought leadership with policymakers, providing expert witness testimony and engaging with trade associations and coalitions to amplify our messaging. For example, John Colas, Partner at Oliver Wyman, joined the Commodity Futures Trading Commission's (CFTC) Climate-Related Market Risk Advisory Committee. On January 4, 2021, our President and CEO Dan Glaser joined other leaders in signing the Partnership for New York City letter urging Congress to certify the presidential election results. The letter emphasized that the country's duly elected leaders deserve the respect and bipartisan support of all Americans at a moment when we are dealing with the worst health and economic crises in modern history. Marsh McLennan aligns itself with policymakers who demonstrate a commitment to the shared principles of our company. At Marsh McLennan, we do not hesitate to use our voice to stand up for our values and express our beliefs on the critical issues of our time. The Committee was tasked with developing a climate report, which was the first time an expert subcommittee of a federal financial regulatory agency has issued a major report on climate risk. In October 2020, Lea Lonsted, Head of Diversity, Equity and Inclusion Consulting for Mercer Denmark, briefed the Cabinet of the European Union Commissioner for Equality on gender pay issues.

- (B) No, we do not a policy(ies) in place. Please explain why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24.1	CORE	ISP 24	N/A	PUBLIC	Engaging policymakers – Policies	2

Is your policy that ensures alignment between your political influence and your position on sustainable finance publicly disclosed?

● (A) Yes. Add link(s):

<https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Global%20Investments%20Beliefs.pdf> <https://investment-solutions.mercer.com/content/dam/merc-subdomains/delegated-solutions/CorporatePolicies/Engagement%20Policy%20-%20MGIE%20and%20MGIM.pdf>
https://www.mmc.com/content/dam/mmc-web/v2/esg/gretergood/TGG2020/MMC_Code_of_Conduct.pdf

- (B) No, we do not publicly disclose this policy(ies)

Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

☑ (A) We publicly disclosed details of our policy engagement activities. Add link(s):

Our 2020 year in review reports are currently being compiled and will be available mid2021 for Pacific, Europe, and Canada.

☑ (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

Mercer is a global organisation with multiple regions and differing initiatives across regions with local focusses. We are confident that these are all publically available and are disclosed by the organisations we are members of.

- ☐ (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:
- ☐ (D) Not applicable, we did not conduct policy engagement activities

Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

● (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

<https://investment-solutions.mercer.com/content/dam/mercero-subdomains/delegated-solutions/CorporatePolicies/Mercer%20Delegated%20Solutions%20Europe%20-%20TCFD%20Statement%20-%20DB.pdf>
Please refer to Page 6 for specific context around our strategy and how this links to the Paris Agreement)

○ (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

● (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

<https://investment-solutions.mercer.com/content/dam/mercero-subdomains/delegated-solutions/CorporatePolicies/Sustainability-Policy-March2021.pdf>
<https://investment-solutions.mercer.com/content/dam/mercero-subdomains/delegated-solutions/CorporatePolicies/Mercer%20Delegated%20Solutions%20Europe%20-%20TCFD%20Statement%20-%20DB.pdf>

○ (B) No, we currently do not publicly support the TCFD

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

☒ **(A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:**

Different Boards have oversight responsibility for the Funds in each region. For example, in Pacific and Europe the Boards have determined that climate change is an explicit topic for the agenda at least annually. The Board members are educated on climate-related risks and opportunities and how these may influence decisions in relation to risk management, strategy setting, implementation and monitoring. The Board receives an Annual ESG report, which includes a climate portfolio assessment for all funds. This has included carbon footprinting relative to benchmark for equities for many years, and has now evolved to include a whole of portfolio climate transition risk assessment using multiple climate metrics such as carbon emissions, transition capacity and green exposure analysis.

☒ **(B) By articulating internal/external roles and responsibilities related to climate. Specify:**

The global Mercer Responsible Investment consulting team is situated across the globe. This team provides thought leadership and develops proprietary research and tools on climate change scenario analysis and transition planning (see the 2015 Investing in a Time of Climate Change and the Sequel in 2019, together with the 2020 transition framework development and Analytics for Climate Transition). The RI team works with the investment teams in each region to provide advice specific to the regional portfolios. The CIOs and investment teams are responsible for all investment decisions and appointment of external investment managers, including ongoing manager engagement.

☐ **(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:**

☒ **(D) By incorporating climate change into investment beliefs and policies. Specify:**

Mercer has included sustainability as part of the global investment beliefs pentagon since 2014. In that belief statement, climate change poses a systemic risk, and investors should consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes. As a result the Sustainable or Responsible Investment policies in each region that codify our beliefs into actions have an explicit section on how Mercer takes climate change management into our daily investment decision making. In Europe and the Pacific, explicit TCFD statements provide additional disclosure detail.

☒ **(E) By monitoring progress on climate-related metrics and targets. Specify:**

In 2020, Mercer launched a new climate change solution that is supporting the Mercer investment teams to review climate-related metrics and targets. Mercer's climate transition framework and Analytics for Climate Transition (ACT) assesses portfolios across a transition capacity spectrum from low transition capacity (grey investments) to investments that are low carbon risk/zero carbon already, or are providing climate solutions (green investments). This aims to help investors transition their portfolios to take on the challenges of managing climate risk and in their endeavour to meet return objectives while staying on target for a net-zero outcome. These tools have assisted the regional Mercer investment teams to monitor their portfolios and set climate-related metrics and targets.

☒ **(F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:**

The findings in Mercer's research since 2015 (Investing in the Time of Climate Change 2015 and the Sequel in 2019) show that it is in investors' best interests and therefore consistent with fiduciary duty to actively support the low-carbon transition to avoid the worst physical damages and maximise the potential opportunities over the next decade. Mercer's investment decision making is underpinned by this analysis.

☐ **(G) Other measures to exercise oversight, please specify:**

☐ **(H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

What is the role of management in assessing and managing climate-related risks and opportunities?

☒ **(A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:**

Mercer has well established climate change governance. The CIO, via delegation from the Mercer board, ensures climate change is appropriately incorporated within the Funds' investment strategy and implementation program, and is actively supported by the investments team in execution across all key areas of decision making i.e. within strategy; portfolio construction; manager selection, appointment and monitoring; as well as the sustainable investment program.. The investment team also work closely with the responsible investment consulting team to perform a range of climate-related research, collaboration, engagement, and reporting responsibilities.

☒ **(B) Management implements the agreed-upon risk management measures. Specify:**

Where risk management measures have been agreed, this implementation remains with the CIO and investment team management, with support from the responsible investment consulting team.

☒ **(C) Management monitors and reports on climate-related risks and opportunities. Specify:**

Mercer's investment analytics function provides management and investment management teams with information on climate-related risks (including intensity, reserves, transition and opportunities based metrics). The management chain is then tasked with implementing monitoring of these measure and taking action accordingly. A workplan designed jointly by the CIO and responsible investment consulting team monitors and develops the monitoring process itself.

☒ **(D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:**

Mercer ensures climate management is adequately resourced and invested into across its regional teams. Mercer has first class external data provision in place with reputable providers across the globe with new framework data and analytics deals signed in 2020. These provide important inputs to Mercer's responsible investment consulting and investment management teams in each region. A series of webinars for staff across function, globally have also taken place in 2020 covering a variety of ESG topics including regulatory updates, climate transition analysis, climate scenario modelling and extensive Q&A to embed topics into variety of investment functions. As part of the delivery model for these webinars, members of the investment team join the RI team in presenting these topics, demonstrating ESG knowledge and integration within the business.

☒ **(E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:**

The CIO in each region has the leadership and support of the Global CIO, who also reinforces the importance of capturing climate change considerations and monitoring for developments within investment decisions in global CIO meetings and governance committees. This includes the Global ESG Integration Committee, formed in 2018, and represented by Mercer investment and consulting teams in the Pacific, Europe and North America.

The global CIO team is also informed by Mercer's investment governance structure and research committees charged with reviewing and setting guidance on Mercer intellectual capital development and 'house views'. This includes the Global Strategic Research Committee, which reviews all new climate-related research. This research, led by Mercer's responsible investment consulting specialists together with senior Mercer actuaries/consultants, informs Mercer's strategic climate scenario modelling, climate transition advice framework and Analytics for Climate Transition (ACT) tool, together with asset class and industry sector priorities.

☐ **(F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities**

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

☒ **(A) Specific financial risks in different asset classes. Specify:**

Mercer's climate change scenario modelling and stress testing takes a forward-looking approach to supplement core asset allocation models across asset classes. The key benefit is the ability to prioritise climate change-related risks and opportunities and the potential relative impacts under different climate change scenarios to support strategic decision making on asset allocation and portfolio construction. The asset class drivers for the fund results are primarily the exposures to infrastructure, property and equities. The reaction within each of these asset classes varies meaningfully depending on the scenario that eventuates and the underlying sector and regional exposures (e.g. % of renewables in infrastructure, % of energy and utilities in equities, % in emerging markets or % in fossil fuel intensive economies).

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

Mercer's top down climate change scenario modelling and stress testing identified energy and utilities as the sectors at the greatest risk of being stranded. Additional 'bottom up' approaches, using Mercer's Analytics for Climate Transition (ACT) tool, further identifies the companies within these and potentially materials sectors where there are high carbon intensity and low transition capacity risks which put a company into a 'dark grey' or high transition risk category.

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

Physical risk captures the damages that come with temperature increases that we have failed to avoid. The frequency of storms, wildfires and floods will shift as will the availability of natural resources like food and water. The willingness of and ability for society to adapt to these changes is uncertain. Investors with real asset exposures, such as property and infrastructure, directly or indirectly, will need to increasingly review location risk, insurance coverage and uninsured loss implications together with additional capital expenditure requirements to improve adaptation capacity. Physical damages are also expected to negatively impact consumer staples and telecoms, as two equity-sector examples. The findings in Mercer's 2019 Investing in a Time of Climate Change - The Sequel report show that it is in investors' best interests and therefore consistent with fiduciary duty to actively support the low-carbon transition to avoid the worst physical damages.

☒ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Indirect physical risk impacts would occur as a result of supply chain disruption in particular, making this a more difficult risk to model the second and third order impacts. This can affect a variety of asset classes and sectors across listed equities and alternative assets. Physical risk sensitivity is most negative for utilities and energy, but some sensitivity is relatively widespread across sectors, including industrials, telecoms, financials, consumer staples and consumer discretionary. Within each sector, there will be "winners and losers" at a stock level, including those sectors where overall sensitivity is expected to be indirect and even neutral.

☒ **(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Mercer's research evidences that opportunities emerge from a 2°C scenario or lower, with transition expected to be a benefit from a macroeconomic perspective, including the potential to capture a “low-carbon transition (LCT) premium.” Although a 2°C scenario definitely still presents transition risk (especially for portfolios aligned to a 3°C or 4°C+ world), investors can target investment in the many mitigation and adaptation solutions required for a transformative transition. Overall, we would expect more-stringent climate change policy to be a net positive for infrastructure, as policy changes should drive an extended period of significant economic transformation and investment globally. Specifically, sustainable infrastructure consists of a broad range of projects and solutions, including renewable energy, that would be expected to benefit from clean technological innovation and strong policy action to combat emissions. Similarly, sustainable infrastructure would benefit by avoiding exposure to assets that may become stranded in a low-carbon transition and/or focusing on retrofitting assets to be climate-resilient. Furthermore, on a relative basis, sustainability-themed equity, active and passive, or at least low-carbon passive options are expected to benefit where underlying companies are delivering the solutions to support a low-carbon transition. Emerging market equities are also expected to benefit from additional climate-finance support from developed countries, as established in the Paris Agreement and reinforced in subsequent United Nations meetings. In addition and although it is difficult, given present performance data and the loose linkage between use of proceeds and issuer credit quality, to demonstrate that green bonds offer investors a “greenium” or provide climate-risk-protection benefits, they do at least offer investors the opportunity to more-readily track their environmental impact in public markets.

☒ (F) **Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

Sustainable infrastructure consists of a broad range of projects and solutions, including renewable energy, that would be expected to benefit from clean technological innovation and strong policy action to combat emissions, as well through successful implementation can accelerate the adoption on fronts. Sustainable equities, primarily accessible in active strategies, are expected to be well-positioned from a policy point of view but also capture upside from a low-carbon transition through greater exposure to solutions providers. We see private markets and sustainability as distinct and complementary strategy within an investment portfolio seeking to increase contribution to climate goal. We believe that private markets are a natural home for sustainability strategies, owing to the typically longer hold periods and greater degree of involvement, which underlying fund managers have in their portfolio companies. Mercer offers focused mandates (e.g. sustainable opportunities), which have specific investment guidelines and are focused explicitly on allocations to opportunities driven by trends in sustainability – both in private and public markets. Mercer index linked climate transition products (EU Article 9 designated) offer a clear contribution the common goal of lowering emissions across a broad market index.

☐ (G) Other climate-related risks and opportunities identified. Specify:

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(C) Assets with exposure to direct physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(D) Assets with exposure to indirect physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?

☒ **(A) Specific financial risks in different asset classes. Specify:**

Mercer's investors typically have multi-decade time horizons ultimately but investor timeframes for monitoring Mercer as a provider, and Mercer in turn monitoring its appointed investment managers, are more likely less than 5 and long term is typically 7-10.

☐ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

Mercer's investors typically have multi-decade time horizons ultimately but investor timeframes for monitoring Mercer as a provider, and Mercer in turn monitoring its appointed investment managers, are more likely less than 5 and long term is typically 7-10.

☒ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Mercer's investors typically have multi-decade time horizons ultimately but investor timeframes for monitoring Mercer as a provider, and Mercer in turn monitoring its appointed investment managers, are more likely less than 5 and long term is typically 7-10.

☒ **(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Mercer expects specific sectors/assets that may benefit under transition and lower temperature warming scenarios are most likely over the next decade, but would continue beyond 2030. Mercer's investors typically have multi-decade time horizons ultimately but investor timeframes for monitoring Mercer as a provider, and Mercer in turn monitoring its appointed investment managers, are more likely less than 5 and long term is typically 7-10.

☒ **(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

Mercer's investors typically have multi-decade time horizons ultimately but investor timeframes for monitoring Mercer as a provider, and Mercer in turn monitoring its appointed investment managers, are more likely less than 5 and long term is typically 7-10.

☐ **(G) Other climate-related risks and opportunities identified, please specify:**

☐ **(H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.

Mercer believes that climate change poses a systemic risk and that investors should consider not only the financial implication of climate risks but also the physical impacts of potential climate change scenarios. These climate-related risks and opportunities (Physical Damages and Transition Risks) are taken into account as part of our climate change modelling – the results of which feed into the strategic asset allocation of the discretionary client portfolios.

Mercer considers climate change scenarios where temperatures rise a further 2C, 3C and 4C and considers transition risks and physical damages, over a variety of time periods (10 years, up to 2050 and up to 2100). Mercer also evaluates the impact of stress testing - how longer term return impacts could manifest as short term market pricing events under different climate parameters such as awareness and likelihood of different global warming outcomes.

The Mercer Asset Allocation Committee, working with the CIOs, includes climate change scenario modelling as an input to strategy decisions when deciding on the percentage of assets to be allocated to different asset classes to the diversified portfolios Mercer manages on behalf of our clients. This process helps to test current and potential funds with a ‘climate lens’, alongside other traditional considerations in the decision making process. This analysis was first undertaken post Mercer’s 2015 report and updated after the 2019 Sequel, applying the latest Mercer model.

We expect that the risk and return priorities by asset class under each climate change scenario, particularly a 2°C scenario, will assist in future decisions on fund exposures and product development. In business planning these findings can be drawn upon in considering exposures in each asset class and industry sector and drive the risk management priorities.

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- ☒ (A) An orderly transition to a 2°C or lower scenario
- ☒ (B) An abrupt transition consistent with the Inevitable Policy Response
- ☒ (C) A failure to transition, based on a 4°C or higher scenario
- ☐ (D) Other climate scenario, specify:
- ☐ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33.1	PLUS	ISP 33	N/A	PUBLIC	Strategy: Scenario analysis	General

Describe how climate scenario analysis is used to test the resilience of your organisation's investment strategy and inform investments in specific asset classes.

☒ **(A) An orderly transition to a 2°C or lower scenario**

Under this Scenario a low-carbon economy transformation is most closely aligned with both successful implementation of the Paris Agreement's ambitions and the greatest chance of lessening physical damages, but has the greatest short term disruption for some sectors. Annual and cumulative additional return impacts under a 2°C scenario estimates which sectors/asset classes are likely to benefit (and which ones won't) and inform potential changes to the Strategic Asset Allocation and portfolio construction decisions.

☒ **(B) An abrupt transition consistent with the Inevitable Policy Response**

Mercer's stress testing functionality within the climate scenario analysis modelling enables similar considerations as the Inevitable Policy Response to be considered. This modelling assumes there is a sudden increase in a 2°C scenario probability from the current trajectory and a jump in marketing awareness/pricing. This capitalises the additional annual impacts into a point in time of less than one year and often results in meaningful impacts even for diversified portfolios.

☒ **(C) A failure to transition, based on a 4°C or higher scenario**

Under this scenario, we consider a fragmented policy pathway where current commitments are not implemented and there is a serious failure to alleviate anticipated physical damages. Similar to A), the results of this analysis – including stress testing provide information as to which sectors/asset classes are most likely to be affected under a 4°C scenario and hence inform potential changes to the Strategic Asset Allocation and portfolio construction.

Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

Which risk management processes do you have in place to identify and assess climate-related risks?

☐ (A) Internal carbon pricing. Describe:

☐ (B) Hot spot analysis. Describe:

☒ **(C) Sensitivity analysis. Describe:**

As part of Mercer's climate scenario analysis we perform stress testing analysis to consider changes in view on scenario probability, market awareness and physical impacts and assess sensitivity of asset classes to these factors. This is because we don't believe future changes will be neat and gradual, but could come with sudden surprises where new information and market responses prompts more rapid change.

☒ **(D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:**

Mercer's policies and annual engagement surveys with managers clearly expect managers to also provide TCFD aligned reporting.

☐ (E) TCFD reporting requirements on companies. Describe:

☒ (F) Other risk management processes in place, please describe:

The carbon emissions for all equity funds have been assessed on a semi-annual basis using the recommended metric from the TCFD i.e. weighted average carbon intensity (WACI) for many years. In addition, Mercer has developed an Analytics for Climate Transition (ACT) tool, which provides a 'bottom up' company level perspective across asset classes on a 'well below 2°C' or transition scenario. This is the scenario that is now seen as increasingly possible. ACT draws on multiple third party metrics on company level emissions, transition capacity and green revenues, which Mercer has selected and weighted to provide a single transition capacity assessment for portfolios on a spectrum — going from 'grey', high-carbon and low-transition investments, to the 'green', those already low-/zero-carbon or are climate solutions, and the many companies in the middle, the 'in-between' with varying transition capacities. ACT is helping to identify where the highest carbon intensity risks lie, including the potential for stranded asset risk in the dark grey companies, and where emissions reductions can best be achieved by portfolio weight to still deliver on investment objectives. This company level analysis is helping to compare different portfolios and benchmarks within asset classes and compare asset class impacts to ensure Mercer's transition pathway adopts a thorough risk management approach to an economy wide and portfolio wide transition.

☐ (G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

In which investment processes do you track and manage climate-related risks?

☒ (A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

☒ (B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

☒ (C) In our external investment manager selection process. Describe:

All sub-investment managers are expected to assess and reflect ESG risks in security selection and portfolio construction. All manager ESG capabilities are assessed using Mercer's ESG proprietary ratings (ratings 1 to 4). ESG ratings are regularly reviewed and as at Jan 2021, Mercer had assigned an ESG rating to more than 4,500 strategies. In line with the SIP, a preference is made for funds with an ESG3 rating or above.

☒ (D) In our external investment manager monitoring process. Describe:

Mercer will engage with the IM to track and manage climate related risks. An example of this is Apollo who were previously rated ESG4 by our manager research team. In this instance the manager research team had highlighted a lack of evidence that ESG considerations were being appropriately integrated into the managers' credit analysis (in particular that ESG factor analysis was having an impact on what goes into the portfolio and adding value from a risk management perspective). The Portfolio Management team impressed this view upon the Apollo team during a number of meetings during 2019 which we believe contributed to some enhancements to Apollo's process (including a dedicated ESG section to the memos used to make investment decisions on underlying credits). Apollo were able to demonstrate this to our manager research team at a meeting in early 2020, including examples of a number of securities where the investment decision not to invest was made as a result of the enhanced data. This led to an upgrade in the rating of the strategy to ESG3.

☒ (E) In the asset class benchmark selection process. Describe:

☐ (F) In our financial analysis process. Describe:

☐ (G) Other investment process(es). Describe:

☐ (H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?

☒ (A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

Mercer's risk team, who have portfolio analytics and other responsibilities support the investment team in monitoring investment risk positions and reviewing portfolio analytics that includes carbon-related metrics. This team's growing involvement is an example of the trend towards integration within the Mercer investment teams with support, but no longer reliance, on the responsible investment consulting team.

☒ (B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk). Describe:

Climate-related risks are incorporated alongside traditional risks in scenario analysis, strategic asset allocation and portfolio construction decisions.

☒ (C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis. Describe:

The climate scenario analysis and analytics for climate transition results have informed prioritisation based on likely material impacts to the portfolios.

☐ (D) Executive remuneration is linked to climate-related KPIs. Describe:

☐ (E) Management remuneration is linked to climate-related KPIs. Describe:

☐ (F) Climate risks are included in the enterprise risk management system. Describe:

☐ (G) Other methods for incorporating climate risks into overall risk management, please describe:

☐ (H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

Have you set any organisation-wide targets on climate change?

☒ (A) Reducing carbon intensity of portfolios

☒ (B) Reducing exposure to assets with significant climate transition risks

☒ (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes

☐ (D) Aligning entire group-wide portfolio with net zero

☐ (E) Other target, please specify:

☐ (F) No, we have not set any climate-related targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37.1	PLUS	ISP 37	N/A	PUBLIC	Metrics and targets	General

Provide more details about your climate change target(s).

	(1) Absolute- or intensity-based	(2) The timeframe over which the target applies: Years [Enter a value between 1 and 100]	(3) Baseline year [between 1900–2020]
(A) Reducing carbon intensity of portfolios	(1) Absolute-Based	30	2019
(B) Reducing exposure to assets with significant climate transition risks	(1) Absolute-Based	30	2019
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	(1) Absolute-Based	30	2019
	(4) Baseline amount	(5) Target date dd/mm/yyyy	
(A) Reducing carbon intensity of portfolios		31/12/2050	
(B) Reducing exposure to assets with significant climate transition risks	Percentage exposure in Mercer ACT tool - transition capacity categories	31/12/2050	
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	Percentage exposure in Mercer ACT tool – ‘green’ transition capacity categories	31/12/2050	
	(6) Target value/amount	(7) Interim targets or KPIs used to assess progress against the target	
(A) Reducing carbon intensity of portfolios		Aim to reduce emissions by 45% by 2030	

(B) Reducing exposure to assets with significant climate transition risks	Improved percentages in each ACT category – reducing the grey and growing the ‘in-between’ and the ‘green’.	Improved percentages in each ACT category – reducing the grey and growing the ‘in-between’ and the ‘green’.
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	Improved percentages in each ‘green’ ACT category	Improved percentages in each ‘green’ ACT category

Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

- ☒ (A) Total carbon emissions
- ☐ (B) Carbon footprint
- ☐ (C) Carbon intensity
- ☒ (D) Weighted average carbon intensity
- ☐ (E) Implied temperature warming
- ☐ (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)
- ☐ (G) Avoided emissions metrics (real assets)
- ☒ (H) Other metrics, please specify:

In addition, Mercer has developed an Analytics for Climate Transition (ACT) tool, which provides a ‘bottom up’ company level perspective across asset classes on a ‘well below 2°C’ or transition scenario. ACT draws on multiple third party metrics on company level emissions, transition capacity and green revenues, which Mercer has selected and weighted to provide a single transition capacity assessment for portfolios on a spectrum — going from ‘grey’, high-carbon and low-transition investments, to the ‘green’, those already low-/zero-carbon or are climate solutions, and the many companies in the middle, the ‘in-between’ with varying transition capacities. ACT is helping to identify where the highest carbon intensity risks lie, including the potential for stranded asset risk in the dark grey companies, and where emissions reductions can best be achieved by portfolio weight to still deliver on investment objectives. This company level analysis is helping to compare different portfolios and benchmarks within asset classes and compare asset class impacts to ensure Mercer’s transition pathway adopts a thorough risk management approach to an economy wide and portfolio wide transition.

- ☐ (I) No, we have not identified any climate-related metrics for transition risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

Provide details about the metric(s) you have identified for transition risk monitoring and management.

(1) Coverage of AUM		(2) Purpose
(A) Total carbon emissions	(3) for a minority of our assets	Calculate a portfolio's carbon footprint.
(D) Weighted average carbon intensity	(2) for the majority of our assets	Calculate a portfolio's carbon footprint
(H) Other metrics [as specified]	(3) for a minority of our assets	Provide a single transition capacity assessment for portfolios
(3) Metric unit		(4) Methodology
(A) Total carbon emissions	Tonnes CO2	
(D) Weighted average carbon intensity	WACI is the sum product of the underlying funds weights * company carbon intensities (tons CO2e / \$M revenue2)	The methodology applied is the Weighted Average Carbon Exposure (WACI), which is the preferred method of the TCFD.
(H) Other metrics [as specified]	Grey to Green	Draws on multiple third party metrics on company level emissions, transition capacity and green revenues to identify where the highest carbon intensity risks lie, including the potential for stranded asset risk in the dark grey companies, and where emissions reductions can best be achieved by portfolio weight to still deliver on investment objectives.

Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- ☐ (A) Weather-related operational losses for real assets or the insurance business unit
- ☐ (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- ☒ (C) Other metrics, please specify:
 Mercer's climate scenario analysis modelled the impact of natural catastrophes (particularly sea level rise, wildfires and agriculture) and resource availability, namely water. This top down information is informing the increasing focus on bottom up metrics for listed and real assets. Managers are currently able to provide some answers but we are reviewing solutions to support whole of portfolio views.
- ☐ (D) Other metrics, please specify:
- ☐ (E) We have not identified any metrics for physical risk monitoring

Sustainability outcomes

Set policies on sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 40	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Where is your approach to sustainability outcomes set out? Your policy/guideline may be a standalone document or part of a wider responsible investment policy.

- ☒ (A) Our approach to sustainability outcomes is set out in our responsible investment policy
- ☐ (B) Our approach to sustainability outcomes is set out in our exclusion policy
- ☐ (C) Our approach to sustainability outcomes is set out in our stewardship policy
- ☐ (D) Our approach to sustainability outcomes is set out in asset class-specific investment guidelines
- ☐ (E) Our approach to sustainability outcomes is set out in separate guidelines on specific outcomes (e.g. the SDGs, climate or human rights)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 41	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Which global or regionally recognised frameworks do your policies and guidelines on sustainability outcomes refer to?

- ☒ (A) The SDG goals and targets
☒ (B) The Paris Agreement
☐ (C) The UN Guiding Principles on Business and Human Rights
☐ (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
☐ (E) Other frameworks, please specify:
☐ (F) Other frameworks, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 42	PLUS	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

What are the main reasons that your organisation has established policies or guidelines on sustainability outcomes? Select a maximum of three options.

- ☒ (A) Because we understand which potential financial risks and opportunities are likely to exist in (and during the transition to) an SDG-aligned world
☒ (B) Because we see it as a way to identify opportunities, such as through changes to business models, across supply chains and through new and expanded products and services
☐ (C) Because we want to prepare for and respond to legal and regulatory developments, including those that may lead to stranded assets
☐ (D) Because we want to protect our reputation and licence-to-operate (i.e. the trust of beneficiaries, clients and other stakeholders), particularly in the event of negative sustainability outcomes from investments
☐ (E) Because we want to meet institutional commitments on global goals (including those based on client or beneficiaries' preferences), and communicate on progress towards meeting those objectives
☒ (F) Because we consider materiality over longer time horizons to include transition risks, tail risks, financial system risks and similar
☐ (G) Because we want to minimise negative sustainability outcomes and increase positive sustainability outcomes of investments

Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- ☐ (A) No, we have not identified the sustainability outcomes from our activities
- ☒ (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- ☒ (A) The UN Sustainable Development Goals (SDGs) and targets
- ☒ (B) The Paris Agreement
- ☐ (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- ☐ (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- ☒ (E) The EU Taxonomy
- ☐ (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:
- ☒ (G) Other framework/tool, please specify:

IPCC and ACT
- ☐ (H) Other framework/tool, please specify:
- ☐ (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

At what level(s) did your organisation identify the sustainability outcomes from its activities?

- ☒ (A) At the asset level
- ☐ (B) At the economic activity level
- ☒ (C) At the company level
- ☒ (D) At the sector level
- ☒ (E) At the country/region level
- ☐ (F) At the global level
- ☐ (G) Other level(s), please specify:
- ☐ (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

How has your organisation determined your most important sustainability outcome objectives?

- ☒ (A) Identifying sustainability outcomes that are closely linked to our core investment activities
- ☒ (B) Consulting with key clients and/or beneficiaries to align with their priorities
- ☒ (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes
- ☒ (D) Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)
- ☐ (E) Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)
- ☐ (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)
- ☒ (G) Understanding the geographical relevance of specific sustainability outcome objectives
- ☐ (H) Other method, please specify:
- ☐ (I) We have not yet determined our most important sustainability outcome objectives

Transparency & Confidence-Building Measures

Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☒ (E) ESG objectives of individual funds
- ☒ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☒ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☐ (J) A list of our main investments and holdings
- ☐ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

Information disclosed – Passive ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 47	CORE	Multiple, see guidance	N/A	PUBLIC	Information disclosed – Passive ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets that are passive listed equity and/or passive fixed income, how do you communicate changes in their ESG benchmark selection and construction?

- ☐ (A) We disclose details that would allow external parties to replicate or test the ESG index or benchmark
- ☒ (B) We disclose the main sources of ESG data, broad ESG assumptions and how this is used to develop ESG passive portfolios
- ☒ (C) We disclose a full list of all changes to methodologies
- ☒ (D) We disclose any changes that we deem significant to the methodology
- ☐ (E) We do not communicate changes to methodologies for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets that use ESG indices/benchmarks

Client reporting – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 48	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – ESG assets	6

What ESG information is included in your client reporting for the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets?

- ☒ (A) Qualitative analysis, descriptive examples or case studies
- ☒ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- ☐ (C) Progress on our sustainability outcome objectives
- ☒ (D) Stewardship results
- ☐ (E) Information on ESG incidents, where applicable
- ☐ (F) Analysis of ESG contribution to portfolio financial performance
- ☐ (G) We do not include ESG information in client reporting for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☐ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☐ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☐ (J) A list of our main investments and holdings
- ☒ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

Client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 50	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – All assets	6

What ESG information is included in your client reporting for the majority of your assets under management?

- ☒ (A) Qualitative ESG analysis, descriptive examples or case studies
- ☒ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- ☐ (C) Progress on our sustainability outcome objectives
- ☒ (D) Stewardship results
- ☐ (E) Information on ESG incidents where applicable
- ☐ (F) Analysis of ESG contribution to portfolio financial performance
- ☐ (G) We do not include ESG information in client reporting for the majority of our assets under management

Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?

- ☐ (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- ☐ (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- ☒ **(D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report**
- ☐ (E) Some or all of our funds have been audited as part of the certification process against a sustainable investment/RI label
- ☐ (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- ☐ (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- ☐ (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ **(I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI**
- ☐ (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Who has reviewed/verified the entirety of or selected data from your PRI report?

- | | |
|---|-------------------------|
| (A) Board and/or trustees | (4) report not reviewed |
| (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO)) | (3) parts of the report |
| (C) Investment committee | (4) report not reviewed |

(D) Other chief-level staff, please specify:

N/A

(4) report not reviewed

(E) Head of department, please specify:

N/A

(4) report not reviewed

(F) Compliance/risk management team

(3) parts of the report

(G) Legal team

(4) report not reviewed

(H) RI/ ESG team

(1) the entire report

(I) Investment teams

(2) most of the report

Manager Selection, Appointment and Monitoring (SAM)

Investment consultants

Investment consultant selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 8	N/A	PUBLIC	Investment consultant selection	4

During the reporting year, what responsible investment requirements did you include in all of your selections of investment consultants? (If you did not select any investment consultants during the reporting year, refer to the last reporting year in which you did select investment consultants.)

- ☒ (A) We required evidence that they incorporated responsible investment criteria in their advisory services
- ☒ (B) We required them to be able to accommodate our responsible investment priorities
- ☒ (C) We required evidence that their staff had adequate responsible investment expertise
- ☒ (D) We required them to have access to ESG data and quantitative ESG analytical tools to support their recommendations
- ☒ (E) We required evidence that the consultants working directly with us would receive additional ESG training where needed
- ☐ (F) We required them to analyse the external managers' impact on sustainability outcomes

☒ (G) Other, please specify:

Mercer's Fund of Funds solutions leverage Mercer's investment consulting research, including ESG Ratings for manager strategies, and the responsible investment consulting team's expertise in each region around the world.

☐ (H) We did not include responsible investment requirements in our selection(s) of investment consultants

Selection

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 11	SAM 2.1	PUBLIC	Responsible investment policy	1, 4

During the reporting year, did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers? (If you did not select any external managers during the reporting year, refer to the last reporting year in which you did select external managers.)

	(1) Yes, only when selecting external managers of ESG/sustainability funds	(2) Yes, when selecting external managers of ESG/sustainability funds and mainstream funds (This option also applies to signatories who may not hold ESG/sustainability funds)	(3) We did not include compliance with our responsible investment policy as a pre-requisite when selecting external managers
(A) Listed equity (active)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity (passive)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income (active)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income (passive)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

(H) Hedge funds

○

●

○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2.1	CORE	SAM 2	N/A	PUBLIC	Responsible investment policy	1,4

In what proportion of cases did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers?

(1) Listed equity (active)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(2) Listed equity (passive)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(3) Fixed income (active)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(4) Fixed income (passive)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(5) Private equity

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(6) Real estate

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(7) Infrastructure

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(8) Hedge funds

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

Research and screening

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	CORE	OO 11	N/A	PUBLIC	Research and screening	1

When selecting external managers, which aspects of their organisation do you, or the investment consultant acting on your behalf, assess against responsible investment criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Firm culture	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(F) Investment team competencies	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	■ N/A (1) for all of our externally managed AUM	■ N/A (1) for all of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) Firm culture	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(G) Other, please specify:	■ N/A (1) for all of our externally managed AUM	■ N/A (4) for none of our externally managed AUM
	(5) Private equity	(6) Real estate
(A) Firm culture	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (1) for all of our externally managed AUM
	(7) Infrastructure	(8) Hedge Funds
(A) Firm culture	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(G) Other, please specify:	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (2) for the majority of our externally managed AUM

Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 11	N/A	PUBLIC	Investment practices	1

Which responsible investment practices does your organisation, or the investment consultants acting on your behalf, require as part of your external manager selection criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.) As part of the selection criteria, we require that external managers:

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(G) Embed ESG considerations in contractual documentation	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	■ N/A (4) for none of our externally managed AUM	■ N/A (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM

(D) Incorporate material ESG factors throughout their portfolio construction	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<div>■ N/A</div> <div>(4) for none of our externally managed AUM</div>	<div>■ N/A</div> <div>(4) for none of our externally managed AUM</div>

	(5) Private equity	(6) Real estate
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Incorporate material ESG factors throughout their portfolio construction	(3) for a minority of our externally managed AUM	(1) for all of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM

(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<div> <div></div> N/A </div> (4) for none of our externally managed AUM	<div> <div></div> N/A </div> (4) for none of our externally managed AUM
	(7) Infrastructure	(8) Hedge funds
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM

(F) Comply with their own exclusions policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<div>■ N/A</div> <div>(4) for none of our externally managed AUM</div>	<div>■ N/A</div> <div>(4) for none of our externally managed AUM</div>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	PLUS	OO 11	N/A	PUBLIC	Investment practices	1

Does your organisation, or the investment consultants acting on your behalf, expressly assess the following practices regarding derivatives and short positions as part of your manager selection process? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(A) We assess whether they apply ESG incorporation into derivatives, insurance instruments (such as CDS) and other synthetic exposures or positions	(5) for none of our externally managed AUM
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(B) We assess how they apply their exclusion policies to short and derivative exposures	(5) for none of our externally managed AUM
(C) We assess whether their use of leverage is aligned with their responsible investment policy	(5) for none of our externally managed AUM

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO	N/A	PUBLIC	Stewardship	2

How does your organisation, or the investment consultants acting on your behalf, assess the stewardship policies of investment managers during the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(2) for the majority of our externally managed AUM	(1) for all of our externally managed AUM
(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	<p>We expect, and many stewardship policies do, encourage participation in collaborative initiatives (as per E) and systemic issues (as per B) but it is too strong to say it is required.</p> <p>(1) for all of our externally managed AUM</p>	<p>We expect, and many stewardship policies do, encourage participation in collaborative initiatives (as per E) and systemic issues (as per B) but it is too strong to say it is required.</p> <p>(1) for all of our externally managed AUM</p>
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We assess the degree to which their stewardship policy aligns with ours	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(G) Other, please specify:	<div>■ N/A</div> (4) for none of our externally managed AUM	<div>■ N/A</div> (4) for none of our externally managed AUM
	(5) Private equity	(6) Real estate
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(G) Other, please specify:	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (1) for all of our externally managed AUM
	(7) Infrastructure	(8) Hedge funds
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
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(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
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(G) Other, please specify:	<div>■ N/A</div> <div>(1) for all of our externally managed AUM</div>	<div>■ N/A</div> <div>(4) for none of our externally managed AUM</div>
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 7	CORE	OO	N/A	PUBLIC	Stewardship	2

How does your organisation, or the investment consultants acting on your behalf, assess the stewardship practices of external managers as part of the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(1) Listed equity (active)

(2) Listed equity (passive)

(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
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(B) We assess whether they allocate sufficient resources for systemic stewardship	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
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(C) We assess the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) We assess whether they participate in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(J) Other, please specify:	■ N/A (1) for all of our externally managed AUM	■ N/A (1) for all of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We assess whether they allocate sufficient resources to stewardship overall	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(C) We assess the degree of implementation of their stewardship policy	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM

(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(H) We assess whether they participate in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM
(J) Other, please specify:	<div> <div></div> N/A </div> (2) for the majority of our externally managed AUM	<div> <div></div> N/A </div> (3) for a minority of our externally managed AUM
	(5) Private equity	(6) Real estate
(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) We assess the degree of implementation of their stewardship policy	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM

(D) We assess whether their investment team is involved in stewardship activities	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(H) We assess whether they participate in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(J) Other, please specify:	<div> <div></div> N/A </div> (2) for the majority of our externally managed AUM	<div> <div></div> N/A </div> (2) for the majority of our externally managed AUM

	(7) Infrastructure	(8) Hedge funds
(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) We assess the degree of implementation of their stewardship policy	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM

(H) We assess whether they participate in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
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(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
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(J) Other, please specify:	<div>■ N/A</div> (2) for the majority of our externally managed AUM	<div>■ N/A</div> (2) for the majority of our externally managed AUM
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	2

Which voting policies and practices does your organisation, or the investment consultants acting on your behalf, assess when selecting external managers? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Hedge funds
(A) We assess whether voting rights would sit with us or with the external managers	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(B) We assess the degree to which their (proxy) voting policy aligns with ours	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(C) We assess whether their (proxy) voting track record demonstrates that they prioritise their stewardship priorities over other factors (e.g. maintaining access to the company)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
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(D) We assess whether their (proxy) voting track record is aligned with our stewardship approach and expectations, including whether it demonstrates the prioritisation of systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
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(E) We assess whether they have a security lending and borrowing policy and, if so, whether it aligns with our expectations and policies regarding security lending	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
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(F) Other, please specify:	■ N/A (1) for all of our externally managed AUM	■ N/A (1) for all of our externally managed AUM	■ N/A (4) for none of our externally managed AUM
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 11 and OO 9 FI	N/A	PUBLIC	Stewardship	2

Which stewardship practices does your organisation, or the investment consultants acting on your behalf, assess when selecting external managers that invest in fixed income? (Per strategy, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Fixed income (active)	(2) Fixed income (passive)
(A) We assess whether they engage with issuers in the context of refinancing operations to advance ESG factors beyond governance	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(B) We assess whether they engage with issuers in the context of refinancing operations to advance systemic issues	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(C) We assess whether they prioritise ESG factors beyond governance in case of credit events	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(D) We assess whether they prioritise systemic issues in case of credit events	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM

Sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 10	PLUS	OO 11	N/A	PUBLIC	Sustainability outcomes	1

How does your organisation, or the investment consultant acting on your behalf, assess external managers' approaches to their sustainability outcomes as part of your selection process? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(A) We assess their track records on advancing sustainability outcomes across their assets	(3) for a minority of our externally managed AUM
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(B) We assess whether they have set targets for the sustainability outcomes of their activities or are willing to incorporate our own targets	(3) for a minority of our externally managed AUM
(C) We assess how they use key levers including asset allocation, engagement and stewardship activities to advance sustainability outcomes	(3) for a minority of our externally managed AUM
(D) We assess how well they report on their progress on sustainability outcomes across their assets	(3) for a minority of our externally managed AUM
(E) Other, please specify: ■ N/A	(3) for a minority of our externally managed AUM

Documentation and track record

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 11	CORE	OO 11	N/A	PUBLIC	Documentation and track record	1

As part of your selection process, which documents does your organisation, or the investment consultants acting on your behalf, review to gain confidence in external managers' responsible investment practices? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(A) Standard client reporting, responsible investment reports or impact reports	(2) for the majority of our externally managed AUM
(B) Responsible investment methodology and its influence on past investment decisions	(1) for all of our externally managed AUM
(C) Historical voting and engagement activities with investees	(2) for the majority of our externally managed AUM
(D) Historical engagement activities with policymakers	(4) for none of our externally managed AUM
(E) Compliance manuals and portfolios to ensure universal construction rules are applied (e.g. exclusions, thematic, best-in-class definitions and thresholds)	(1) for all of our externally managed AUM
(F) Controversies and incidence reports	(1) for all of our externally managed AUM

(G) Code of conduct or codes of ethics

(1) for all of our externally managed AUM

(H) Other, please specify:

■ N/A

(1) for all of our externally managed AUM

Appointment

Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 12, OO 5.1, OO 15	N/A	PUBLIC	Pooled funds	4

How did your organisation, or the investment consultants acting on your behalf, include responsible investment requirements for pooled funds in your current contracts with external managers? (Indicate the proportion of your AUM invested in pooled funds to which each of these requirements applies, regardless of when you appointed your different external managers.)

(A) We amended or instituted side letters or equivalent legal documentation to include responsible investment requirements

(2) for the majority of our AUM invested in pooled funds

(B) We encouraged the external manager to include responsible investment requirements into the investment mandate, the investment management agreement or equivalent legal documentation

(2) for the majority of our AUM invested in pooled funds

Segregated mandates

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 12, OO 5.1	N/A	PUBLIC	Segregated mandates	4

When setting up segregated mandates with external managers, which responsible investment clauses did your organisation, or the investment consultants acting on your behalf, include in your current contractual agreements? (Indicate the proportion of your AUM invested in segregated funds to which each of these requirements applies, regardless of when you appointed your different external managers.)

(A) The manager's commitment to follow our responsible investment strategy in the management of our assets	(1) for all of our AUM invested in segregated mandates
(B) The manager's commitment to incorporate material ESG factors into its investment and stewardship activities	(1) for all of our AUM invested in segregated mandates
(C) Exclusion list(s)	(3) for a minority of our AUM invested in segregated mandates
(D) Responsible investment communication and reporting obligations, including on stewardship activities and results	(2) for the majority of our AUM invested in segregated mandates
(E) Stewardship commitments in line with the PRI's guidance and focused on seeking sustainability outcomes and prioritising common goals and collaborative action	(3) for a minority of our AUM invested in segregated mandates
(F) Where applicable, commitment to fulfil a clear policy on security lending aligned with our own security lending policy or with the ICGN Securities Lending Code of Best Practice	(2) for the majority of our AUM invested in segregated mandates
(G) Incentives and controls to ensure alignment of interests	(1) for all of our AUM invested in segregated mandates
(H) Commitments on climate-related disclosure in line with internationally recognised frameworks such as the TCFD	(2) for the majority of our AUM invested in segregated mandates
(I) If applicable, commitment to disclose against the EU Taxonomy	(3) for a minority of our AUM invested in segregated mandates
(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights	(4) for none of our AUM invested in segregated mandates

(K) The manager's acknowledgement that their appointment was conditional on their fulfilment of their responsible investment obligations

(1) for all of our AUM invested in segregated mandates

(L) Other, please specify:

N/A

(4) for none of our AUM invested in segregated mandates

Monitoring

Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 13	N/A	PUBLIC	Investment practices	1

During the reporting year, which aspects of your external manager's responsible investment practices did you, or your investment consultant acting on your behalf, monitor?

(1) Listed equity (active)

(2) Listed equity (passive)

(A) We monitored their alignment with our organisation's responsible investment strategy

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(C) We monitored their use of ESG data, benchmarks, tools and certifications

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	<div>■ N/A</div> <div>(1) for all of our externally managed AUM</div>	<div>■ N/A</div> <div>(1) for all of our externally managed AUM</div>
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	<div>■ N/A</div> <div>(1) for all of our externally managed AUM</div>	<div>■ N/A</div> <div>(1) for all of our externally managed AUM</div>
	(5) Private equity	(6) Real estate
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(F) We monitored any changes in ESG risk management processes	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (1) for all of our externally managed AUM
	(7) Infrastructure	(8) Hedge funds
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM

(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
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(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
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(F) We monitored any changes in ESG risk management processes	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
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(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
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(H) Other, please specify:	<div> <div></div> N/A </div>	<div> <div></div> N/A </div>
	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 15	PLUS	OO 13	N/A	PUBLIC	Investment practices	1

During the reporting year, which information did your organisation, or the investment consultants acting on your behalf, monitor for externally managed passive products?

(1) Listed equity (passive)

(2) Fixed income (passive)

(A) For all ESG passive products, we monitored how the manager applied, reviewed and verified screening criteria



(B) For all ESG passive products, we monitored how the manager rebalanced the product as a result of changes in ESG rankings, ratings or indexes



(C) For all ESG passive products, we monitored whether they met the responsible investment claims made by their managers



(D) For all passive products, we monitored the managers' participation in industry initiatives to enhance responsible investment



(E) Other, please specify:



(F) We did not monitor passive products



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	PLUS	OO 13	N/A	PUBLIC	Investment practices	1

Provide an example of a leading practice you adopted as part of your monitoring of your external managers' responsible investment practices in private equity, real estate and/ or infrastructure during the reporting year.

Please provide examples below:

(A) Private equity

Background: In 2020, Mercer completed due diligence on a renewable power co-investment. This is a leading renewable energy developer based in the US that operates over 1.3 GW of wind, solar, and geothermal facilities. The lead manager is highly experienced in the sector. While the lead manager has actively worked towards incorporating ESG principles into its investment and asset management process for their funds, the co-investment only incorporated ESG principles at a high-level. ESG engagement: After extensive engagement with the manager, they agreed to implement a comprehensive ESG reporting including renewable energy generation (MWh), pollution avoided, water efficiency and amount of waste diverted from landfill. The manager also implemented ESG initiatives such as avian monitoring systems to reduce bird strikes, regulatory compliance and safety. Mercer's engagement on this topic helped the manager recognize the urgency behind enhancing their impact capabilities, demonstrating how Mercer is able to engage with managers and add value.

(B) Real estate

In the Australian Direct Property portfolio, requests were sent to all managers to gather their actual carbon emissions data and views on net zero commitments and trajectories for underlying assets. All managers responded with the required quantitative metrics and varying degrees of qualitative detail. Engagement will continue over the next decade to monitor progress on the net zero by 2030 commitments that have been made, and particularly the focus beyond the Office sector to Retail and Industrial.

All real estate managers were also captured in the Australian manager engagement survey on stewardship and ESG in Q4 2020.

(C) Infrastructure

European Infrastructure Manager Case Study Background: First commingled fund raised by the manager, who had previously invested deal-by-deal. Mercer conducted DD in 2020. Attractive strategy focused on companies that help mitigate physical and transition risks associated with climate change. It aligns with the UN's Sustainable Development Goals, targets from the 2020 European Green Deal and the EU's Renewable Energy Directive II. In the early due diligence, an area of concern was the lack of an exclusion on fossil fuels, and a still immature ESG concept. The existing framework lacked evidence of strong ESG monitoring and reporting, as well as evidence of integrating ESG into the investment process. **(response continued in row below)**

ESG Engagement: Mercer brought this concern to the manager who agreed to prohibit any investments in fossil fuel derived projects. Instead, any flexible power investments would be driven by batteries or alternative renewable sources. Influencing the strategy we believe was possible because of early engagement and because the manager viewed Mercer as an important. Mercer highlighted the importance of a comprehensive ESG framework and impact report. The manager has hired several consultants to develop such a policy and has engaged Mercer in this process. We will revisit the ESG rating in 2021 (currently rated ESG3). All managers appointed for the Australian Direct Infrastructure Fund were also captured in the Australian manager engagement survey on stewardship and ESG in Q4 2020..

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' stewardship activities?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(K) Other, please specify:	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (1) for all of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM

(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	■ N/A (4) for none of our externally managed AUM	■ N/A (4) for none of our externally managed AUM
	(5) Private equity	(6) Real estate
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(3) for a minority of our externally managed AUM	(1) for all of our externally managed AUM

(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(1) for all of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(K) Other, please specify:	<div> <div></div> N/A </div> (4) for none of our externally managed AUM	<div> <div></div> N/A </div> (4) for none of our externally managed AUM
	(7) Infrastructure	(8) Hedge funds
(A) We monitored any changes in stewardship policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

(C) We monitored their prioritisation of systemic issues	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM

(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
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(K) Other, please specify:	N/A	N/A
	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 18	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' (proxy) voting activities?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Hedge funds
(A) We monitored any changes in (proxy) voting policies and processes	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(B) We monitored whether (proxy) voting decisions were consistent with the managers' stewardship priorities as stated in their policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

(C) We monitored whether their (proxy) voting decisions prioritised advancement of stewardship priorities over other factors (e.g. maintaining access to the company)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored whether their (proxy) voting track record was aligned with our stewardship approach and expectations, including whether it demonstrated the prioritisation of progress on systemic issues	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(E) We monitored the application of their security lending policy (if applicable) and whether security lending affected voting	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(F) Other, please specify:	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (1) for all of our externally managed AUM	<div>■ N/A</div> (4) for none of our externally managed AUM

Sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 19	PLUS	OO 13	N/A	PUBLIC	Sustainability outcomes	1

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' progress on sustainability outcomes?

- ☒ (A) We reviewed progress on the sustainability outcomes of their activities
- ☒ (B) We reviewed how they used asset allocation individually or in partnership with others to make progress on sustainability outcomes
- ☒ (C) We reviewed how they used individual or collaborative investee engagement, including voting, to make progress on sustainability outcomes
- ☒ (D) We reviewed how they used individual or collaborative systemic stewardship, including policy engagement, to make progress on sustainability outcomes
- ☐ (E) We reviewed how they contributed to public goods (such as research) or public discourse (such as media) or collaborated with other actors to track and communicate progress against global sustainability goals
- ☐ (F) Other, please specify:
- ☐ (G) We did not review their progress on sustainability outcomes

Review

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 20	CORE	OO 13	N/A	PUBLIC	Review	1

During the reporting year, how often did your organisation, or the investment consultants acting on your behalf, require your external managers to report to you on their responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Quarterly or more often	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Every six months	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Annually	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Less than once a year	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
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	(3) Fixed income (active)	(4) Fixed income (passive)
(A) Quarterly or more often	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Every six months	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Annually	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Less than once a year	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
	(5) Private equity	(6) Real estate
(A) Quarterly or more often	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Every six months	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Annually	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Less than once a year	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

	(7) Infrastructure	(8) Hedge funds
(A) Quarterly or more often	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(B) Every six months	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(C) Annually	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(D) Less than once a year	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM

Verification

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 21	PLUS	OO 13	N/A	PUBLIC	Verification	1

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, verify the information reported by external managers on their responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We required evidence of internal monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We required evidence of external monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(C) We required that they had an independent ESG advisory board or committee	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We required verification by an external, independent auditor	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) Other, please specify:	■ N/A (4) for none of our externally managed AUM	■ N/A (4) for none of our externally managed AUM
	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We required evidence of internal monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We required evidence of external monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) We required that they had an independent ESG advisory board or committee	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We required verification by an external, independent auditor	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) Other, please specify:	■ N/A (4) for none of our externally managed AUM	■ N/A (4) for none of our externally managed AUM

	(5) Private equity	(6) Real estate
(A) We required evidence of internal monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We required evidence of external monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) We required that they had an independent ESG advisory board or committee	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We required verification by an external, independent auditor	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) Other, please specify:	<div>■ N/A</div> (4) for none of our externally managed AUM	<div>■ N/A</div> (4) for none of our externally managed AUM
	(7) Infrastructure	(8) Hedge funds
(A) We required evidence of internal monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We required evidence of external monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) We required that they had an independent ESG advisory board or committee	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(D) We required verification by an external, independent auditor

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(E) Other, please specify:

N/A

N/A

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

Engagement and escalation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 22	CORE	OO 13	N/A	PUBLIC	Engagement and escalation	1

Which actions does your organisation, or the investment consultants acting on your behalf, include in its formal escalation process to address concerns raised during monitoring?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(4) Fixed income (passive)
(A) We notify the external manager about their placement on a watch list	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) We engage the external manager's board or investment committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We reduce exposure with the external manager until any non-conformances have been rectified	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We terminate the contract with the external manager if failings persist over a (notified) period of time and explain the reasons for the termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(F) Our organisation does not have a formal escalation process to address concerns raised by monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(5) Private equity	(6) Real estate	(7) Infrastructure	(8) Hedge funds
(A) We notify the external manager about their placement on a watch list	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) We engage the external manager's board or investment committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) We reduce exposure with the external manager until any non-conformances have been rectified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We terminate the contract with the external manager if failings persist over a (notified) period of time and explain the reasons for the termination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Our organisation does not have a formal escalation process to address concerns raised by monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Sustainability Outcomes (SO)

Set targets on sustainability outcomes

Outcome objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	ISP 45	SO 1.1, SO 2	PUBLIC	Outcome objectives	1

Has your organisation chosen to shape any specific sustainability outcomes?

☐ (A) Yes

☒ (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1.1	PLUS	SO 1	N/A	PUBLIC	Outcome objectives	1

If your organisation has not chosen to shape any sustainability outcomes, please explain why.

Mercer has formally acknowledged the SDG framework in the thematic investing part of the regional policies, and utilises a third party provider for their SDG metrics for listed exposures. SDG and green revenue monitoring is now a part of ESG metrics for some equities, fixed income and specific sustainable private market solutions (with some regional differences). We expect to continue investigating the rigour in those metrics and how these may be utilised with greater intentionality in considering multiple sustainability outcomes during 2021.

On climate change, the climate transition analysis undertaken in 2020 has now enabled carbon reduction targets and climate transition plans to be announced in Q1 2021 for Australia and Europe i.e. net zero by 2050 ambitions and 2030 milestone expectations, consistent with a 1.5d scenario for ~\$70bn in FUM. Other regions are expected to complete similar reviews and potentially make similar commitments in 2021. Furthermore, Mercer Analytics for Climate Transition (ACT) tools utilised to underpin Mercer asset choices for Mercer's transition pathway include consideration and monitoring for sustainability outcomes. For example, green revenues and forward looking transition capacity indicators form a part of the analysis. This will help us to begin to shape sustainability outcomes more expressly as our asset allocation profile evolves over the coming years.