MERCER

responsible **investment policy**

Mercer (NZ) Limited
February 2020

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Contents

This policy provides an overview of the principles and policies governing responsible and sustainable investment within the Mercer funds, and is structured as follows:

01/Policy Scope and Key Principles

Background

Mercer New Zealand's Responsible Investment Policy is guided by:

- Our company purpose, mission, and investment beliefs
- Our clients and customer perspectives
- Our fiduciary responsibilities
- Compliance with the laws of New Zealand

Mercer is part of the Marsh & McLennan Companies (MMC), whose purpose is at the core of what we do. As a collective group, MMC's motivation is to create a positive impact on the businesses, people and societies we serve.

At Mercer, our mission is to make a difference in people's lives and we strive to help our clients and customers advance their health, wealth and careers.

Mercer (N.Z.) Limited (Mercer) provides services to a broad range of investors, including KiwiSaver members, workplace saving schemes, endowments, foundations, financial services organisations, iwi, and other investors. This policy sets out how Mercer will implement its beliefs on responsible and sustainable investment for the Mercer Funds (referred to in this policy document as 'the Funds').

Beliefs

Mercer believes a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that:

1. **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.

Consequently, Mercer believes that a sustainable investment approach that considers these risks and opportunities is in the best interests of our clients.

Our Approach

Mercer, through its global investment consulting business, has advised investors on all aspects of responsible investment (RI) since 2004, and this experience informs the approach taken by Mercer NZ. Mercer NZ is supported by members of Mercer's global RI team.

Mercer articulates its approach in its global investments beliefs. These beliefs support Mercer's commitment to the Principles for Responsible Investment (PRI) and recognise the international and regional guidance on stewardship. Mercer's *Investing in a Time of Climate Change* report and its Sequel *Investing in a Time of Climate Change – The Sequel*, the *Paris Agreement* on Climate Change; and frameworks such as the *Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)* and the United Nations *Sustainable Development Goals* inform Mercer's investment beliefs and approach.

Mercer does not typically directly select investments; instead it selects and combines specialist investment managers into portfolios. The following key principles underpin this policy:

- **Clear communication** to investment managers of Mercer's ESG expectations
- **Active monitoring** of investment manager ESG and stewardship activities
- **Engagement** with investment managers to improve ESG practices over time
- **Transparency** on the implementation of this policy to the investors in the Mercer Funds

This policy forms part of the investment governance framework for the Funds and should be read in that context.

02/ESG Integration

Mercer expects its investment managers to assess and reflect ESG risks and opportunities in security or asset selection and portfolio construction, acknowledging that the degree of relevance or materiality varies between asset classes. Examples of ESG factors include:

Table 1. ESG Factors

Environmental	Social	Governance
Climate change	Health and safety	Board structure, diversity and independence
Water	Demographics / consumption	Remuneration that is aligned with performance
Waste and pollution	Labour standards (including in the supply chain)	Accounting and audit quality
Biodiversity	Human rights and community impacts	Anti-bribery and corruption

Selection and monitoring processes for potential and appointed investment managers include Mercer's ESG Ratings and associated commentary from the Manager Research team (see Appendix for further detail). ESG Ratings are reviewed during quarterly monitoring processes with a more comprehensive review performed annually, which seeks evidence of positive momentum on ESG integration. Expectations are set as ESG3 or above, where practicable and relevant to the strategy (with ESG1 being the highest rating and ESG4 being the lowest), as per the investment team's established guidance by asset class. Comparisons are also made with the appropriate universe of strategies in Mercer's global database.

03/Sustainability Themes

Mercer believes that including some exposure to investment managers that identify longer-term environmental and social themes and trends, and the companies delivering solutions to the environmental and social challenges we face is likely to lead to improved risk management and new investment opportunities. In addition to "pure-play" allocations to clean energy, water, timber or agriculture, this can include "broad sustainability" allocations to companies providing sustainable goods and services solutions in environmental matters or social areas such as health and education. Mercer's selection and monitoring processes for potential and appointed investment managers increasingly consider these exposures in portfolio construction decisions.

Mercer recognises there are significant developments underway in how investors approach sustainability. Most notably the 17 United Nations Sustainable Development Goals (the SDGs) and the underlying metrics for each goal to be achieved by 2030. The SDGs address interconnected global challenges, including those related to poverty, inequality, climate change, environmental degradation, prosperity, and peace and justice. The framework can be utilised by the public and private sectors to align their activities with particular themes and measure positive contributions or impacts. Mercer is already utilising the SDGs for identifying themes and measuring impacts in some of its sustainability or socially responsible labelled portfolios. There are different tools available for listed and unlisted equities and real assets. As the alignment and measurement tools continue to improve, we expect to evolve our approach and reporting capabilities both internally and with our investors in this area.

Applicable Asset Classes

Mercer believes that ESG factors can be applied across asset classes including listed equities (active and passive), sovereign and corporate bonds, property, infrastructure and unlisted assets. However, we acknowledge that the degree of relevance, or materiality, varies across asset classes, as does the current state of integration by strategies within asset classes. Sustainability-themed strategies are more prevalent in equities and real assets (infrastructure, timber, agriculture) and less so in other asset classes. These considerations, summarised in Table 2, inform our expectations for investment managers in Mercer selection and monitoring processes.

Table 2. ESG and Sustainability by Asset Class

	Manager Progress on ESG Integration*	Availability of Sustainability Themed Strategies **
Public Equity (Active)	Medium/High	Low/Medium
Fixed Income	Low/Medium	Low
Real Estate	Medium/High	Low
Private Equity and Debt	Medium	Low/Medium
Infrastructure	High	Medium/High
Natural Resources* **	Medium	Medium/High
Hedge Funds	Low	Low

Note: Low: <5%; Low/Medium: 5-10%; Medium: 11-20%; Medium/High: 21-40%; High: >40% (As at December 2019),

* Refers to the percent distribution of ESG1 and 2 rated strategies in GIMD, where available.

** Refers to the percent distribution of sustainability themed strategies compared to mainstream by asset class – noting equities is a large universe so the low relative number is not actually a low absolute number.

***Conservative view - research updates in this asset class may result in a more favourable view than is currently held.

04/Climate Change

Mercer believes climate change poses a systemic risk, with financial impacts driven by two key sources of change. The first is the physical damages expected from an increase in average global temperatures and the second is the associated transition to a low-carbon economy. Each of these changes presents both risks and opportunities to investors, as outlined in ***Mercer's Investing in a Time of Climate Change*** reports.

Mercer considers these potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes. Together with ongoing research, the potential financial impacts of climate change are included in Mercer's modelling estimates under multiple climate scenarios for physical damage and transition risk factors (as per the latest Investing in a Time of Climate Change report). At the investment manager level, Mercers expects that climate change risk assessment and risk reduction are integrated within a manager's approach to ESG, along with consideration of sustainability themes and active ownership activities.

Mercer believes that limiting global average temperature increases this century to "well below two degrees Celsius", as per the 2015 Paris Agreement, is aligned with the best economic outcome for long-term diversified investors. Mercer therefore participates in collaborative industry engagements to support this end goal and will seek to increasingly align portfolios with that objective where this is also consistent with meeting stated investment objectives.

Mercer's approach to climate-related financial risks and opportunities is summarised below consistent with the framework recommended in 2017 by the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). Disclosure consistent with the TCFD recommendations are also expected of appointed investment managers.

In summary, Mercer takes the following approach to the TCFD framework's four elements for managing climate-related financial risks:

1. **Governance:** The Mercer NZ Board Risk, Audit and Due Diligence Committee (RADD) and the management team have oversight of the Mercer approach to climate-related risks and opportunities, with support provided by Mercer's RI team. The board oversees Mercer's compliance with this policy through annual reporting from management to RADD.

2. **Strategy:** Climate-related scenario analysis is undertaken as part of strategy reviews on multi-asset class portfolios. Portfolio construction within asset classes is undertaken with a consideration of climate-related risks and opportunities under different climate scenarios.

3. **Risk management:** Consideration will be given to risk-reduction strategies to decarbonise the portfolio and identify new low-carbon opportunities, including adding exposure to sustainability-themed investment managers and reviewing passively managed index exposures. In addition, Mercer participates in industry-wide engagement where appropriate.

4. **Targets/metrics:** Metrics, such as carbon footprinting, are employed to review carbon policy risk relative to benchmark for listed equities exposures and to engage with investment managers on the results. Mercer expects metrics and targets to evolve across asset classes as data becomes increasingly available and reliable.

Applicable Asset Classes – Climate Change

As per the systemic risk comments above and Mercer's Investing in a time of climate change reports, Mercer's current view is that climate change risks are applicable, to varying degrees, across all asset classes. Initial activity has focused on listed equities active and passive, and sustainability-themed private markets investments; however, all asset classes are being reviewed. As climate change expertise continues to evolve, we will review and update our views and approaches accordingly.

05/Active Ownership – Share Voting and Engagement

Mercer believes that stewardship, or active ownership, helps the realisation of long-term investor value by providing an opportunity to enhance the value of companies and markets through voting and engagement.

Mercer is a long-term institutional investor and 'universal owner' and for these reasons Mercer regards investment governance and active ownership of particular importance in serving the interests of our investors. Mercer's investment governance approach has four main components:

- **Share voting** - Shares are voted in a manner that is deemed most likely to protect and enhance the long-term value of a security as an asset to the portfolio. Mercer has delegated share voting to its appointed equity investment managers, and expects them to vote all shares at all companies for all company resolutions, unless there is a qualification or exception (as outlined further below);

- **Engagement** - Engagement 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.

- **Public policy participation** - Engagement may be undertaken 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 Mercer investors.

- **Disclosure** - Voting records are maintained and voting statistics are published on the Mercer website, on a six-monthly basis. Reporting to investors on voting and engagement activity at least annually.

Share Voting

Mercer regards voting its shares as important to our fiduciary responsibility. A vote is a visible and concrete expression of what may have been expressed in private discussion with the company's Board or management either via our agents (investment managers) or directly with Mercer management (refer to engagement section below). Voting is also an effective way for Mercer and other investors to publicly express views on what a company is doing, and where a company may need to change.

As part of its outsourced investment model, Mercer outsources proxy voting responsibility to its listed equity investment managers. Mercer carefully evaluates each manager's capability in ESG engagement and proxy voting as part of the investment manager selection process, to ensure it is representing Mercer's commitment to good governance, sustainable investment and long-term value creation.

Taking a 'Super Vote'
At all company meetings, Mercer has the authority to direct a single vote or 'Super Vote' which overrides the manager votes on any resolution in circumstances where Mercer believes consistency on a significant matter is necessary. Ultimately the decision to undertake a 'Super Vote' is based on Mercer's view of the long-term interests of its investors. In determining such votes, Mercer will consult its proxy voting advisor's position, its managers, and consider best practice guidelines and information on governance standards from organisations such as the Financial Markets Authority (FMA) and the International Corporate Governance Network (ICGN).

Vote Exceptions

Mercer's objective is to vote on all shares in its portfolio both domestic and international with the following qualifications and exceptions.

Share blocking markets: there are some markets that place regulatory barriers to voting usually in the form of limitations on trading of shares if a vote is enacted. Mercer will seek to vote in these markets, however voting may be limited, and Mercer accepts that it may not vote in some or all of these markets.

Pooled vehicles: Mercer has some investments in pooled vehicles where the investment manager has the legal right to vote the shares contained in the pooled vehicle. In these cases Mercer accepts that it cannot vote these shares, and will instead seek to monitor, and on occasion influence, voting by the investment manager.

Power of Attorney (PoA) markets: there are some international markets where voting can only be carried out by an individual actually attending the meeting. This usually needs to be carried out by Mercer through its custodian appointing an individual through a standing Power of Attorney for each market, who will then vote in accordance with Mercer's instructions or those of our service providers. The rules on Powers of Attorney vary by market, apply for different periods of time and have various cost implication.

Mercer will put in place PoAs for the larger markets (for example, Brazil, Argentina, Sweden and Poland) but will take a cost / benefit view on the smaller markets which employ this structure, meaning that there may be some smaller markets where Mercer will not vote shares that it may hold.

Engagement

Corporate engagement means to have discussions with a company, usually at Board or senior management level, with the objective of changing the behaviour of that company. This will generally occur when Mercer or its agents have identified underperformance by a company, or where the company has failed to meet accepted corporate practice or where the company's conduct places in doubt the reputation and value of the company.

The issues addressed will generally focus on material environmental, social and governance (ESG) factors or business strategy issues – for example, mergers and acquisitions, capital structure and capital allocation, remuneration, climate change risk management and workforce management including workforce diversity.

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 Investment Engagement Framework, which has helped to:

- Develop a systematic approach and key principles for considering themes and topics and agreeing portfolio-wide engagement priorities.
- Document the specific definitions and implementation procedures for approving and amending engagement priorities.
- Articulate the governance procedures for monitoring and escalating engagement priorities and implementation in regional investment portfolios.

The Investment Engagement Framework considers three main criteria – Beliefs, Materiality and Influence (BMI) and engagement priorities are expected to intersect meaningfully across all three as tested with answers to a series of questions and evidenced by documenting relevant research and portfolio materiality.

In most instances, corporate engagement implementation is delegated to the appointed investment managers, who are encouraged to engage with portfolio companies on material ESG issues with the aim of improving long-term risk adjusted returns and the stability of financial markets. Mercer will also communicate our identified engagement priority topics and seek reporting from managers on their activities as they relate to those priorities.

Mercer may also elect to participate, as appropriate, in collaborative industry engagement initiatives Mercer will give particular consideration to the developments within industry groups where we are members, such as the Investor Group on Climate Change (IGCC), the Responsible Investment Association Australasia (RIAA) and the Principles of Responsible Investment (PRI).

In certain circumstances, Mercer may engage directly with a company on a matter deemed significant, particularly where engagement is related to proxy voting activities outlined above.

In addition to the above, Mercer will also monitor for high-severity breaches of the UN Global Compact (UNGC) Principles that relate to human rights, environmental and corruption issues, as identified by the external ESG research provider Mercer appoints. In response to identified breaches, Mercer will engage with the investment managers owning those companies and seek their views on the risk, return and reputation implications. If, over a meaningful period of time, the company has not rectified the breach and the investment manager still owns the company, Mercer may decide to test the topic within the Exclusions Framework and take further action as a result.

Public Policy Participation

Mercer has a direct interest in engaging 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.

This concerns the law or the rules set by governments and regulators which companies must observe if they desire to operate or have their shares publicly traded in that country – for example, the rules governing the disclosure of financial information to shareholders, company law governing meetings of the company and the election of directors. Some standards, such as those for accounting, are set at a global level. It is these laws, rules, and regulations that set the minimum rules for corporate behaviour and transparency.

06/Exclusions

As an overarching principle, Mercer is committed to investing responsibly and prefers an integration and engagement-based approach. However, there are some instances in which exclusions may be considered necessary. Exclusions should be a last resort because once divested, Mercer loses its shareholder rights and thereby the ability to influence the future behaviour of companies. Even where an exclusion may be considered necessary, Mercer will seek opportunities to use its influence to address the underlying issue of concern with companies, regulators and other standard setters such as stock exchanges or industry groups to the extent that ongoing engagement on the issue is aligned with the best interest of investors.

The reasons to exclude certain securities are likely to be a combination of underlying factors that make continuing to include exposure to the securities in the investment universe untenable. These factors could include investment beliefs, risk management, expected social impact, public policy, reputation, investor expectations, ability to influence, and expected impact on portfolio returns.

Exclusion Criteria

When considering exclusions, Mercer has developed an Investment Exclusions Framework in which multiple risk, return and reputation criteria are considered. The key components of the framework include an assessment using the following exclusion criteria:

1. Whether New Zealand legislation, regulation or government commitments prohibit the production, distribution, consumption or use of a product, service or activity or aim to severely curtail or make obsolete such products or activities in the foreseeable future.
2. Whether the exclusion will have a positive / immaterial / negative impact on risk-adjusted returns, consistent with fiduciary obligations.
3. Whether Mercer is of the view that the product, service or activity causes substantial and irreparable harm to society
4. Whether exclusion is consistent with Mercer's purpose to create a positive impact on the businesses, people and communities we serve and our mission to help our clients and customers advance their health, wealth and careers
5. Whether other responsible investment approaches, such as company engagement, are expected to have efficacy in addressing the issue of concern.
6. Whether the exclusion is aligned with the expectations of our investors, both current and prospective
7. Whether the exclusion is likely to reduce reputational risk of Mercer and/or our existing investors

In evaluating any potential exclusion against the above criteria, Mercer considers the response to each question individually and the response to the exclusion criteria in total.

Implementation

Mercer relies on a third party provider of ESG Research in determining the individual companies to be excluded based on the decisions made under the above criteria.

Mercer will apply this framework to its direct investments, through its Investment Management Agreements with its external investment managers. Where Mercer is invested in a collective investment scheme (CIV) or fund in which its assets are pooled with those of others, it may not be able to dictate these exclusions. In these instances, Mercer will make best endeavours to implement the Investment Exclusions Framework and will notify the investment manager of any approved exclusions and the specific definitions for those exclusions.

In selecting investment managers and CIVs, Mercer will consider the manager's ability to implement any Approved Exclusions. Compliance with the exclusions will be encouraged and monitored but cannot be guaranteed all of the time. From time to time, a manager of a CIV may exclude the product, activity or industry using a definition that is different to Mercer's definition. This is acceptable provided there is a broad consistency with the Mercer definition. If a CIV is known to have material exposure to an excluded product, activity or industry, and the manager is unable or unwilling to divest these exposures, the CIV will be terminated in an orderly manner.

Current Exclusions

The following exclusions are currently applied across all Mercer Funds as a result of decisions supported by the exclusions framework outlined above:

1. Controversial Weapons: Companies that manufacture whole weapons systems, or delivery platforms, or components that were developed or are significantly modified for exclusive use in cluster munitions, anti-personnel landmines, chemical, biological or nuclear weapons, as well as companies involved in the production and retailing of automatic and semi-automatic civilian firearms.
2. Tobacco Companies: Companies involved in the manufacture and/or production of tobacco products (regardless of revenue), including subsidiaries and joint ventures, as well as any other company that derives 50% or more of revenue from other tobacco related business activities such as packaging, distribution and retail of tobacco products.

Mercer also manages a number of Socially Responsible Investment funds and investment options, to which additional exclusions apply. These additional exclusions are designed to align with the values of a particular customer base. Examples include excluding companies involved in adult entertainment, alcohol, fossil fuels and gambling.

07/Policy Implementation

Table 3 below describes how Mercer will implement the commitments set out in this policy across the different asset classes.

Table 3. Implementation Summary

Communication	• All appointed investment managers are to be sent the latest version of the Policy, as referenced in the Investment Management Agreement (IMA) with each manager.
Monitoring	• Manager ESG capabilities using Mercer's ESG Ratings (all asset classes). • Portfolio holdings for ESG, climate change and sustainable development metrics (equities, fixed income, and real assets). • Voting and engagement activity (equities only for voting, engagement across asset classes). • Exclusions compliance (all asset classes) and UN Global Compact breaches (equities).
Engagement	• Request information on manager views on material ESG issues and how they are considering these in investment analysis and portfolio construction (all asset classes). • Communicate with managers on areas of weakness or questions identified in the above monitoring (all asset classes). • Communicate with companies directly on occasion, particularly around Super Vote considerations. In addition, Mercer will participate in collaborative industry initiatives. Mercer currently supports the following key initiatives globally and within New Zealand: • 30% Club (Australian Investor Chapter) • Carbon Disclosure Project (CDP) • Global Impact Investing Initiative (GIIN) • Investor Group on Climate Change (IGCC) • Principles for Responsible Investment (PRI) • Responsible Investment Association of Australasia (RIAA) • The Investor Agenda • Transition Pathway Initiative (TPI)
Transparency	• Report to investors and the board on progress against the above commitments at least annually. • A stand-alone report on Mercer's climate change management has been made available from February 2020.

Application To Different Investment Structures

Mercer's investment arrangements are a combination of separate mandates with investment managers, investments in pooled vehicles, and direct investments. Appropriate approaches are expected across these different investment arrangements.

Mercer's Investment Management Agreements for mandates will reference the Mercer Funds Responsible Investment Policy. Where Mercer invests in pooled funds, 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. Whilst the adoption of the policy in these vehicles ultimately relies on investment managers incorporating ESG into their investment processes, 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 will, where appropriate, seek to monitor significant ESG issues that arise within a pooled investment.

Investments In Unlisted Companies And Alternative Asset Classes

Mercer may invest directly and indirectly in some unlisted companies and in alternative asset classes / private equity vehicles. Alternative investment managers, including private equity, hedge funds, infrastructure and real estate, are assessed with regard to a wide range of factors that include their consideration of ESG risks and opportunities. For the purposes of this policy we consider real estate and infrastructure as alternative asset classes. Mercer considers sustainable property and infrastructure characteristics within the relevant portfolios for both Mercer's direct and listed property and infrastructure funds. Mercer may consider ESG factors in regard to the development, maintenance and refurbishment of existing properties and infrastructure assets.

In keeping with the policy regarding potential systemic risks at the portfolio level, Mercer will monitor investments that are potentially exposed to climate change impacts and incorporate this within an assessment of the portfolio from time to time.

08/Appendix

ESG Ratings

Mercer's ESG Ratings represent the Mercer Manager Research team's assessment of the degree to which environmental, social and corporate governance (ESG) factors are incorporated within a strategy's investment process. Four factors are considered and documented within the research commentary and an overall rating assigned, where ESG1 = highest possible rating and ESG4 = lowest possible rating. The research is stored within Mercer's Global Investment Manager Database (GIMD).

Mercer's Four Factors

Idea generation
- ESG factors integrated into active fund positions as a source of value added.
- Identification of material ESG factors - skill of team members, data sourcing

Implementation
- Engagement and proxy voting activities (if applicable).
- Investment horizon aligns with ability to effectively implement ESG views?

Portfolio construction
- Efforts to integrate ESG driven views into the portfolio's construction.

Business management
- Firm-level support for ESG integration, engagement activities and transparency.

	ESG1	ESG2	ESG3	ESG4
Active	Leading approach to integration, where ESG is embedded in investment philosophy; strong on stewardship which is a core part of process.	Consistent and repeatable process to ESG integration (focus on risk management); well-developed evidence of stewardship .	Well-developed G integration; less consistency in E&S stewardship process is ad hoc, but indications of progress.	Little or no integration of ESG factors or stewardship into core processes and no indication of future change.

For passive equity ratings, the overall framework is the same, but the focus is primarily concerned with stewardship activities.

Mercer's Four Factors - Passive Equities

Voting & engagement
- Policy, process and prioritisation.
- Quality of engagements.

ESG integration
- Skill set of resources.
- Effectiveness of engagement outcomes.

Resources & implementation
- Data analysis to enhance active ownership.

Firmwide commitment
- Collaborative initiatives and engagement with regulators and policymakers.

	ESGp1	ESGp2	ESGp3	ESGp4
Passive	Leaders in V&E across ESG; stewardship activities and ESG initiatives undertaken consistently at a global level; clear link between engagement & voting actions	Strong approach to V&E across ESG topics, and initiatives at a regional level, with progress made at a global level; working towards clearer links between V & E	Focus of V&E tends to be on governance topics only, or more regionally focused with less evidence E&S (in voting & engagement, as well as other internal ESG initiatives)	Little or no initiatives taken on developing a global V&E capability, reactive engagements; and little progress made on other ESG initiatives

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

Revision History

Version	Reason for amendment	Date
1	The creation of the Sustainable Investment Policy and the Corporate Governance Policy.	December 2015
2	Creation of the Ethical Exclusions Policy that exclude companies manufacturing cluster munitions, landmines, chemical or biological weapons, or nuclear weapons. The amalgamation of the Sustainable Investment Policy , the Corporate Governance Policy, and the Ethical Exclusions Policy into the Responsible Investment Policy and the addition of a tobacco exclusions	April 2017
4	Additional firearms exclusions were added to the Responsible Investment Policy	May 2019
5	Additional tobacco and nuclear weapons exclusions were added. Sustainable Investment section divided into the ESG Integration and Sustainability Themes sections. The addition of a section on Climate Change and an update to the Active Ownership section. Update to the exclusion criteria framework. The segregation of and update to the Policy Implementation section, and the addition of the Appendix to include details of Mercer's ESG framework. The addition of a revision history chart.	February 2020

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