



UK Stewardship Report

For the year ended
31 December 2021



Foreword

Buck is an integrated HR, pensions and employee benefits consulting, technology, and administration services firm. Founded more than 100 years ago as an actuarial consultancy, we've evolved to serve organisations and trustees across the health, wealth and career spectrum.

With the ultimate goal of securing the futures of our clients' employees and members, we develop technology-enabled programmes that engage individuals and drive organisational performance. Our award-winning solutions and people-first approach empower our clients to protect the physical, mental and financial wellbeing of their employees and members.



Our investment specialists offer advice on asset allocation, asset de-risking, risk management, liability-driven investment and journey planning. We work with our clients to implement their investment strategy, including selecting managers and transferring assets and we also assist clients in establishing and maintaining their own stewardship and pension governance requirements as asset owners.

We are innovative, proactive and pragmatic. We help trustees and sponsors to focus on the things that can really make a difference. Our clear way of communicating helps our clients to make quick, well-informed decisions.

Buck has a responsibility to help trustees of pension schemes set an appropriate investment strategy that considers the nature of their obligations to their ultimate beneficiaries. This includes consideration of environmental, social and governance issues when investing their assets and the ongoing stewardship of their investments. We continue to evolve our stewardship activities in response to the demands of all stakeholders in a rapidly changing environment.

We support the six principles of the UK Stewardship Code 2020 for service providers and this is our second report demonstrating our commitment to meeting the expectations of the Code through the dedicated efforts of all Buck colleagues. We continue to maintain the highest standards of professionalism and stewardship and to ensure our contribution towards a more sustainable future.

This report applies to Buck Consultants (Administration and Investment) Limited, a UK company authorised and regulated by the Financial Conduct Authority.

David Piltz

Managing Director
Buck Consultants (Administration and Investment) Limited

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Principle 1:

Purpose, strategy and culture

Buck Consultants (Administration & Investment) Ltd is a UK-based subsidiary of Buck Global LLC (“Buck”). Headquartered in New York, Buck has a 100+ year history of advising trustees and employers since 1916, when Buck was established by George Buck, an early innovator in actuarial techniques for employer sponsored pension plans.

Buck has over 2,200 people globally and a growing UK team of over 730 people providing actuarial, investment consulting, technology and pensions administration services to our UK clients, representing one of the most deeply experienced and capable teams in the pensions industry.

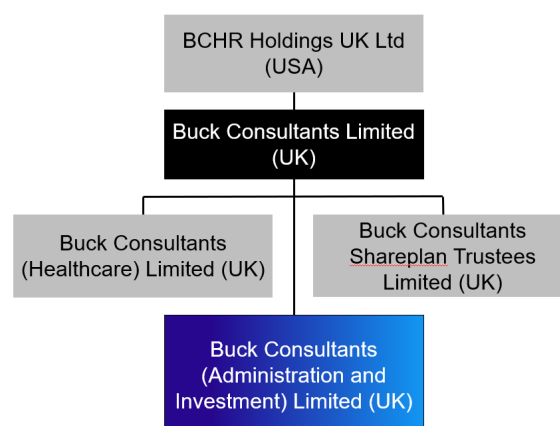
Buck’s UK investment consulting team sits within Buck Consultants (Administration and Investment) Limited, a UK company authorised and regulated by the Financial Conduct Authority.

We also provide general consulting and administration services to our clients, although they are not the focus of this report as their services don’t fall under the remit.

Our clients rely on us to design, deliver, and monitor an effective investment strategy that is consistent with their objectives and risk tolerances. We partner with them to ensure our advice and recommendations are clear, objective and unbiased and provide them with a high degree of confidence that their objectives will be met.

Since 1977 we have, in our role as trusted advisor to our clients, designed and implemented dynamic strategies to manage risk optimally in ever-changing economic environments, reinforced by independent global manager research conducted for the sole benefit of our clients.

1. Our purpose is to help defined benefit UK pension schemes secure members’ benefits through:
 - Giving members confidence that their benefits will be met in full
 - Involving key stakeholders in the decision-making process
 - Ensuring that our advice is formulated by a diverse workforce backed by the required knowledge, skills and culture that ensures we do not suffer group think and that we encourage challenge.



2. We encourage progression and promotion within the firm to motivate, retain and attract talent
3. Effectively managing cashflows is crucial to a pension scheme's success. Cashflow Centred Investment (CCI) forms a key part of our investment consulting (See Principle 5).

Our investment team consists of 45 dedicated professionals, with a wide support network of specialist subject matter experts.

	Number	Professionally Qualified	Average Experience
Lead Consultants	12	11	20 years
Other Investment Consulting Professionals	19	2	5 years
Strategic Advice	6	3	12 years
Manager Research / Selection	5	3	15 years
Implementation	3	1	11 years

as at December 2021

1.1 Our culture and values

With changing dynamics in healthcare, retirement and human resources, people think about work in very different ways. Today, employees expect pension scheme trustees and employers to invest in their growth and their financial security in more flexible and personalised ways.

At Buck, we're working to redefine the social contract between employers and employees, to not only accommodate shifting expectations, but to stay ahead of them. We believe the working relationship is a two-way relationship. We partner with forward-thinking organisations to re-envision the role of the employer and re-design how employees work and live.

Our approach helps our clients get the best business performance while driving positive health, wealth and career outcomes for people.

"We're consciously putting people at the centre of everything we do, not just in the services we offer, but in the way we think about who uses our services and how they use them."

- Jack Freker, CEO

Environmental, social and governance issues transcend everything we do. Our company's culture and service philosophy revolve around putting clients and people first. We are a thriving, growing organisation that is focused on our client's needs. The culture within our organisation is one of true collaboration; one of the key reasons why our clients stay with us for the long term.



1.2 Business strategy

Our business strategy at Buck is to be:

- **Client centric:** We start by listening. Our recommendations and insights are always tailored to our clients' unique needs, enabling us to deliver the desired results and exceed our client's expectations.

- **Accountable:** Our choices reflect our integrity each and every day. The commitments we make are the commitments we keep. From little to big, delivering on our commitments builds our clients confidence and trust in us.
- **Bold:** We continually look for ways to become better, faster, and more valued in the way we work and serve. Our aim is to create a legacy of improvement leaving our clients better off for the work we have done for them.

With an eye towards the future, we're introducing new technology-enabled administrative solutions that make delivering on commitments to employees seamless and more measurable. This will help the right decisions be made regardless of shifts in the workforce and strategy.

We believe our commitment to our clients is reflected in the fact that our clients have been with us for an average tenure of over 10 years.

Much of our growth over the years has been organic, and going forward we believe that a key part of this will be sourced through professional trustees. In addition, we plan for the targeted acquisition of companies.

During 2021, Buck acquired the strategic communications firm Caburn Hope, which forms part of Concert, a Buck company. This evolves our current capabilities in providing tech-enabled, personalised pensions and employee benefits communications that can have a positive impact across the entire employee and member experience.

Within the UK, we solely offer investment consulting advisory services and do not offer fiduciary management services to pension scheme trustees. We are truly independent and help our clients determine the right approach for their circumstances. We do offer fiduciary oversight services in addition to other advisory services.

While we have house guidance, our advice is formulated around clients' unique circumstances including, but not

limited to areas such as strength of the sponsor's covenant and investors' beliefs, to ensure giving 'best advice' and not just standardised advice.

Under UK financial services regulation we make publicly available certain information regarding our risk management policies, capital resources and capital requirements on an annual basis.

In order to embed our culture in our organisation, Buck's leadership team carried out a series of briefings around the core pillars of:

- achieving profitable growth (both organically and through acquisition);
- becoming a 'best places to work' organisation; and
- continuing to be trusted adviser and partner to our clients.

1.3 Our commitment to our staff

1.3.1 Our Code of Conduct

Buck is committed to the highest professional, ethical and legal standards in everything we do. Our Code of Conduct is intended to provide all Buck employees with an understanding of the fundamental principles and policies that apply to our business and is integral in every interaction we have with our clients, suppliers and employees.

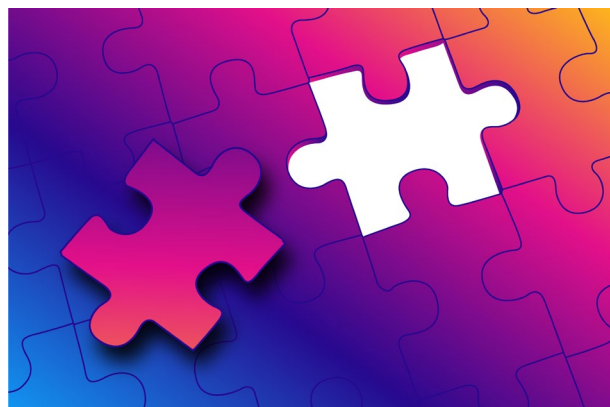
We also have separate policies available to all employees covering sexual orientation, disability discrimination and behavioural standards.

1.3.2 Addressing the needs of our people

During 2021, Covid 19 continued to affect working practices and our staff. We supported the move back into offices at a steady pace when guidelines permitted. We recognised that this would be a challenge for many following the lockdown and wanted to ensure that we supported our colleagues through the transition.

At all times we followed government guidelines. This meant that we had periods of further lockdown throughout 2021 during which our people worked from home, as well as having different approaches in different UK regions at different times, based on the relevant regional guidance.

All staff have access to Buck policies developed in response to the pandemic, including pandemic planning, coronavirus in the workplace, pandemic travel and return to the office policies.



With ongoing lockdowns, major challenges from home-working/home-schooling, and challenging working environments, we needed to act to support staff through the pandemic, who could then better support our clients.

Head first wellbeing programme

During the year we implemented our internal health and wellbeing programme, 'Head first', incorporating the six key pillars of wellbeing underpinned by DE&I principles.

Financial	Emotional	Social
Physical	Personal Path	Community

Spearheaded by HR and Buck wellbeing consultants, 16 wellbeing ambassadors came together to drive the wellbeing agenda:

- Establishing the wellbeing framework, the basis of Buck's diverse and engaging programme
- Communicating the 2021 calendar
- Creating a dedicated, confidential mailbox to support staff

Each month, the team delivered engaging content and access to a range of resources, alongside social events, challenges and live webinars, including a financial wellbeing webinar, focusing on spending, saving, borrowing and planning; followed by two further webinars around mortgage advice.

The content included:

- Monthly wellbeing newsletters, highlighting key themes/resources e.g. April's Stress awareness month
- Week-long focus on wellbeing, coinciding with nature-themed Mental health awareness week, featuring:
 - External provider webinars
 - Virtual fitness sessions (HIIT, kickboxing, yoga)
 - Individual/team challenges for prizes
 - Videos
 - Mental health-themed virtual quiz social
 - Introduction of manager mental health toolkit and employee guide.
- 2021 charity, nominated by Buck colleagues, promoting greater activity within our own communities.
- Recognition of Pride month, celebrating diversity and offering resources for LGBTQ+ colleagues and beyond.
- Introduction of mental health first aiders, in advance of World mental health day.



U.K. MD David Piltz launched Mental Health Awareness week's events with a recorded message, sharing his personal experience of why talking about mental health is so important

The response from Buck colleagues was exceptional.

- Mental health awareness webinars achieved higher attendance than any previous provider session.
- 100+ managers attended toolkit launch webinar; an excellent level of engagement at both financial and mortgage advice webinars ("A brilliant way of engaging people").
- Excellent feedback on resources/activities offered to support improved total wellbeing.
- Rise in PMI mental health pathway utilisation, confirming clearer signposting to services is working.

1.3.3 Employee engagement

Buck maintains constant communication between the Leadership Team and Buck colleagues.

Buck undertook an engagement survey in April 2021 to give our employees a platform to share their opinions on numerous issues.

Across the company, "Management" is an area that employees responded favourably to. Particularly, 76% of employees who took the survey in the UK felt that their manager genuinely cares about their wellbeing.

Accountability, autonomy, and understanding of employee roles are also areas that continue to do well. 76% of employees say they know what they need to do to be successful in their role. 74% agreed that we hold ourselves and our team members accountable for results. And 70% agreed that they had enough autonomy to perform their jobs effectively.

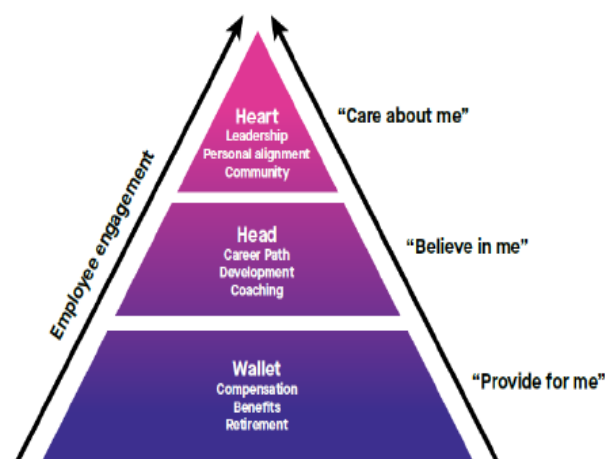
The engagement survey also helped to identify those areas where work needed to be done to continually improve our employee experience. The 'Building a better Buck' initiative came out of the engagement survey.



This was launched in August 2021 and focused on 6 key areas that were identified as key improvers of engagement by our colleagues and which, by focusing on, would continue our journey to becoming a great place to work:

- Learning and Development
- Communications
- Total Rewards
- IT equipment and desktop support
- Systems and Processes
- Connection to Leadership

Our longer-term goal is to achieve 'Best Place to Work' status. A cross-discipline team was formed to help define what being a best place to work means for Buck. The team interviewed our senior leaders to gain their insights and perspectives and have spoken with representatives of peer companies to form an objective view of how we can attain this.



In order to embed our culture within our organisation, regular team and social meetings are held within our organisation.

During 2021 our leadership team also carried out a tour of our offices to engage with all employees on their needs, with a focus on Building a better Buck.

1.3.4 Mentoring

Buck's internal mentoring programme, launched in 2020, provides a way to ensure everyone at Buck has an equal opportunity for success. The programme provides the opportunity to partner and engage with leaders across the Global Buck community to gain career guidance and advice, exchange perspectives, and broaden support networks.

The relationship between mentors and mentees forms a two-way conversation, encouraging diversity of thought, history, background and experience.

1.3.5 Diversity, equity, and inclusion

At Buck, we are making changes to improve our approach to diversity,



equity, and inclusion (DE&I) matters. Our goal is to create a diverse, equitable and inclusive environment in all our offices, as well as in our communications, processes and policies, and in our philosophy in thought when we provide and receive services. We are reviewing our current approaches in each of these areas to identify opportunities for improvement, appropriate remedies where required and positive actions which can be taken to move towards our goal. As part of a global organisation, we are taking measurable steps daily to Build a Better Buck and own our corporate social responsibility.

In March 2021 a Diversity, Equity, and Inclusion (DE&I) Council was launched in the UK to own and actively drive awareness, education, and initiatives across several areas. There are currently 12 members of the DE&I committee and they represent all locations and practices within Buck UK. This includes support functions.

We worked with an external consultant to help define our agenda for the year. This included running a survey, feeding the results back, and developing a plan for 2022 / 2023 based on the survey results.

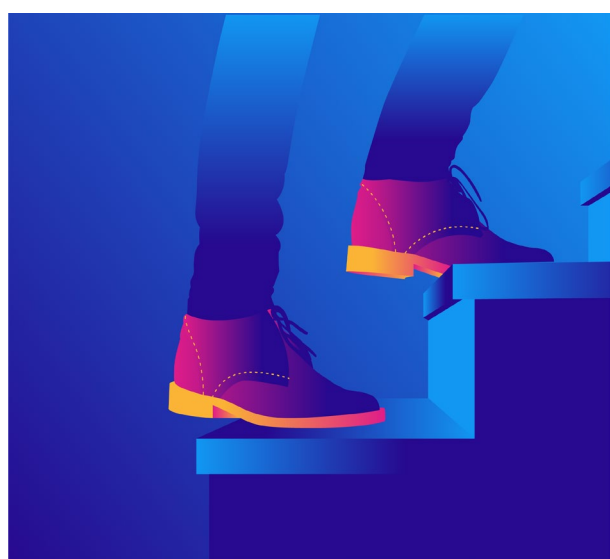
During 2021, compulsory DE&I awareness raising training was provided across the U.K., starting with leadership and then cascading down.

1.3.6 'Future Leaders' programme

In 2021 the Buck Future Leaders (BFL) program was established as a development platform for Buck employees who exhibit the potential to create positive change by leading themselves and others, including their direct reports, co-workers and clients.

Through professional coaching, targeted exercises, and exposure to current Buck leadership, the BFL program provided 14 successful candidates across the UK with a window into what it means to be a leader at Buck, and the opportunity to hone the necessary skills to be successful in a leadership role and embed our culture within our organisation.

The training covered various themes within three categories of self, others and clients.



1.4 Promoting effective stewardship

1.4.1 ESG integration with investment research

Our manager research benefits from the strength and depth of our dedicated in-house Investment Research Team. Environmental, Social and Governance (ESG) are one of the factors we consider when conducting manager research work and hence feed into the funds and manager recommendations that we make to clients.

We have expanded our research in this area and now formally and more fully incorporate ESG factors into our manager research process. We also undertake more detailed reviews on specific ESG funds through a more in-depth manager due diligence questionnaire.

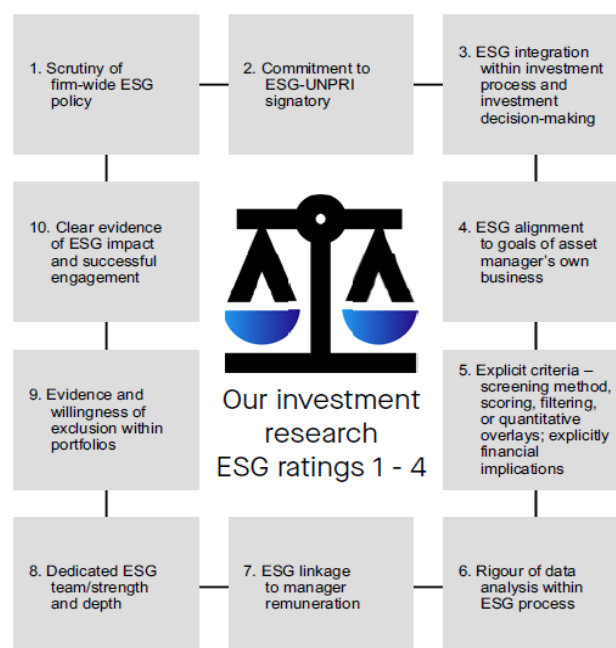
1.4.2 Buck ESG fund ratings

Buck has developed a proprietary ESG Funding Ratings System, based on a ten-point scoring system and undertakes specific research into the ESG policies of the managers in which our clients are invested.

The ESG ratings are reviewed at least annually based on new information, or immediately after a significant event.

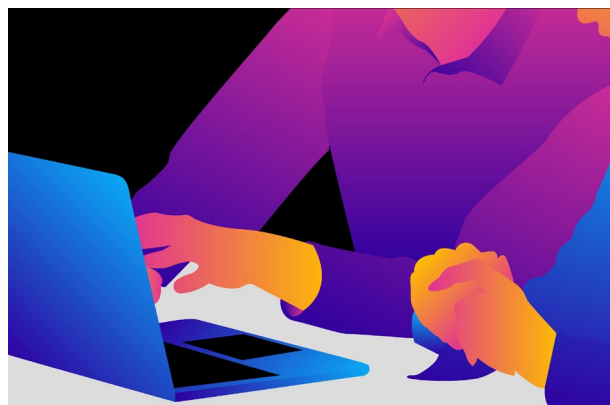
During 2021 we carried out over 200 fund ratings. These ratings have been shared with clients and form an important part of our clients' engagement with managers and manager selection.

Our ratings framework is shown below.



1.4.3 ESG Investment Specialist Team

Buck operates a specialist multi-disciplinary ESG Investing Group to develop our service offering and to provide specialist advice to clients to help them identify climate related risks and opportunities for investment and funding strategies over the short, medium, and long term.



During the year the ESG Investing Group has worked on the following:

- Providing clients with portfolio scenario analysis
- Providing clients with an ESG and climate risk dashboard.
- Provide internal training to colleagues to raise awareness of consulting issues and reporting tools available.
- Working with other teams within Buck to co-ordinate climate change knowledge and data into our investment and actuarial advice and modelling processes.

These initiatives are ongoing with continuous improvement as our team gains wider experience and more data becomes available. We have promoted awareness of climate change risks and broader ESG awareness through individual client training, reviews of clients' statements of investment principles and in the preparation of clients' engagement policy implementation statements. During the year, our clients had their statements of investment principles and implementation statements reviewed.

These efforts, together with a much broader awareness of ESG risks and opportunities amongst our clients, have started to yield results, with several clients making a conscious decision to align at least a part of their portfolio with their ESG beliefs.

1.4.4 Industry representation

We have become active members of the Investment Consultants Sustainability Working Group (ICSWG), with senior members of the investment team participating on several committees, including the ICSWG Stewardship

Committee. We are also active members of various other industry groups where we play an active role in promoting effective Stewardship of pensions schemes. These include:

- The Pensions Regulator's Diversity and Inclusion Working Group
- UK Pensions Board at the Institute and Faculty of Actuaries
- Pensions Administration Standards Association (PASA) GMP Equalisation Working Group (GMPEWG)
- Various committees of the Association of Consulting Actuaries
- Society of Pensions Professionals Actuarial Committee
- Various committees of the Institute and Faculty of Actuaries
- Pension Scams Industry Group
- Society of Pensions Professionals Administration /Covenant Committees

1.4.5 Client-centric consulting

Client satisfaction is a key metric for our business to help measure the quality and success of the services we provide to our clients. We measure client satisfaction in several ways:

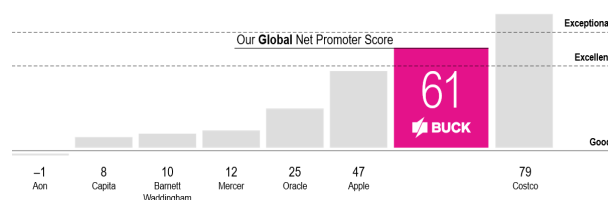
Executive Sponsor (or client care) meetings

Client care meetings are held with appropriate trustee and sponsor representatives on select clients no less frequently than annually. This ensures that clients have an objective, independent and candid discussion about the services we provide with a suitably senior person in our business. Every part of our service is assessed as part of the meeting, with feedback given to the team to refine how we work with our clients.

Client satisfaction surveys

Our annual Client Satisfaction Survey allows our clients to provide feedback through an online survey which is then followed up as necessary.

Further information on the survey and our excellent Net Promoter Score (how likely our clients are to recommend Buck) is included below.



Buck has a Net Promoter Score of 61 with this having improved from 59 in 2020, corresponding to a client satisfaction level that puts us among the most elite brands in the world including Sony and Starbucks.

Review of investment consultant's objectives

We operate under the CMA requirements for us to have formal investment consultant objectives agreed with all our clients. Annual reviews of our objectives together with detailed measurement criteria provides us with the opportunity to discuss our own performance and areas for improvement over the next year.

Industry feedback

We are always receptive to feedback from the wider industry and proactively seek this out. During 2021 we held meetings with Independent Trustee organisations to share ideas, industry knowledge and to garner specific feedback.

Buck has also been recognised through several awards during 2021, including:

Pensions Age Awards 2021 Winner: Thought Leadership Award

U.K. Pensions Awards 2021 Winner: Third-Party Administrator of the Year

U.K. Pensions Awards 2021 Finalist: Investment Consultancy of the Year

Employee Benefits Awards 2021 - Highly commended: Best Financial Wellbeing Strategy

We believe that our business and the way we operate are completely aligned with meeting our clients' need for effective investment advice, which is paramount in ensuring that UK pension schemes meet their ultimate objective of paying benefits to members.

The longevity of our client tenure provides evidence of our long-term partnership with clients to achieve their goals, and our high Net Promoter Score of 61 and positive client feedback from annual performance reviews is evidence of high client satisfaction.

Our services help our clients manage ESG issues, while our continued development of ESG services and industry representation, particularly on the ICSWG provide further evidence of our serving the best interest of pension schemes and their beneficiaries.

Principle 2:

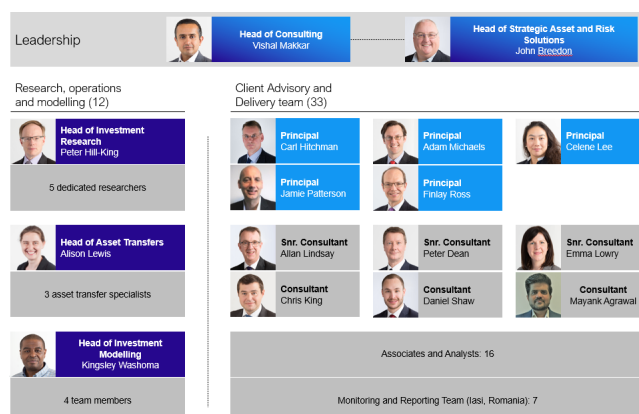
Governance, workforce resources and incentives

Within the investment team we set several ESG strategic objectives each year. These come via specialist groups (detailed below) and are reviewed by the UK Leadership Team to agree the resources to be allocated and to approve (or challenge) the objectives accordingly.

2.1 Governance framework

During 2021, our UK Investment Consulting team is co-led by Vishal Makkar (Head of Consulting) and John Breedon, Head of Strategic Asset and Risk Solutions, who feed into the wider Buck business such as modelling, technology and our strategic partnerships.

The organisational chart for the Investment Consulting practice is shown below.



ESG strategic objectives are set each year via the specialist groups which are reviewed by the Leadership Team to agree resources allocated and approve the plan accordingly.

The Strategic Investment Committee and the ESG Group operate independently of each other, and consultants integrate ideas and resources from each in order to best advise their clients. However, both teams will collaborate on specific projects as required.

2.2 Strategic Investment Committee

Our Strategic Investment Committee ('SIC') comprises 8 senior team members with average experience of more than 20 years each and with expertise in economics, asset management, manager research, analytics, and client consulting.

The members of the Committee were:

Carl Hitchman Chief Investment Officer	Celene Lee Principal
Peter Dean Senior Investment Consultant	Simon Mungall Head of Fixed Income Research
Finlay Ross Principal	Jamie Patterson Principal
Peter Hill-King Head of Investment Research	Adam Michaels Principal

The SIC is proactive towards the changes which are taking place in the industry such as new investment solutions and products and how these solutions will behave under different economic environments.

The Committee met three times during 2021 and examples of the work undertaken by the SIC include:

- The end of the Brexit transition period.
- ESG Consulting
- Manager performance analysis of 'Diversified Growth' funds
- A review of the property market

The SIC provides investment consultants with the research and analysis required to provide effective investment advice. This ensures that the advice and support we give to our clients will support their own stewardship activities.



During the year the activities of the SIC ended and replaced by the CIO Committee (see Section 2.4 below). The objectives of the CIO Committee are:

- Agree the investment research agenda and priorities, ensuring it focuses on those areas relevant to Buck's clients, covering both current and future expected client needs.
- Agree who is responsible for researching the areas identified, with the individuals concerned reporting back to the CIOC in a manner agreed with the CIO
- Facilitate the development of the research output into consultant-ready collateral to be released to clients.

2.3 ESG Group

Buck investment consulting team created an explicit structure in 2018 to support ESG consulting and to support Buck's own corporate and social responsibilities as a firm.

This specialist ESG Group was set up under the leadership of Celene Lee and in 2021 consisted of the following team members:

Celene Lee
Principal

Peter Dean
Senior Investment
Consultant

Tom Bradshaw
Investment Research
Analyst

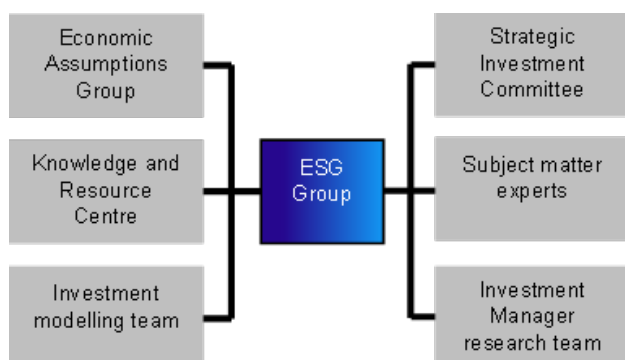
Peter Hill-King
Head of Investment
Research

Chris King
Investment Consultant

Matthew Soanes
Investment Analyst

The team had an average experience in excess of 18 years in the industry.

The ESG Group will invite members from other specialist teams, such as our Economic Assumptions Group ('EAG') and Knowledge and Resource Centre ('KRC') (a pensions regulations specialist team within Buck with legal background) to support ESG-specific investing advisory and delivery work.



During 2021 the ESG Group used KRC's expertise to understand the ESG-related regulatory requirements our clients needed to meet such as those contained in the Pensions Bill (which became the Pensions Act 2021), the DWP consultation on 'Taking action on climate risk: improving governance and reporting by occupational pension schemes', and The Pensions Regulator's guidance on governance and reporting on climate-related risks and opportunities.

The team worked with consultants to review and enhance the pension scheme Engagement Policy Implementation Statements which, for defined benefit pension schemes, were published online for the first time in 2021. We also assisted in the development a 'gap analysis' tool to help trustees of pension schemes meet the Pensions Regulator's requirements for an effective system of governance under the Pensions Act 2021.

Other examples of the work carried out by the ESG Group include developing and launching Buck's ESG dashboard, and climate change scenario analysis which have been included under Principle 1.

The team meets twice a month to discuss ESG issues and supports investment consultants in providing analysis and advice to their clients.

Members of this team have an explicit time allowance as approved by senior management to perform their role to support activity on ESG-related matters. They are also encouraged to be on various committees such as the Investment Consultants Sustainability Working Group, and the Actuarial Profession's Finance and Investment Board, which include specialists who practise ESG across asset management, insurers, and the pensions sector.

Outside of the investment team, Buck also has a formal Climate Risk Group who considers wider ESG issues, including for example, climate risk on liabilities. This team also has explicit senior management support. Both the ESG investing team and the Climate Risk Group set goals for the team each year which are reviewed and approved by senior management.

2.4 Investment research

The Investment Research Team comprises six full-time researchers supported in specific areas by the client consulting team. We help our clients to monitor their managers effectively and, when change is required, to select the best new or replacement managers.

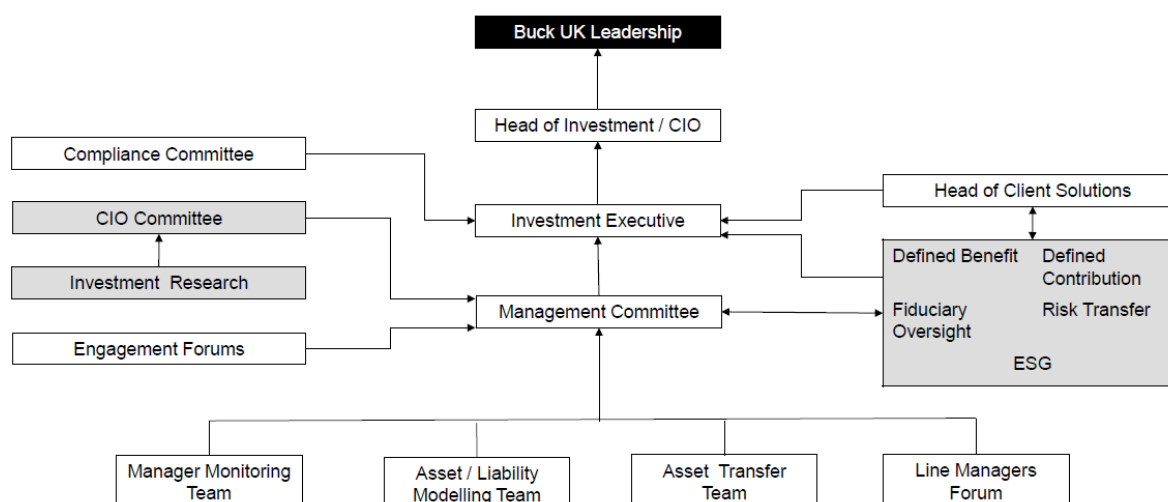
Our manager research process focuses on what matters most to our clients: selecting and monitoring the most appropriate managers to meet their needs. We are constantly developing new measures for the objective assessment of investment managers, in addition to evaluating their investment processes, risk controls and performance. We identify managers who offer sustainable competitive advantages that produce superior returns with a commensurate level of risk.

Our fund research benefits from in-depth manager due diligence ESG questionnaires and the strength of our dedicated in-house research team. Our 8,000 hours of annual ESG research capacity is a differentiator among our peers.

2.5 Improving our governance framework

In early 2022 a review of the effectiveness of our governance framework was carried out to reflect the evolving needs of our clients, changes in market dynamics and the development of our CCI approach (see Principle 5). As a result, a new governance approach within the investment team has been adopted, as shown below.

Our governance structure has been designed to ensure strong oversight, clear lines of accountability and effective communication throughout the investment consulting team. In particular, the committee reporting lines and individual responsibilities have been structured such that stewardship and ESG are fully integrated into our internal operations and how we work with clients.



2.6 Training

We encourage all members of the team to develop their skills and Buck will fully fund different professional study pathways including qualifications – FIA or CFA for all our UK graduates within the Investment Consulting Practice.

To maintain our professional standards, all authorised investment consultants have completed a minimum of 50 hours of Continuous Professional Development during 2021. ESG forms part of our regular internal training programme, which comprises internally developed training materials together with invited speakers covering various topical issues during our 'Lunch and Learn' sessions.

The number of ESG related training sessions for investment consultants is captured as part of an annual plan by the specialist ESG Group and differs from year to year based on changes which are taking place in the industry including any regulatory changes.

Examples of some of the topics covered during 2021, include:

- Buck's investment governance solution
- ESG investing
- ESG tools and models
- Building pensions scheme resilience
- FCA conduct rules
- Buck professionalism and procedures
- Risk budgeting tool
- Managing capital calls training
- Practical guide to 'Do, Check & Review' (see 2.6 below)
- Risk transfer update

Our company and/or individual employees gain additional insight and learning opportunities on ESG developments through membership of a number of associations and trade bodies, including: Pensions and Lifetime Savings Association (PLSA), Pensions Management Institute (PMI), Society of Pensions Consultants (SPC), the Chartered Institute for Securities and Investment (CISI), Institute and Faculty of Actuaries (IFoA), and The Association of Consulting Actuaries (ACA).

2.7 Quality assurance

Our services are constantly evolving to meet the changing landscape in which we and our clients operate. Our Strategic Investment Committee and our ESG Group meet regularly and have been involved in the development of our stewardship capabilities during 2021 and beyond.

- All advice provided to our clients, including that relating to stewardship, meets our internal peer review standards as detailed below.
- The work of each authorised investment consultant is reviewed periodically by a separate compliance and audit team to ensure that our advice is clear, fair and not misleading, and that all internal processes and procedures have been followed.
- Our investment consulting practice has achieved the Quality Assurance Scheme accredited status from the Institute and Faculty of Actuaries.

To help our clients achieve effective stewardship we ensure that the quality and accuracy of our services is maintained at the highest standards.

Providing consistent, high-quality services is one of our most important and enduring commitments to all our clients. We do this through a framework of people and process-based controls, which ensure not just great quality work, but a great quality service.



We have a very direct way of measuring our success using the CMA requirement for trustees to set objectives for their investment consultants, as well as measure their consultant's performance against those objectives. We typically incorporate a combination of qualitative and quantitative metrics.

All our work must follow company review and peer review policy.

Every piece of work and advice must be **done, checked, and reviewed** by people who are competent to carry out the tasks

In addition, for regulated advice an additional **regulated peer review is required** where another authorised investment adviser will critique and challenge the advice being given.

For certain specialist subjects which are highly technical, specialist teams are involved to carry out, or review, the work.

- Specific high-risk work is subject to additional audit review in addition to the steps set out above.
- All areas are audited by our risk and compliance teams annually, in accordance with our risk management policy, including comprehensive file audits and reviews of training and competence files for authorised consultants.
- In 2020 we reviewed and revised our internal procedures documents to ensure that they meet current best practice, are appropriate for regulatory purposes, and are available to all members of staff in a controlled environment with appropriate flexibility to allow speedy and controlled maintenance.

Our compliance team oversees the authorisation process for investment consultants, ensuring this reflects best practice and all regulatory requirements.

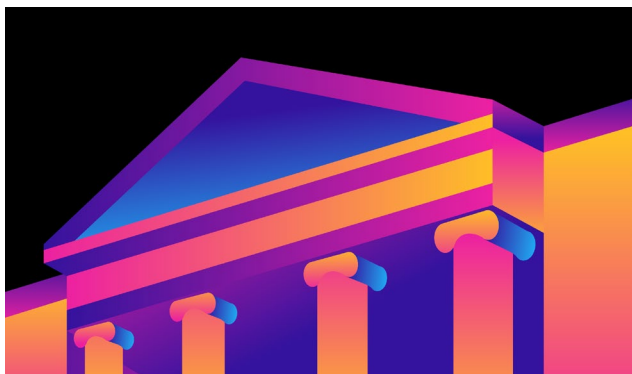
Please see Principle 6 for further information on our quality assurance accreditation.

2.8 Manager ratings review

All manager ratings are brought before and ratified by a Ratings Committee comprising senior members of the investment team on a rotating basis as well as the Investment Research Team. This ensures that proposals are given appropriate scrutiny and challenge. Any changes to manager ratings, particularly where a fund may be downgraded, are communicated to the investment manager to ensure transparency.

During 2021, we explicitly incorporated ESG views within our manager ratings review process. In addition, our separate and ongoing annual manager ESG questionnaires for ESG fund

ratings ensured that our clients understood their managers' strengths and weaknesses in this area (see Principle 1).



2.9 Pricing

We operate a pricing model which is used as a base for determining the cost of our services. This ensures that our pricing is fair and equitable and that it correctly reflects the complexity and time required for each service. Where new or bespoke services are not reflected in the pricing model, these may be carried out on a time cost basis or a budget is agreed with the client based on the expected time cost charges.

Our pricing reflects the mix of levels from junior Analysts through to Senior Consultants and Principals to ensure that all work is completed at the right level and to ensure the fees are appropriate for the services provided.

We have received feedback through new business tender processes regarding the overall competitiveness of our fees and are satisfied that these are set at an appropriate level.

2.10 Incentives

Our investment team are incentivised to deliver high quality services through regular performance and development discussions. Where appropriate, staff are also encouraged to use our mentoring programme detailed in Principle 1. Our annual performance appraisal process, bonus system and our framework for gauging client satisfaction, ensures that we provide our staff with appropriate incentives to meet and exceed our clients' expectations, including in matters relating to stewardship.

Our governance structures have effectively supported our clients' stewardship through the following activities:

- We continued to help our clients navigate the COVID-19 pandemic (see our 2021 Thought Leadership award under Principle 4) and to advise our clients on market risks and opportunities (e.g. those identified by our Strategic Investment Committee)
- Where appropriate, we helped our clients keep abreast of new regulatory developments such as new climate change reporting, and effective systems of governance.
- We assisted our clients in creating an ESG journey plan tailored to their broader funding strategy.
- We finalised development of tailored ESG dashboards and, for our larger clients, started an education programme on new TCFD reporting requirements.
- We worked with our clients to review our performance against agreed objectives and measurement criteria based on the services we provide.
- We completed a review of our governance structure in 2022 which better aligns the relationship between the various committees, and which better reflects the changing needs of our clients.

Principle 3:

Conflicts of interest

Due to our client-centric approach, advice is formulated by understanding our client's individual situation. This allows us to identify potential conflicts of interest, manage them as appropriate and in many cases avoid them entirely.

Key potential conflicts are:

- Where we advise both the trustees and the scheme sponsor.
- Where we make manager recommendations, and we have other relationships with those managers.
- Where internal stakeholders may drive our recommendations.
- Where the choice of advice which we provide may impact on our future revenue.
- Where we have received a complaint.

Buck maintains strict conflicts of interest and anti-bribery policies. Avoiding conflicts within our client dealings is a core component of Treating Customers Fairly.

We have detailed compliance procedures which help to ensure that conflicts potentially arising from the provision of services are avoided, as set out in our Conflicts of Interest Policy (see Appendix 1).

3.1 Where we advise both the trustees and the scheme sponsor

Where a conflict of interest exists or arises, we will take the following steps:

- For all clients we prepare a conflict-of-interest management plan.
- This plan is approved by our internal Conflicts of Interest Committee.
- We disclose the conflict and the plan to the client in enough detail to enable the client to provide informed and clear consent.
- We retain documentary evidence of the client's consent to the plan.
- We review the plan at least annually.

3.2 Where we make manager recommendations, and we have other relationships with those managers

Our product provider research is independent and impartial, and is not influenced by other relationships, or by the provision of hospitality, irrespective of whether advice is provided on a restricted, independent, or fair market analysis basis. As described under Principle 2, all manager ratings are brought before and ratified by a Ratings Committee comprising senior members of the investment team on a rotating basis as well as the Investment Research Team. Any actual or potential conflicts of interest pertaining to a rating under review must be disclosed to the Ratings Committee and the party involved will be excused from voting on that rating, if deemed appropriate.

This ensures that proposals are given appropriate scrutiny and challenge. Any changes to manager ratings, particularly where a fund may be downgraded, are communicated to the investment manager to ensure transparency.



3.3 Where internal stakeholders may drive our recommendations

As highlighted in Principle 1, we took a conscious business decision to only offer investment advisory services and do not offer investment products or fiduciary management services. By adopting a pure advisory model, this allows us to maintain our independent position in the market and deliver best-in-class advice to our clients. In this way, we can provide our clients with objective, conflict-free advice which is right for their situation.

While we have house guidance, our advice is formulated around clients' unique circumstance such as strength of sponsor's covenant and investors' beliefs, to ensure giving 'best advice' and not a standardised advice.

In addition, we encourage all of our staff to take a client-centric, ethical viewpoint with regards to their advice and to always ensure they are working in the best interest of our clients. This ethical approach includes prioritising client requirements over short-term business gains and recognises that doing so is better for the long-term strength of our business. This is encapsulated in our Buck Code of Conduct to which all staff must adhere.

3.4 Where the choice of advice which we provide may impact on our future revenue

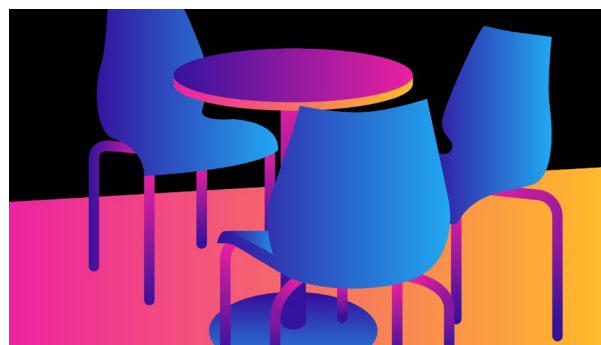
We provide full cost transparency of all fees charged to our clients on an annual basis, details of which have been provided under Principle 4. We do not accept commission from providers.

We also provide a clear identification of the relevant issues which could lead to a conflict of interests, such as the differences in fees likely to be earned by Buck under different approaches.

Where we have received a complaint, our staff must report this immediately to our Compliance Officer who liaises with the Client Management Team.

We immediately acknowledge the issue to the client and will arrange for an internal investigation to be carried out. It is not permissible for a consultant about whom a complaint has been made to be involved in investigating and resolving the same complaint.

Upon completion of the investigation, we will write to the client explaining the outcome of the investigation and if applicable, our remedy.



If the matter is escalated our Compliance Officer will fully cooperate with the Ombudsman and will assess how we can make improvements to our process, automation or training.

As part of our regular administration reporting to our clients we report any complaints received from pension schemes members raised under the scheme's Internal Dispute Resolutions Procedure which lays down a formal complaint resolution procedure.

In addition, we have adopted the following practices:

- A quarterly attestation signed by senior staff to confirm they have complied with regulatory and Buck's own requirements.
- Peer review requirements compliant with regulatory requirements and best practice guidance, following the doer/checker/reviewer process.
- Mandatory training sessions where it is considered essential to the role or for regulatory compliance.
- Promoting a culture of speaking up.

3.6 Examples of how we have resolved conflicts of interest

During 2021 three examples of new conflicts of interest were reported.

3.6.1 Example 1

An employee wished to apply to act as a member nominated trustee to a competitor's pension scheme. This could expose the employee to confidential information on the competitor. In this case Buck requested that the employee did not apply for the role and the case was closed.

3.6.2 Example 2

An employee of Buck became aware that a tender could be affected by the possibility of a part sale of the potential client's business. There was concern that our position could be compromised by this knowledge.

Our employee was instructed not to share this information with those employees involved with the tender. The client was also requested not to share the knowledge of the potential sale with Buck's employees involved in the tender.

3.6.3 Example 3

Lunch/hospitality was provided to a client who acted as a pension scheme trustee. The trustee was also a decision maker for a separate tender for corporate work.

The potential for the event to be seen as inducement was raised with the client. The client confirmed that any conflict would be mitigated by presence of independent others in the decision-making process who had not attended the lunch/hospitality.

At Buck we are very proud of our ability to provide independent, conflict free advice to our clients. Client care plays a significant role in how our staff are assessed and rewarded. This ensures that advice is formulated based on the most suitable and appropriate outcome for our clients.

Principle 4: Responding to systemic risks and promoting well-functioning markets

Risk management is integral to our approach and as part of this we always look to address both market wide and systemic risks.

4.1 Market-Wide Risk Management

Most of the clients for whom we provide investment advice are the trustee(s) of defined benefit and defined contribution pension schemes. We believe that the investment strategy for these clients' needs to consider the nature and duration of their liabilities as well as risk appetite of the investors and/or members.

Pension schemes have a key competitive advantage in that they are typically long-term investors and can adopt a long-term investment strategy both with regards to new opportunities and long-term investments such as private equity, private debt, private infrastructure and private real estate.

We believe that risk can be reduced through diversification across a variety of asset classes and geographies. However, while diversification is important, assets also need to have a clear alignment with our clients' other objectives, including income objectives, liquidity objectives or other strategic objectives such as liability management.

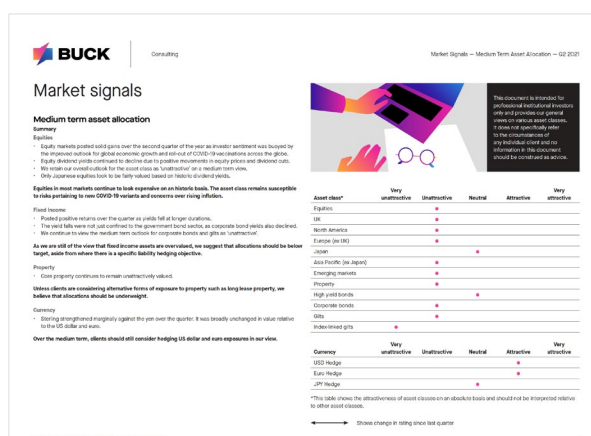
Where appropriate, we advise on minimising the risk of mission impairment by hedging poorly rewarded risks (such as interest rate, inflation and currency risks) over time, subject to meeting the overall investment return objective of the client.

The complexity of the investment strategy should consider the governance budget of the client.

Where active management is deemed to have no clear evidence of outperformance, a passive investment management approach is recommended. This allows our clients' investment governance budget to be focused on areas where a passive approach is not possible or where there is significantly different risk exposure – e.g. property, private markets, and alternative investments.

We believe a dynamic approach to tactical asset allocation based on medium term views on investment markets can add value and we provide our clients with our quarterly 'Market

Signals' publication providing our views and information on market pricing.



We believe that it is important that metrics used are relevant for our client base and that any recommendations made are expected to have a tangible benefit for members.

We deliver pragmatic advice that establishes a journey planning framework, allowing our clients to de-risk and / or reposition risk for market opportunities as part of a suitable funding strategy and journey plan.

The key risk measures which we consider to be important are:

- Deficit Value at Risk (i.e. in simple terms, how much a pension scheme deficit / surplus could change over a given period if investment markets moved against it).
- Interest rate and inflation hedging ratios (and how they should increase given investment market valuations and funding improvements).
- The expected period over which closed pension schemes are expected to become net cashflow negative and the impact on strategy.

Our clients typically look at these metrics as part of a formal trigger-based strategy but also as part of a regular discussion on the appropriateness of any strategy change.

4.2 Capturing market opportunities

For those clients that have either market-based or funding level triggers in place to de-risk investment portfolios as circumstances permit, providing up to date information is key to the long-term success of their investment strategies, enabling them to take advantage of market opportunities as they arise.

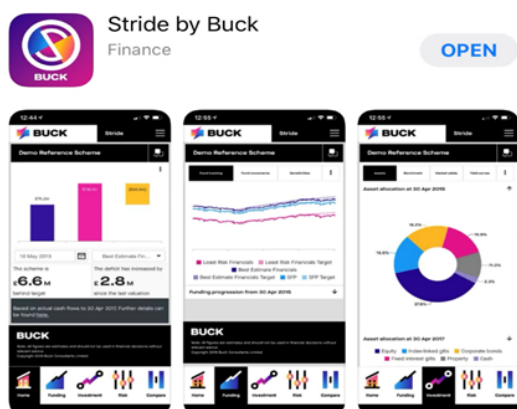
We make our client's pension scheme information easily accessible, improving trustee decision-making using up-to-date data.

Stride is Buck's online funding, investment and risk monitoring application which can provide the trustees and sponsor with access to key daily actuarial, asset and risk metrics such as funding levels, hedge ratios and value at risk, as well as detailed information on assets, liabilities and cashflows.

Stride's many features include the ability to track whether the funding level is improving in line with the agreed Recovery Plan and to indicate where the scheme might be relative to agreed de-risking triggers. This means clients can take actions as and when needed, keeping the Trustees in control.

Key qualities of Stride:

- Stride is secure (with multi factor security); simple (both in terms of the user experience and screen layout); accessible (with all information available within three clicks), and flexible (accessible via multi-media and able to work across multiple platforms).
- The most striking USP is its design, which is truly best in class, as evidenced by client feedback.



Our video provides an overview of the application, how it works, and key features.

<https://vimeo.com/366219897>

Trustee and market feedback have been exceptional, and planned releases will further enhance Stride's excellent capabilities, including the addition of more detailed investment performance reporting, asset liability modelling capability, liability management and settlement capability, and cashflow modelling capability.

4.3 Risk analysis

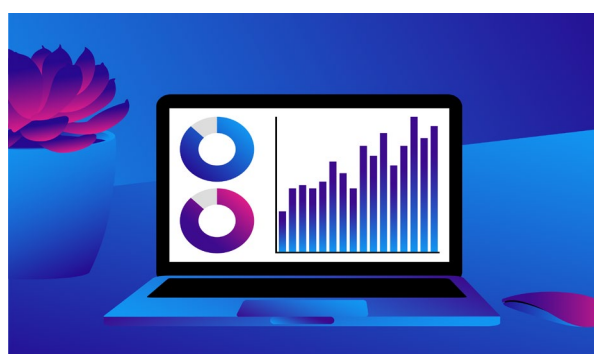
We have a dedicated risk modelling team that provides and maintains proprietary software solutions for our clients. Their work is supported by our Economics Assumptions Group consisting of 5 experts including our Chief Actuary, Head of ALM and senior researchers. They meet quarterly to set key assumptions for the investment team.

There are three key forms of asset / liability modelling used to help our clients: deterministic analysis, stochastic modelling, and scenario testing. Examples of the various modelling approaches are provided below.

Deterministic analysis We use deterministic analysis in several ways, such as stress testing of portfolios to specific market stress events such as equity market falls, credit spread widening, inflation shocks etc.

Stochastic modelling In addition to short term risk modelling approaches such as 1-year and 3-year Value at Risk analysis, we utilise our stochastic model to analyse the variation of the projected scheme funding level. The tool enables clients to adjust variables such as investment strategy, assumed contribution schedule, time horizon and asset class return assumption

Scenario testing To gain a fuller picture of a portfolio's risk exposures, we believe it is important to stress test a portfolio under several economic scenarios. This will highlight the sensitivity of the funding position to different economic factors. Our Economic Assumptions Group maintains a series of central potential economic scenarios; however, there is flexibility to customise specific scenarios.



We believe that the best approach to analysing risk and success measures is through a range of 'lenses', allowing clients a broad perspective on the factors that will influence the progression of a pension scheme's financial position.

Although we believe quantitative modelling is required to inform investment strategy decision making, it is important that limitations of the models and associated risk metrics are understood by all parties.

We ensure our clients are clear on the sensitivity of the results to different inputs and consider the implications of weighting one risk metric over another, for example:

One-year Value at Risk analysis is instructive if short-term downside volatility is a concern, however it can drive investment decisions at odds with delivering the longer-term objectives. However, focusing on the probability of delivering members benefits in full, without considering the potential size of the downside risk, could, in isolation, lead to taking too much risk; depending on the strength of sponsor covenant, a strategy with a lower probability of success but with a materially lower downside risk may be more appropriate.

With the above in mind, we believe that stress testing of portfolios and running scenario analysis ensures a fuller picture of a portfolio's expected performance in different market environments.

Our in-house modelling and economic assumptions do not currently make explicit allowance for climate change, with separate tools being used to identify and measure the impact of climate change (see below).

4.4 Climate change

Climate change is a systemic risk to the world economy and financial markets. During 2021 we kept our clients informed and advised on a number of UK Government initiatives and legislative changes relating to climate changes, including:

- **Greening Finance – Roadmap to sustainable investing** was published in October 2021 and set out details on the Sustainability Disclosure Requirements and UK Green Taxonomy. The UK Government committed to updating the Green Finance Strategy in 2022 and set transition pathways.
- **Net Zero Financial Centre** - The UK Government announced that the UK will be the world's first Net Zero aligned financial centre. Initially, this will require asset managers, regulated asset owners and listed companies to publish transition plans that consider the government's net zero commitment or provide an explanation if they have not done so.

- A Transition Plan Taskforce was set up to develop a gold standard and will in 2022 set out a transition pathway for the finance sector.
- **Taskforce on Voting Implementation** – The taskforce on Pension Scheme Voting implementation published its report in September 2021. It included 24 recommendations for Government, regulators, and industry. Nine recommendations are for DWP, six of which have been taken forward in DWP's stewardship guidance that came into force in 2022.
- established in July 2021 as recommended by the Government-led Asset Management Task Force.
- **DWP Consultation** on requiring pension schemes subject to the TCFD reporting to disclose a portfolio alignment metric. The consultation also included statutory guidance on best practice Engagement Policy Implementations Statements. DWP separately published TCFS reporting guidance in October 2021.
- **The FCA consulted** on new Sustainability Disclosure Requirements (SDR's) for certain asset managers and FCA-regulated asset owners, and their investment products.
- **The Pensions Regulator** published its Climate Change strategy in April 2021 and a Climate adaptation report in October 2021 which set out the risks from climate change that are most relevant to occupational pensions schemes and the approaches the Regulator is taking to tackle them both as a regulator and an organisation.

In 2021 Buck launched a **3-Step ESG Readiness Assessment** for pension scheme trustees – A starter package for trustees who want to kick start their ESG journey within a comprehensive, cost- effective package covering ESG training, developing ESG beliefs and measuring carbon emissions.



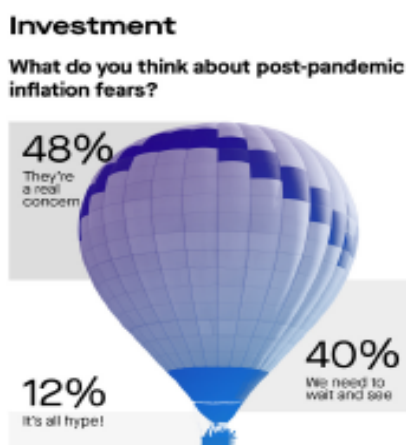
Buck also launched a proprietary, innovative ESG/climate risk dashboard, giving clients effective and easy-to-understand monitoring of compliance with TCFD and other regulatory requirements. Our ESG dashboard provides clients with an up-to-date snapshot of ESG and climate risk metrics related to their investments, including all-important carbon footprint measurements.



At present, data is limited to Scope 1 and 2 emissions. We anticipate Scope 3 emissions to become increasingly available in response to legislative and shareholder pressure.

We also undertook our additional climate change reporting on behalf of clients. This measures equity and bond portfolios' alignment with various climate scenarios consistent with the Paris Agreement. Where appropriate, further detailed analysis of portfolio holdings was undertaken to establish the carbon performance of specific holdings and how well the management of companies with the biggest impact on climate change are dealing with transition risk.

The discussion and reporting of ESG / climate risks has prompted several clients to review the funds in which they invest.



4.5 Manager ESG ratings

Under Principle 1 we set out how Buck has developed a proprietary ESG Funding Ratings System. During 2021 we carried out over 200 fund ratings.

These ratings have been shared with clients and form an important part of our clients' engagement with managers and manager selection. This may include direct discussion with the existing manager to effect change or promote discussion of alternative funds that are better aligned with the client's objectives.

These activities mitigate the systemic risk associated with poor risk management of ESG factors.

4.6 COVID-19

The COVID-19 situation and the policy response posed a systemic risk to the banking sector and broader financial markets.

In response to the unexpected and unknown challenges facing pension schemes, Buck developed consulting materials to help its clients navigate the risks and impacts of COVID-19 on their pension schemes, including a comprehensive, practical checklist of actions highlighting what each client needed to concentrate on in the immediate future and in the medium-term.

As a result of this work, we were awarded the Thought Leadership Award at the 2021 Pensions Age Awards for our expert advice and support provided to employers and trustees from the outset of the pandemic.

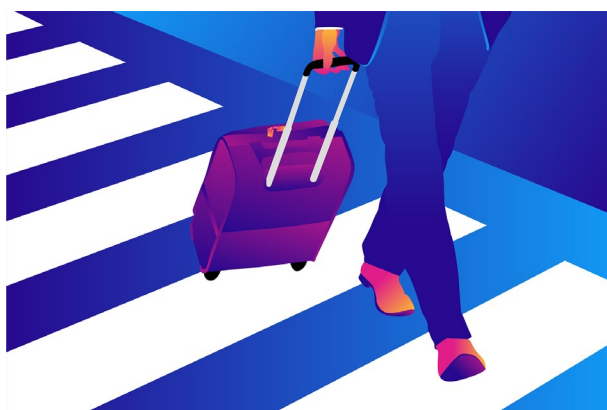
Please also refer to Principle 5 regarding our ongoing client communication on various Stewardship topics throughout 2021.

4.7 Inflation

One of the primary drivers of increased capital market volatility in 2021 arose from concerns over rapidly rising future inflation expectations, and especially the impact this would have on interest rates, bond yields, and equity market valuations (which did materialise).

We engaged with clients on this topic throughout 2021. This included clear guidance made available at regular meetings, discussion (as part of our six-week pensions conference season) at our webinar, 'Inflation fears: Hype or a real concern?', and regular press comment, as well as new blogs made publicly available.

The debate resulted in trustees taking practical measures to update their leveraged LDI strategies, supporting liquidity arrangements, and ensuring they're appropriately positioned should the inflationary backdrop deteriorate further. In many cases, this has meant locking in material funding level improvements (of 2% and above), which has accelerated progress towards their ultimate funding goals.



4.8 Liquidity management

During 2020, issues around liquidity management became a key focus of our discussions with clients as the impact of the pandemic on financial markets unfolded.

The key areas our advice concentrated on were:

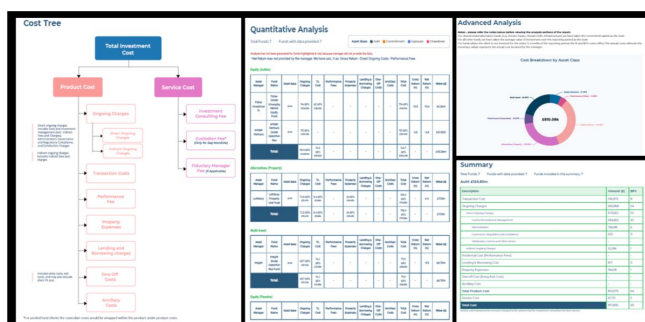
- Ensuring formal cashflow policies and procedures were in place for each client
- Ensuring that pension scheme administrators had access to cash to meet benefit payments as they fall due.
- Ensuring that pension schemes had sufficient liquidity to meet leveraged LDI fund rebalancing requirements when interest rate rose, or capital call requirements when closed ended funds drew down.
- Ensuring that investors were not disinvesting from assets at inopportune times because of market volatility
- Carrying out longer term reviews of investment strategies using our CCI approach (see Principle 5). This is an approach which ensures the scheme manages its cash flow risks robustly. It enables trustees to allocate very secure and liquid assets to short term cash flows, whilst ensuring the scheme delivers sufficient investment returns to meet its long-term obligations.

The issues around liquidity management continued to be a theme of our discussions with clients during 2021 and the work we did during this period ensured that our clients were well prepared for the systemic risks that arose from the rapid rise in gilt yields and the consequential impact on liquidity during 2022, which forced the Bank of England to intervene in the markets.

4.9 Promoting cost transparency

We believe that better manager cost transparency will lead to better outcomes for our clients as investors, and ultimately for pension scheme members. This is echoed by statements from the Competition and Markets Authority and the Department for Work and Pensions.

We provide all our clients, as standard, with detailed cost disclosure reporting covering the consulting fees and the aggregated costs relating to the underlying investments we have advised on. This goes much further than providing the Annual Management Charges and Total Expense information clients had been used to seeing previously, and since requesting this information, we have seen some asset managers improving their recording and distribution of the data, significantly increasing cost transparency and ultimately improving the way financial markets operate.



This information is gathered with the assistance of a company specialising in manager charging analytics and the exercise will be repeated annually in future. We expect this to encourage all investment managers to provide clear, concise and comparable cost information, as any who fail to do so will be clearly seen to be falling behind their peers.

4.10 Supporting Industry initiatives

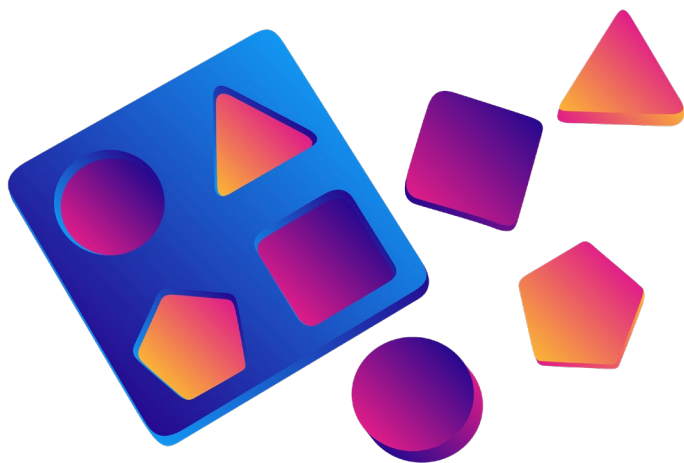
We are members of the Investment Consultants Sustainability Working Group (ICSWG) which is an industry-wide group representing a broad spectrum of the UK investment consulting industry who work closely with a broad array of stakeholders, including asset owners, asset managers, platform providers, regulators and non-governmental organisations. The Group aims to engage with all relevant stakeholders and give added power to asset owners and their ultimate beneficiaries to seek genuinely sustainable investment outcomes.

Over 2021, Buck had 4 senior members of our investment team represented on the ICSWG and actively participated in several committees during 2021, including on stewardship matters.

We are also board members of the Pensions Board and the Finance and Investment Board at the Institute and Faculty of Actuaries as well as having representation on the Association of Consulting Actuaries committee through which we support the identification, measurement, and management of risk. For more detail of our industry representation, please refer to Principle 1.

4.10.1 Engagement with the Pensions Regulator - typically on a quarterly basis, we also conduct meetings with representatives from the Pensions Regulator. During 2021, the topics discussed remained focussed on the key regulatory themes of the year, including the Pension Schemes Act 2021, long term funding objectives, climate risk management and compliance with reporting requirements in line with the Task Force on Climate-Related Financial Disclosures ('TCFD'), and investors' engagement with asset managers on voting and shareholders' rights, to name a few.

4.10.2 Seminars and webinars – we also act as a conduit between our clients and experts in the field outside of our organisation. We ran a series of webinars over the year which included 13 external guest speakers, across 12 sessions with experts from wider fields such as legal advisers, professional trustees and representatives from the Pensions Regulator and the Department of Works and Pensions, ensuring our clients have access to views and opinions from the industry (See Principle 5).



Buck responded quickly to the COVID-19 pandemic and in 2021 received an award in Thought Leadership for helping the Trustees of pension schemes navigate the unfolding crisis.

We have made great strides in developing our consulting capabilities relating to climate change as well other elements of Environmental, Social and Governance issues. More work will be needed to help our clients assess evolving risks and opportunities as the world transitions to a low carbon environment.

We have a wealth of experience in assisting our clients understand and mitigate market related risks, particularly around interest rate and inflation risks and are adapting to changes in market-related risks as the pension schemes we advise on mature and managing cashflow becomes more important.

Our work with clients during 2020 and 2021 around the risks of rising interest rates, inflation and liquidity risks has meant that our clients were well prepared for the systemic risks that unfolded during 2022. Our programme of seminars and webinars, together with

We have promoted well-functioning markets through our seminars and webinars, which were made available to clients and wider industry participants together with over 90 articles and blogs publicly available on our website (see Principle 5)

We have used technology to improve and speed up our client decision-making process through Stride, our online funding, asset and risk monitoring application

Principle 5: Supporting client's stewardship

We provide investment consulting services to institutional defined benefit and defined contribution pension schemes, and other institutional clients in the UK.

Number of defined benefit schemes	93
Number of DC / hybrid schemes	24
Fiduciary manager oversight	9
Other	3

All clients are based in the UK with one exception, and all are categorised as institutional.

A core service to our clients is to help them maintain the high standards of governance required of them by the Pensions Regulator and other stakeholders.

5.1 Maturing pension schemes in an uncertain world: Cashflow centred investment (CCI)

We took our innovative CCI strategy approach from concept stage to implementation and monitoring during 2021, following an extremely positive response from existing clients and prospects. Over the year, we engaged with nine clients, demonstrating how CCI principles applied to all schemes regardless of circumstances (closed/open to future accrual, strong/weak covenant, well/under-funded, low dependency/buyout longer term objective, etc.).

CCI allocates specific assets to specific cashflows. The safest assets – e.g. gilts/high-quality corporate bonds - are dedicated to shorter-dated cashflows while riskier growth assets are matched to the longer-dated ones. Aligning income and maturity proceeds from credit securities to near-term cashflows mitigates the need for regular advice on which assets to sell down to meet benefit payments, reducing overall consulting fees.

Trustees and sponsors recognise the simplicity of CCI. It enables them to de-risk their investments now - an important benefit against a background of huge market uncertainty - without impacting on their agreed funding plan. The reduced allocation to growth assets is expected to have a longer

average holding period as it is allowed to evolve compared with a fixed weight benchmark allocation.

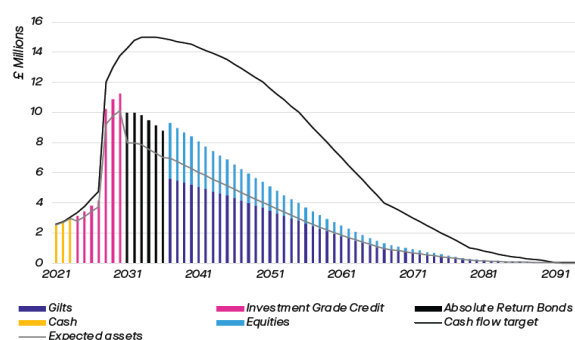
“Buck advised us on adopting the cashflow centred investment approach for our scheme. We decided to move in this direction because, with Buck’s help, we concluded that CCI would increase the certainty of the scheme to deliver our members’ benefits.

One of the most valuable elements for us has been the way the Buck team has worked to ensure a consistent funding and investment strategy, but also effectively engage with our sponsor and their advisers, bringing all the parties together to agree this strategy would be the best approach for our scheme.”

- Pension scheme trustee

Our clients’ confidence in the merits of a CCI approach are reflected in the size of assets they were prepared to move as a result of our advice. For example, the trustee of a medium-sized scheme (c. £320 million AUM) transferred approximately 90% of its assets as part of the transition to a new CCI approach which we supported with an extensive investment manager selection exercise.

To support the growing number of clients adopting a CCI approach, we established a highly intuitive reporting mechanism that gives trustees full visibility of the scheme’s progress relative to the projected journey plan. This creates a robust governance framework that allows stakeholders to



monitor closely how their investments are performing against expectations.

Cashflow centred investment has been designed to benefit trustees, sponsors, and members. Our approach:

- Facilitates better governance
- Provides flexibility to de-risk now without affecting the contribution schedule
- Improves the risk/return trade-off
- Reduces the need for ongoing disinvestment advice and associated costs
- Offers a genuine alternative to fiduciary management without the costs and complexity

5.2 Promoting client governance

Our conflicts of interest policies described under Principle 3 create the structure required to identify and manage potential conflicts to support our clients' stewardship of their investments.

Our online funding, investment and risk monitoring application, **Stride**, described under Principle 4, helps Trustees effective decision-making process by providing access to key asset, actuarial and risk metrics required to understand the overall performance of their portfolio and pension scheme and to take advantage of market opportunities.

During 2021 the Pensions Regulator published a draft new code of practice, which included new requirements for Trustees to operate a proportionate effective system of governance and to produce an own risk assessment annually.

In anticipation of this we assisted our clients with understanding the new requirements and carrying out a gap analysis. This provided our clients with a window of opportunity before the code comes into force to assess and improve the governance of pension schemes.

See the vide link below:

<https://video.buck.com/goodgovernance/>

5.3 Client stewardship of investments

Our conflicts of interest policies described under Principle 3 create the structure required to identify and manage potential conflicts to support our clients' stewardship of their investments.

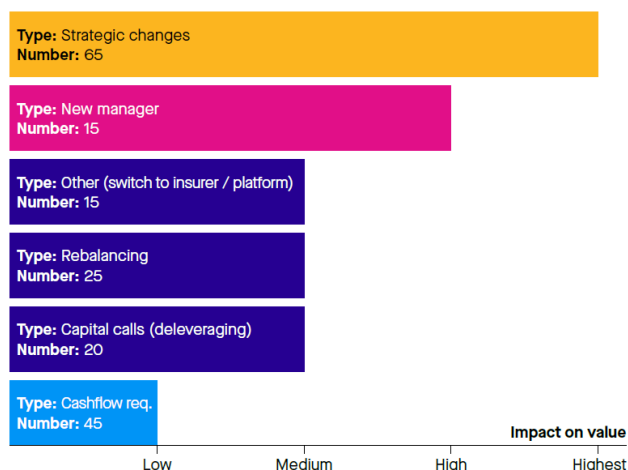
Our online funding, investment and risk monitoring application, **Stride**, described under Principle 4, helps Trustees effective decision-making process by providing access to key asset, actuarial and risk metrics required to understand the overall

performance of their portfolio and pension scheme and to take advantage of market opportunities.

Our advice for clients to hold their nerve during the severe 2020 market downturn was the right strategy to adopt. It left many in a strong position to prosper from the rebound of risk assets during 2021 and allowed them to reposition portfolios to exploit opportunities and move closer to achieving their strategic investment objectives.

This led to Buck assisting clients with 185 asset transitions in 2021. The highest value trades in terms of strategy and returns relate to asset allocation changes and new manager appointments. However, all interventions were necessary as they facilitated meeting member benefit payments, maintaining appropriate liability hedging and insuring liabilities with an insurer.

A breakdown is shown below:



5.4 Keeping our clients informed during a year of change



12 free webinars on a variety of pensions themes.
You can attend as many (or as few) as you want

Against the backdrop of shorter, virtual trustee board meetings, time for training has been squeezed. 2021 brought the Pension Schemes Act and wide-ranging issues for clients to tackle. Helping clients and the wider industry make sense of it all during a period of continued pressure became top priority.

Our inaugural Pensions conference season was launched in 2021, providing free-of-charge training on a wide range of topical matters. Our ambitious programme included 12 hour-long webinars, across six weeks in June/July, covering a variety of themes, including DC scheme consolidation, GMP equalisation, data journey plans, and governance.

We partnered with TPR, DWP, legal advisers, and independent trustees, delivering sessions led by the best of Buck and the industry's thought leaders, with 13 external guest speakers, across 12 sessions.

Examples include:

- Net hero? How to protect your investments from ESG risks
- Pension scheme governance and diversity,
- Inflation fears: Hype or a real concern
- How to prepare your pension scheme for its endgame
- Q&A panel discussion with The Pensions Regulator
- DC scheme consolidation and its impact on trustees

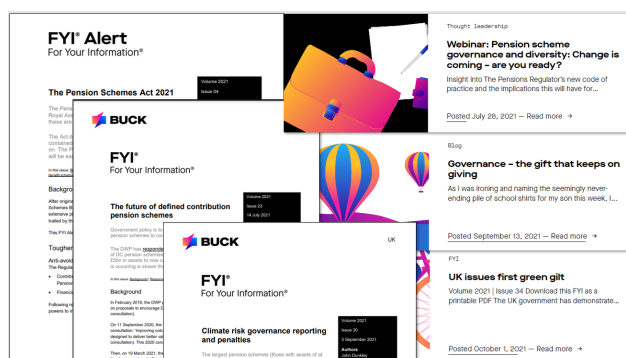
The conference session achieved 1,800+ registrations, from 430+ unique attendees and provided 1,200+ hours of training.

The attendance rate was 20% above the industry average and we achieved 96% retention rate across all webinars, 16% higher than performance benchmark. Following outstanding feedback, we will be running a new conference season in 2022.



During 2021 we also launched a new series of 10 podcasts entitled 'Talking tomorrow today'. Each episode, released regularly throughout the year, focused on a new theme, and featured a special guest – from how to turn employee engagement strategies on their head, to award-winning mental health and DC pension programmes.

During 2021 we published over 90 bulletins and blogs on a wide range of topical issues



Please see our website for specific examples:

<https://buck.com/uk/thinking/>

5.5 Seeking client feedback

Under Principle 1 we provided details of how Buck's services have supported our client's stewardship of investments. Principle 1 also explains how we seek feedback from our clients.

In particular, we have improved our Net Promoter Score from 59 in 2020 to 61 in 2021. Our 2021 Client survey speaks volumes:



The introduction of a new requirement in 2020 for our clients to set investment consultants' objectives has resulted in the need to ensure that our client services agreements and the work undertaken are adequately aligned, and that these services meet best practice requirements for pension schemes. As part of this we have seen clients expanding the range of services provided by us, as they come to realise the increased scope of their stewardship requirements and the ways we can help them to address this.

Where client feedback highlights any concerns, we ensure that clients are contacted and issues discussed and addressed, with follow up contact to ensure the actions we have taken meet their requirements.

We communicate with our clients through regular formal meetings of the Trustees which typically take place on a quarterly basis. This provides us with the opportunity to provide tailored advice and communication with our client. Broader communication is provided through relevant bulletins, blogs and seminars which may be referenced and discussed at meetings.



We use a combination of methods to obtain clients views and feedback, using both a bottom-up approach (where our performance is reviewed through annual trustee reviews and executive sponsor meetings) and a top down /strategic approach (where client satisfaction surveys and industry feedback provide an excellent source of feedback from potentially different stakeholders).

Our net promoter score of 61 and positive feedback during the 2021 annual consultant review process provides further evidence that we are effective in understanding our clients' needs.

Principle 6: Review and assurance

We believe that it is important to obtain both internal and external confirmation that our activities are meeting the appropriate standards, and as part of this have sought assurances as follows:

6.1 Internal review and assurance

- All advice provided to our clients, including that relating to stewardship, meets our internal peer review standards as detailed in Principle 2.
- The work of each authorised investment consultant is reviewed periodically by a separate compliance and audit team to ensure that our advice is clear, fair and not misleading, and that all internal processes and procedures have been followed.
- We have invested in developing rigorous quality assurance procedures, which are aligned with the requirements of the ISO 9001:2008 standard.
- We have developed a 'process approach' for our pension and benefits consulting services (similar to that required by ISO standards) to ensure that our quality procedures are closely aligned to our industry and adhered to across all our offices. There have been no exceptions arising on any of our quality accreditation over the last three years.

During 2020 we undertook a detailed review of our processes and procedures which ensured that we continue to provide high quality services to our clients.

6.2 External review and Assurance

We have achieved and maintain several recognised quality standards across our consulting, technology, and administration capabilities:

- Authorised and regulated by the Financial Conduct Authority (FCA)
- Friend of the Pension Quality Mark (PQM)
- Quality Assurance Scheme (QAS) accredited status from the Institute and Faculty of Actuaries (see Principle 1)

Our investment consulting and retirement practice have achieved the Quality Assurance Scheme accredited status from the Institute and Faculty of Actuaries.



The QAS review process involved the following elements:

- Interviews with a broad cross-section of the team
- Review of the organisational structure
- File reviews

6.3 Information Technology

Buck operates using information security standards based on the ISO 27000 family of standards. All locations at Buck are subject to annual security self-assessments, as well as audits and periodic reviews by our internal audit department. In addition, our scanning, indexing, fulfilment, and communication services, as well as our data centres in Telford and Birmingham are covered by ISO 27001:2013, ISO 20000 1:2011 and ISO 9001:2008.

When the COVID-19 pandemic hit in 2020, we transitioned quickly to remote working within two days all our systems and teams were up and running, our staff were fully utilised and our service to clients was at our usual high standards. During 2021 our teams worked effectively and seamlessly whether working from home or based in office locations, as illustrated by our superb business performance and client feedback over the year.

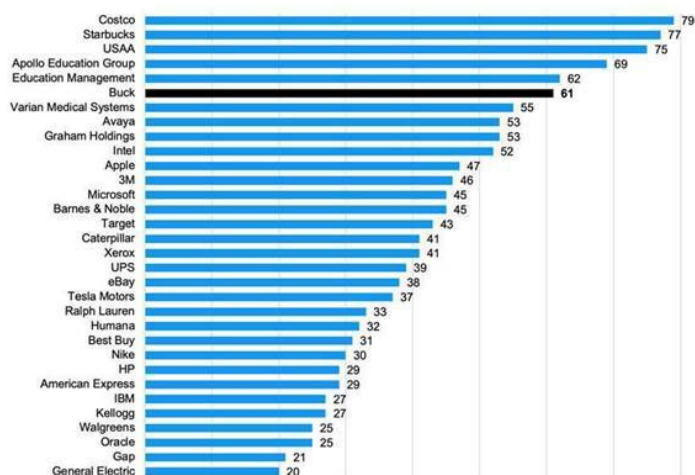
Our services are constantly evolving to meet the changing landscape in which we and our clients operate. Our Strategic Investment Committee and our ESG Group meet regularly and have been involved in the development of our stewardship capabilities in 2021 and beyond.

6.4 Client feedback

As highlighted in Principle 1, our clients have spoken: We meet and exceed their expectations and provide a strategic partnership that is rated higher than all of our competitors on a global scale as well as other top companies such as Apple, Tesla, and Nike. We received

the highest marks for our positive relationship building, technical proficiency, collaboration, and the ease of doing business with us. Companies scoring 50 or above are considered best-in-class. Our overall score of 61 validates Buck's position that we are the right partner at the right time to help current and prospective clients successfully navigate a rapidly changing world.

Buck's NPS ranks among the highest of the Fortune 1000



6.5 Industry groups

We work closely with industry bodies, most notably the Institute and Faculty of Actuaries and the Investment Consultants Sustainability Working Group to improve market practices. Individuals will also be members of professional bodies as detailed under Principle 2. These provide us with a basis for comparison with our peers.

Our work with the Investment Consultants Sustainability Working Group included participation in setting out a common framework for Trustees to review the suitability of their investment consultants.

We believe our internal quality review processes ensure that work produced is of the highest standards and has been appropriately thought through and challenged, while also being tailored to individual clients' needs. This belief is supported by accreditations received from external parties.

Our feedback from Professional Trustee organisations, the awards we have received during 2021 (see Principle 1), our client satisfaction scores and peer group analysis means that we are confident that our stewardship reporting is fair, balanced and understandable.

We also recognise that the environment in which we are operating is constantly evolving, and that we need to pursue continual improvement. We believe that our strategy of being client centric, accountable and bold will continue to provide us with capability to adapt to the changes that lie ahead.

The FRC has also provided us with feedback in relation to our first UK Stewardship Code Report and this is reflected in some of the changes we implemented in 2022

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Buck is a trading name in the UK for Buck Consultants Limited (registered number 1615055), Buck Consultants (Administration & Investment) Limited (registered number 1034719), and Buck Consultants (Healthcare) Limited (registered number 172919), which are private limited liability companies registered in England and Wales. All have their registered office at 20 Wood Street, London EC2V 7AF. Buck Consultants (Administration & Investment) Limited and Buck Consultants (Healthcare) Limited are authorised and regulated by the Financial Conduct Authority.

Conflicts of Interest Policy

Preface

Buck is a leader in human resource and benefits consulting with more than 1,500 professionals worldwide. Founded in 1916, Buck is an innovator in the areas of retirement benefits, investment advice, health and welfare programmes, human resource management, compensation and employee communication. News and other information about Buck is available at www.buck.com.

This document sets out the policy of the companies within Buck to effectively identify and manage any conflicts of interest that may arise in the provision of the above services to their clients.

Conflicts of interest may arise where:

- there is a conflict between the interests of Buck, or an individual member of staff within Buck, and the interest of the client; and/or where
- there is a conflict between the differing interests of two or more clients of Buck. This may include the employer and trustees of a single company pension scheme.

Identifying, managing and monitoring conflicts

Policies and procedures have been implemented to ensure that all of Buck's consultants are able to identify actual or potential conflicts of interest, of whatever nature, in the provision of services to our clients. These procedures operate during the life of our appointment.

In all areas, employees operate within a framework of procedures designed to limit any potential for conflicts of interest to arise. For those services performed under the authorisation of the Financial Conduct Authority, all recommendations provided are fully documented and subject to peer review. All client recommendations are liable to review on a sample basis by the Compliance department.

In engagements involving the trustees of a pension scheme and the sponsoring employer and/or participating employers of that scheme, each individual consultant is responsible for identifying actual or possible conflict of interest situations. Comprehensive training is provided to all of our consultants to assist them in identifying such situations. In addition, the management of particular situations is governed by an internal 'traffic light' framework. This framework identifies a number of situations where the consultant may not progress without specific approval from an internal Conflicts of Interest Committee.

Managing conflicts of interest

Where a conflict of interest exists or arises, we will take the following steps:

- in all cases, we prepare a conflict of interest management plan
- this plan is approved by our internal Conflicts of Interest Committee
- we disclose the conflict and the plan to the client in enough detail to enable the client to provide informed and clear consent
- we retain documentary evidence of the client's consent to the conflict of interest management plan.

Disclosure of information

The Client Service Agreements we hold with our clients detail the confidentiality requirements relating to client information which we abide by, at all times.

Avoiding inappropriate influence

Policies and procedures have been implemented to ensure that employees do not accept gifts or inducements which may influence the advice given or may give the perception that advice given is not impartial.

Review

We will review this Conflicts of Interest policy at least annually and, where appropriate, on an ad hoc basis, to ensure it adequately reflects the types of conflicts that may arise and how we manage those conflicts, and to ensure that it continues to fulfil the requirements of all relevant legislation, regulations and professional guidance.

CONTACT US:

Further information on our conflict management methods is available from the Compliance Officer at Buck
+44 (0)20 7429 1000



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