



Nestlé UK Pension Fund (DC Section) Statement of Investment Principles Implementation Statement

for the year ending 31 December 2021

July 2022

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Introduction

Welcome to the Implementation Statement – the Trustee’s statement of how they implemented the policies and practices in the Nestlé UK Pension Fund’s (“the Fund”) Statement of Investment Principles (“SIP”) during the year ending 31 December 2021 (“the Fund Year”).

The Fund has both a defined benefit (“DB”) and defined contribution (“DC”) section. This document covers the defined contribution section (“DC Section”) only of the Fund.

Why do the Fund’s investments matter to me?

The DC Section of the Fund provides you with benefits on a DC basis (sometimes called money purchase benefits). This means that the size of the benefits paid to you when you retire will depend on how much the funds where your savings are invested grow over the years.

What is the SIP?

The SIP sets out the investment principles, practices, objectives and beliefs the Trustee follows when governing the Fund’s investments. It describes the objectives for the investment options which you can choose (including the default arrangement if you don’t make a choice – “the Default Option”), explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change). The last review of the Fund’s SIP was completed on 23 November 2021 and the next review will take place no later than November 2024 or in the event of any significant changes within the DC Section of the Fund take place.

The following changes were made to the DC Section of the SIP the last year:

- Added wording regarding the changes made to the investment strategy of the Fund over the year (details of these changes are included in subsequent sections of this statement).

If you want to find out more, you can find a copy of the Fund’s SIP (and the Fund’s DC Chair’s Statement) at www.nestlepensions.co.uk/how-the-fund-is-run.

What is this Implementation Statement for?

Each year from 2020 the Trustee is required to prepare an Implementation Statement, which sets out how they have complied with the Fund’s SIP during the last year. This Statement covers how the Trustee has complied with the Fund’s DC SIP. A separate implementation statement covering the DB section of the Fund is available at www.nestlepensions.co.uk/how-the-fund-is-run.

Policy	Has the policy been followed?	Evidence / Comment
Introduction (1)		
<p>The Trustee has taken proper written advice from its investment advisers and consulted the Principal Employer to the Fund in the preparation of this SIP.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The SIP sets out the investment principles, practices, objectives and beliefs the Trustee follows when governing the Fund’s investments. It describes the objectives for the investment options which you can choose (including the default arrangement if you don’t make a choice – “the Default Option”), explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change).</p> <p>The last review of the Fund’s SIP was completed on 23 November 2021 and the next review will take place no later than November 2024 or in the event of any significant changes within the DC Section of the Fund take place.</p> <p>The following changes were made to the DC Section of the SIP the last year:</p> <ul style="list-style-type: none"> • Added wording regarding the changes made to the investment strategy of the Fund over the year (details of these changes are included in subsequent sections of this statement).
<p>Overall, the Trustee believes that:</p> <ul style="list-style-type: none"> • The Fund’s DC investments have been managed in accordance with the SIP; and • The provisions in the SIP remain suitable for the Fund’s DC members. • The Trustee believes its approach during the year was consistent with all of the policies and parties described in the SIP. 		

<p>Fund Governance</p> <p>The Trustee considers that the governance structure set out in this SIP is appropriate for the Fund as it allows the Trustee to make the important decision on investment policy, while delegating the day-to-day aspects to its appointed investment managers and / or its advisors as appropriate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As the Fund provides both defined benefit and defined contribution benefits, the Trustee has also established a DC sub-committee ("the DCC") which focuses on DC related issues for the Trustee Board. The Trustee has also appointed an Investment Executive to assist in carrying out its duties. Throughout this document any references to the Trustee may represent either the Trustee, the DCC or the Investment Executive (with the appropriate delegated authority from the Trustee).</p> <p>In order to effectively manage the varied requirements of running the Fund, the Trustee undertook the following during the last year to ensure that their knowledge of investment matters remains up to date:</p> <ul style="list-style-type: none"> • The Trustee received training on responsible investment in December 2021 as part of their Annual Development Day. This training touched on: <ul style="list-style-type: none"> - Increase Trustee awareness of the fast evolution of Environmental issues within ESG and its critical importance to our Funds An introduction to climate change risk in pensions - Align the role of Trustees in respect of ESG matters - Understanding the key goals and objectives from COP26 • The Trustee received a regulatory overview in
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		<p>December 2021 for the following:</p> <ul style="list-style-type: none"> - Statement of Investment Principles - Implementation Statement - Climate Governance <p>The Trustee discussed DC Current Issues / Hot Topics every quarter and related this back to the Fund's default investment strategy and self-select fund range.</p>
<p>Fund Governance</p> <p>The Trustee takes advice from its investment advisers to ensure that the assets of the Fund are invested in accordance with the policies set out in this SIP and the requirements of section 36 of the Pensions Act 1995.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee takes advice from its investment advisers as necessary. The Fund's investment advisers attended the quarterly DCC meetings throughout the year. Further information on the Fund's governance can be found on page 2 of the SIP.</p>
<p>The Trustee believes:</p> <ul style="list-style-type: none"> • The Fund's DC governance structure remains appropriate; and • The Trustee has been able to effectively manage the varied requirements of running the Fund. 		
<p>Investment beliefs (2)</p> <p>The Trustee has adopted a set of investment beliefs to assist in its consideration of investments. The investment beliefs are set out on page 4 of the SIP. During the last year the Trustee, with the help of their investment adviser, there were no significant changes to the Trustee's investment beliefs over the Fund Year. These responsible investment beliefs are also set out on page 4 of the SIP. The Trustee considers their investment beliefs in their management of the Fund where it is relevant to do so. In particular, the Trustee's investment beliefs, including those on responsible investment, were considered when undertaking the investment strategy review (see section 3 for more details).</p>		
<p>There were no significant changes to the Trustee's investment beliefs over the Fund Year.</p> <p>The Trustee considered all of their investment beliefs as part of the investment strategy review.</p>		

Investment Objectives (3)		
Page 5 of the SIP sets out the background to the default arrangement and investment options.		
<p>Objectives for the Default Option</p> <p>The Trustee believes that it is in the best interests of the majority of members to offer a default which:</p> <ul style="list-style-type: none"> • Manages the principal investment risks members' face during their membership of the Fund; • Maximises investment returns relative to inflation while taking an appropriate level of risk during membership of the Fund for the majority of members who do not make investment choices; and • Reflects members' likely benefit choices at retirement. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Following the in-depth three-yearly review carried out during 2020 and 2021, the Trustee carried out an additional review of the Default Option and other investment options to make a decision on which funds would replace the Invesco Global Targeted Returns Fund within the Blended Assets white labelled fund. The disinvestment of the Invesco Global Targeted Returns Fund and transition into the new underlying funds was completed on 5 October 2021.</p> <p>Details of the change to the composition of the Blended Assets Fund has been reported on in greater detail as part of the Chair's Statement to 31 December 2021. You should note that the Trustee has no immediate concerns about the other investment options.</p>
<p>Objectives for the self-select investment options</p> <p>The objectives of the self-select investment options are to:</p> <ul style="list-style-type: none"> • Provide a choice of individual funds for members who want to be more closely involved in choosing where their pension pots are invested; • Complement the objectives of the Default Option; • Provide a broader choice of levels of investment risk and return; • Help members more closely tailor how their pension pots are invested to their personal needs and attitude to risk; • Help members more closely tailor how their pension pots are 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Since 2019, following an Order from the Competition and Markets Authority (CMA), the Trustee has had to set strategic objectives for their investment advisers. The Trustee set these in line with their own, in order to help the Trustee meet their objectives. The Trustee will monitor their own objectives (for the Default Option and self-select investment options) as well as monitoring how well their investment advisers meet these objectives, in line with the requirements.</p> <p>The Trustee is monitoring their investment advisers' objectives on a quarterly basis through a Risk monitoring and investment</p>

<p>invested to reflect the benefits they intend to take at retirement.</p>		<p>monitoring report provided by the Fund's investment adviser as well as an internal CMA scorecard. The Trustee submitted a Compliance Statement to the CMA in January 2022 in line with the requirements. During 2022, the Trustee will continue to review their investment advisers against the objectives set.</p>
<p>The Trustee considered its objectives (for the Default Option and self-select investment options) as part of the investment strategy review.</p> <p>The Trustee will continue to regularly monitor its objectives as well as ensuring their investment advisers objectives are aligned and are being met.</p>		
<p>Choosing the default arrangement and the investment options In choosing what is felt to be an appropriate range of investment options, the Trustee has taken into account of the following aspects including:</p> <ul style="list-style-type: none"> • the members' age and salary profile; • the likely sizes of members' pension pots at retirement, • members' retirement dates and likely range of benefit choices at retirement, • the levels of investment risk and return members may be willing to take, • the degree to which members are likely to take an interest in where their contributions are invested; and • that some members may have strong personal views or ethical / religious convictions that influence where they believe their savings should, or should not, be invested. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Following the in-depth three-yearly review carried out during 2020 and 2021, the Trustee carried out an additional review of the Default Option and other investment options to make a decision on which funds would replace the Invesco Global Targeted Returns Fund within the Blended Assets white labelled fund. The disinvestment of the Invesco Global Targeted Returns Fund and transition into the new underlying funds was completed on 5 October 2021. Details of the change to the composition of the Blended Assets Fund has been reported on in greater detail as part of the Chair's Statement to 31 December 2021. You should note that the Trustee has no immediate concerns about the other investment options.</p>

During the year the Trustee completed a disinvestment of the Blended Assets Fund's holding within the Invesco Global Targeted Returns Fund in order to achieve better value for members. The transition was completed on 5 October 2021.

The Trustee has no immediate concerns about the other investment options. However, as a result of the review, the Trustee has identified areas to further add value for members to the investment strategy. The Trustee is in the process of considering the best time to implement the remainder of the agreed changes.

Summary of the Fund's Investment Strategy (4)

Investment strategy for the Default option

The Default Option aims to:

- invest in funds which are expected over the long-term to deliver strong returns relative to inflation for members up to 15 years from retirement;
- progressively invest in funds which are expected over the long-term to deliver good returns relative to inflation, while seeking to control the level of volatility in fund values (compared to equities), for members 15 to 5 years from retirement whose accumulated funds are expected by then to have grown to a size where the value at risk is material;
- during the last 5 years before retirement, increasingly invest in lower risk funds (and cash) which are expected to help mitigate fluctuations in the sizes of both members' fund values and the benefits members are likely to take at retirement.

Yes, the Trustee is satisfied that this policy has been followed.

As discussed in the previous section, the Trustee reviewed the investment strategy for the Default Option and the self-select investment options including considering the current investment strategy against the Trustee's objectives during 2020 and 2021. Following the completion of this review the Trustee has identified areas to further add value for members to the investment strategy. In particular, for the Default Option, the Trustee believe that better member outcomes for members could be achieved by replacing the Invesco Global Targeted Returns Fund. As a result, the Trustee agreed that the holding in the Invesco Global Targeted Returns Fund would be disinvested. This change took place over a number of weeks starting in September 2021 and was completed on 5 October 2021. The Trustee believes that the recent changes to the Default Option will help to better meet its objectives, particularly those around value and complexity, while still reflecting the members' likely benefit choices at retirement.

		<p>The Trustee also identified other changes to be made, and believes the changes planned to be implemented in the self-select investment options will help members better tailor how their pension pots are invested relative to their personal needs, attitude to risk and plans at retirement. The Trustee has no immediate concerns with the self-select investment options available to members. These additional changes will be implemented in due course. Communications will be issued to members confirming these changes at the appropriate time.</p>
<p>Investment Managers (5) The Trustee delegates day to day investment decisions to suitably qualified independent investment managers. More information on the selection process, expectations and processes can be found on page 9 of the SIP.</p>		
<p>Manager incentives In accordance with the 2015 Regulations, the Trustee conducts an annual Value for Members assessment and will take action should the investment managers be found to be giving poor value. The Trustee believes that these steps are the most effective way of incentivising the investment managers to deliver Value for Members, of which investment management charges and investment performance are key considerations.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As described on page 9 of the SIP, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives. The Trustee regularly monitors fund managers to ensure this (see section below on manager review and monitoring). The Trustee carried out their annual Value for Members assessment of the DC Section which concluded that the DC Section continues to be good value for members. In this assessment, investment management charges and investment performance are key considerations. The investment strategy review (see section 3 for more details) considered investment manager charges and</p>

		<p>investment performance. As noted above, the Trustee has carried out some changes for the Default Option and other investment options. The Trustee believes these changes will result in positive outcomes for member borne charges and investment performance. As noted above, there are no immediate concerns.</p>
<p>Manager incentives The Trustee will also periodically review the Fund’s choice of platform provider to ensure their charges and services remain competitive. The Trustee believe that these steps are the most effective way of incentivising the platform provider to deliver Value for Members.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>These funds are held with Fidelity, the Fund’s DC platform provider. Over the year the Trustee has monitored the service of the platform provider used by the DC section by:</p> <ul style="list-style-type: none"> • Receiving quarterly updates from Fidelity regarding how many instructions have been received and how many have been invested within the agreed time period. Over the year 100% of these instructions were carried out within the time period. <p>Over the year, the Trustee agreed a platform fee reduction from 0.065% to 0.05% following discussions with Fidelity. There has been no review of, or changes to, the platform provider during the last year. The Trustee has no concerns with the platform provider.</p>
<p>As a result of the Value for Members assessment and the implementation of the new investment strategy, the Trustee is satisfied that the fund managers are suitably incentivised to deliver good outcomes for the Fund’s members.</p> <p>The Trustee has no concerns with the platform provider.</p>		

<p>Manager review and monitoring</p> <p>The Trustee regularly monitors the Fund's investment managers to consider the extent to which the investment strategy and decisions of the managers are aligned with the Trustee's policies. This includes monitoring:</p> <ul style="list-style-type: none"> • the managers' performance (net of fees and costs) against a benchmark appropriate to each manager, taking into account the level of risk taken by each manager. Performance targets are monitored over short, medium and long-term horizons; • the extent to which the managers make decisions based on assessments about medium- to long-term performance and engage with underlying investee companies in order to improve their performance in the medium- to long-term; • the managers' approach to responsible investment and alignment with the Trustee's policies in this area; and • the managers' fees and costs related to portfolio turnover where the data is disclosed and available. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee monitors the Fund's investment managers to consider the extent to which the investment strategy and decisions of the managers are aligned with the Trustee's policies. For example, over the Fund Year the Trustee has monitored:</p> <ul style="list-style-type: none"> • the performance of the funds managed by the investment managers used by the DC Section of the Fund by quarterly monitoring of investment performance against their respective benchmarks and targets over varying time periods, using reports from the platform provider and the investment adviser as well as through the annual review of investment performance as part of the Chair's Statement and Value for Members assessment; • the managers' approach to responsible investment and alignment with the Trustee's policies in this area via the annual watchlist report (see section 8 for more detail). <p>Further information on manager fees and costs related to portfolio turnover can be found in section 6.</p>
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The Trustee believes it has monitored its investment managers in line with its policies. This monitoring process has highlighted that better value for members can be achieved than that in the Invesco Global Targeted Returns Fund and as a result, the Fund's holding within the Invesco Global Targeted Returns Fund was disinvested during the year. Further information is provided above.

The Trustee identified no other immediate concerns.

Security of DC assets

In addition to the normal investment risks faced investing in the funds used by the Fund, the security of your savings in the Fund depend upon:

- The financial strength of the investment platform provider used by the Fund;
- The financial strength of the fund managers used by the investment platform; and
- The legal structure of the funds the Fund invests in.

The financial strength of the platform provider and the fund managers has a bearing on the risk of losses to the Fund's DC members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent.

During the last year the Trustee, with the help of its investment adviser, undertook a review of the Fund's default option, making changes to the underlying funds of the Blended Assets Fund.

There have been no changes to the structure of the funds used by the Fund during the last year. The Trustee is not aware of any material changes in the financial strength of the investment platform provider, or the fund managers used by the platform in the last year.

Costs & Charges (6)

The Trustee takes advice from its investment advisers to ensure that fees are commensurate with the services provided.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee considered, with the help of their investment advisers, the level of annual management charges on the funds used. Over the year, there was a reduction in the element of the annual management charge relating to the platform provider due to the level of assets under management going above £150m. There was also a reduction in member charges as a result of the changes made to the Blended Assets fund allocation.
Portfolio turnover costs are a necessary cost to generate investment returns and the level of these costs varies across asset classes and manager. The Trustee keeps them under review with the help of its investment advisers to ensure that they are appropriate. No	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has agreed to monitor the volume of buying and selling of the assets in which each fund is invested that is carried out by the funds' managers. Short-term changes in the level of turnover of the assets in which a fund is invested may be expected

<p>specific ranges are set for portfolio turnover costs.</p>		<p>when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee. Over the year to 31 December 2021, the Trustee's investment advisers will request sufficient information from the fund managers via the platform provider to benchmark and compare the level of turnover to be able to report on this in the 31 December 2021 Implementation Statement.</p>
<p>The Trustee monitors the Funds' transaction costs to ensure that they are reasonable and represent value for money to members.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee monitors the Fund's charges and transaction costs. Cost information can be found in the annual DC Chair's Statement which can be found online at www.nestlepensions.co.uk/how-the-fund-is-run. The Trustee considers the costs and charges borne by members to be reasonable compared to other similar schemes. Furthermore, the Trustee considered member borne charges as part of the investment strategy review mentioned above. The Trustee believes the changes it has agreed will have a positive bearing on member borne costs.</p>
<p>The Trustee believes the level of member borne costs and charges, which it has reviewed via its annual Value for Members assessment, is reasonable.</p> <p>Over the Fund Year there was a reduction in the overall annual management charge incurred upon members due to the level of assets under management surpassing £150m. There was also a reduction in member charges as a result of the changes made</p>		

Types of investments held (7)

Details of the investment classes that the DC Section may invest in can be found on page 12 of the SIP.

Realisation of investments

The Trustee normally expects the investment managers to be able to realise the funds within a reasonable timescale. The Trustee recognises that the investment managers may at times need to impose restrictions on the timing of purchases and sales of funds (most notably investing in property) in some market conditions to protect the interests of all investors in a fund.

Yes, the Trustee is satisfied that this policy has been followed.

It's important that your contributions can be invested promptly in the default arrangement or the investment options you have chosen and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another scheme or your benefits are due to be paid out when you retire.

The Trustee ensures this happens by monitoring the service levels and standards of Fidelity. All investment trades and bank account transactions are checked and then authorised by separate individuals within one or more of the Nestlé pensions DC processing, Pension accounts or Service delivery teams.

The Trustee is satisfied that money can be invested in and taken out of the Fund's funds without delay as set out in the SIP.

Expected returns on investments

The Trustee believes that it is important to balance investment risks with the likely long-term returns from different types of assets used in funds (taking the funds' costs and charges into account).

Yes, the Trustee is satisfied that this policy has been followed.

The expected returns from each type of investment used by the DC Section of the Fund are set out in the SIP on page 12. During the Fund Year the Trustee, as part of the investment strategy review, and with the help of their investment adviser, reviewed the expected levels of investment returns and risk for the funds used for the Default Option and self-select investment options to ensure that they are consistent with the Trustee's objectives set out on page 5. Further information regarding the specific targets for each phase of the

		<p>default strategy are set out in the Investment Implementation Document (IID) on page 5.</p> <p>The Trustee’s views on the expected levels of investment returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Fund invests in over the longer-term) for the Default Option (which gradually changes the funds in which your savings are invested as you approach retirement).</p> <p>The Trustee is comfortable with the expected return information in the SIP.</p>
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The Trustee is satisfied that the expected returns for the types of funds described in the SIP are still reasonable relative to the risks that members face.

Responsible investment (8)

The Trustee believes that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (collectively referred to as “ESG” factors) can have a material impact on financial performance (and in turn the value of the Fund’s investment and the size of your retirement benefits). Further detail can be found on page 13 of the SIP.

The Trustee has developed detailed policies which it applies in dealing with the Fund’s investment managers. Details are given on page 13 of the SIP.

<p>The Trustee has also developed further detailed policies which it applies in its dealings with the Fund’s investment managers to ensure that:</p> <ul style="list-style-type: none"> • minimum ESG standards are imposed for all managers and the Trustee periodically monitors compliance with these standards; • financially material ESG-related risks and issues are monitored in relation to the Default Option and self-select investment options by reviewing each 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In line with these policies:</p> <ul style="list-style-type: none"> • the Trustee annually reviews the platform provider’s and fund managers approaches to sustainable investing through a Watchlist Report. This report focuses on the engagement and voting activities of State Street Global Advisors (“SSGA”) and Schroders, two of the Fund’s managers. The Trustee looks to query any concerning activities with both managers
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<p>individual DC fund manager’s activities in relation to ESG issues on an ongoing basis through periodic reporting using a responsible investment framework agreed with the Trustee’s investment advisers;</p> <ul style="list-style-type: none"> in selecting new investment funds, where relevant to the investment mandate, the Trustee explicitly considers potential managers’ approach to responsible investment and the extent to which managers integrate ESG issues in the investment process as a factor in their decision making. 		<p>as part of the actions from the report.</p> <ul style="list-style-type: none"> the Trustee receives a quarterly report from their investment advisers, which includes a responsible investment rating for each manager. The Trustee looks to take action if any of the ratings are not in line with their expectations. the Trustee explicitly considered potential managers’ approach to responsible investment and the extent to which ESG issues are factored into their decision making, as part of the investment strategy review. <p>The Trustee believes the actions it has taken, including those described above, help it be a responsible investor.</p>
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The Trustee believes it has acted in line with its responsible investment policies.

<p>Stewardship The Trustee monitors the managers’ track record of engaging with companies using a responsible investment framework agreed with the Trustee’s investment advisers. The framework identifies certain core ESG themes as a priority for engagement based on advice as to their likely financial materiality to the Fund and alignment with the United Nations Global Compact principles.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As the Fund’s investments are held at arms-length from the DCC and members through an investment platform operated by Fidelity, the Trustee is not able to instruct the fund managers how they should vote on shareholder issues. The Trustee nevertheless:</p> <ul style="list-style-type: none"> Chooses fund managers whose voting policy are consistent with the Fund’s objectives; Expects fund managers to vote in a way which enhances the value of the funds in which the Fund invests; Expects the investment platform provider to monitor
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		<p>adherence of fund managers to stated policies;</p> <ul style="list-style-type: none"> • Monitors how the fund managers exercise their voting rights. <p>How does the Trustee monitor this?</p> <p>The Trustee periodically reviews the platform provider's and fund managers approaches to stewardship including voting and engagement policies.</p> <p>The Trustee is arranging to receive quarterly reports from the platform provider on how the fund managers have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest.</p> <p>The funds which have holdings with voting rights are listed in Appendix 1 along with summary voting statistics for each fund.</p>
<p>Climate change</p> <p>The Trustee has developed a number of climate change goals which it is currently working towards in support of its commitment to manage and integrate the consideration of these issues within the Fund. These include working towards the incorporation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Task Force on Climate-related Financial Disclosures (TCFD) is being completed for the Fund year to 31 December 2021. A climate change working group has been set up within Nestlé, who regularly report back to the Trustee.</p>
<p>Non-financial factors</p> <p>The Trustee recognises that some members will have strong personal views or ethical / religious convictions that influence where they believe their savings should, or should not, be invested.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee keeps the range of self-select funds under review. As outlined above, the Trustee reviewed the self-select range during the Fund Year and will implement changes in due course.</p>

		The Trustee does not take non-financial factors into account in the selection, retention and realisation of investments in the Default Option.
The Trustee's approach to non-financial factors has not changed during the last year.		
Risk management and monitoring (9)		
The investment risks relating to members' DC benefits are described in the SIP on pages 15 to 17.		
<p>Principal investment risks</p> <p>The Trustee believes that taking investment risk is usually rewarded in the long term, while asset allocation (i.e. the choice between asset classes, such as equities and bonds) is the key tool for managing the balance between risk and return. To help mitigate the principal investment risks, the Trustee offers the Default Option, which automatically switch members from higher risk investments to lower risk investments as they approach retirement.</p> <p>The Trustee believes that the self-select investment options available are appropriate for managing these risks.</p>	Yes, the Trustee is satisfied that this policy has been followed.	<p>During the last year the Trustee, as part of the review of the SIP, and with the help of their investment adviser, reviewed the appropriateness of the expected risks associated with members' DC benefits. The Trustee believes that the risks in the SIP remain appropriate.</p> <p>To manage the principal investment risks, the Trustee offers the Default Option. The Default Option was reviewed and changes were implemented over the Fund Year – further detail is provided above. The Trustee also believes that the self-select investment options are appropriate for managing these risks, and these options were also reviewed over the Fund Year.</p>
<p>Other investment risks</p> <p>The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the DC Section.</p>	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of funds. The risks were considered as part of the investment strategy reviewed. Furthermore, the Trustee receives a quarterly investment report which provides commentary on individual funds which, for example, would highlight any investment manager risk. The</p>

	Trustee therefore believes it has managed the risks in accordance with the SIP.
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The Trustee believes that the main investment risks members face described in the SIP have not changed materially over the last year and believes the risks have been managed in accordance with the SIP.

Conclusion & missing information (10)

Missing information

The Trustee have been unable to obtain full information on:

- All voting information for the:
 - Pension With Profits One 2006 Fund
 - Standard Life Pension With Profits One Fund

It should be noted that the Trustee continues to request this information. The Trustee believe this is a temporary issue while platform providers and fund managers put these new reporting requirements in place. The Trustee and their investment advisers will work with the platform provider, fund managers compile this information in readiness for next year's Implementation Statement.

More information

We hope this Statement helps you understand how the Fund's investment of your savings for retirement has been managed in the last year. If you have any questions or feedback, please contact the Nestlé Pensions Team via email at pensions@uk.nestle.com or via phone for calls from in the UK on (0208) 667 6363 or 08459 243444 or for calls outside of the UK +44 208 667 6363.

Appendix 1

The underlying funds with voting rights attached that are available to members as part of the Default Option range or the self-select fund range are listed below along with summary voting statistics for each fund.

Default funds

- Schroders Diversified Multi Asset Fund (DMAF)
- SSgA Emerging Markets ESG Screen Equity (SSGA ESG)
- SSgA Global Multi-Factor (SSGA GMF)

Self-Select funds

- LGIM Pre-Retirement
- LGIM Ethical Global Equity

Default funds

	SSgA Emerging Markets ESG Screened Equity*	SSgA Global Multi-Factor*	Schroders Diversified Multi-Asset
No. of resolutions eligible to vote	30,775	19,975	10,466
% resolutions voted	98.3%	99.5%	91.6%
Of the resolutions voted, the % voted for management	85.6%	91.0%	89.7%
Of the resolutions voted, the % against management	14.4%	9.0%	9.6%
Of the resolutions voted, the % abstained	2.8%	0.4%	0.8%

*SSGA EM ESG - Votes of Abstain can be counted both as a vote of abstain but also as a *Vote Against Management* and hence Vote with management, vote against management and abstain from voting may add up to more than 100%.

Self-select funds

	LGIM Pre-Retirement	LGIM Ethical Global Equity
No. of resolutions eligible to vote	9	13,534
% resolutions voted	100.0%	100.0%
Of the resolutions voted, the % voted for management	100.0%	83.3%
Of the resolutions voted, the % against management	0.0%	16.6%
Of the resolutions voted, the % abstained	0.0%	0.1%

The most significant shareholder votes and how the fund managers voted during the last year were:

	Intel Corporation*	Mitsubishi UFJ Financial Group, Inc.*	Wells Fargo & Company*	Banca Transilvania SA*	O2 Czech Republic as*
Resolution	13 May 2021 Resolution 5 Report on Global Median Gender/Racial Pay Gap	29 June 2021 Resolution 3 Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	27 April 2021 Resolution 7 Report on Racial Equity Audit	28 April 2021 Approve Remuneration Policy	14 June 2021 Advisory Vote to Ratify Named Executive Officers' Compensation
LGIM	For	For	For	-	-
SSGA	-	-	-	Against	Against
Schroders	-	-	-	-	-
Comments					

Source: Proxy Insight

* This holding does not represent one of the top 10 holdings for the funds held with this manager

Funds with no voting rights attaching to them

The following funds do not have voting rights attached to them and the Trustees are exploring ways to engage with these managers:

- PIMCO GIS Income Fund
- Invesco Global Targeted Returns Fund (GTR)
- LGIM All Stocks Gilt Fund
- LGIM Pre-retirement to cash
- LGIM Ethical Consolidation
- LGIM Cash
- LGIM Property

How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

Manager	Comment on approach
Legal & General	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
SSGA	SSgA use a variety of third-party service providers to support our stewardship activities. Data and analysis from service providers are used as inputs to help inform SSgA's position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with SSgA's in-house policies and views, ensuring the interests of clients remain the sole consideration when discharging our stewardship responsibilities. SSgA have contracted Institutional Shareholder Services (ISS) to assist with managing the voting process at shareholder meetings. SSgA use ISS to: (1) act as a proxy voting agent (providing SSgA with vote execution and administration services), (2) assist in applying voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances. In addition, SSgA also have access to Glass Lewis and region specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement our in-house analysis of companies and individual ballot items. All final voting decisions are based on SSgA's proxy voting policies and in-house operational guidelines.

Schroders	Schroders use research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS), however they state that this is only one component of the analysis which feeds into their voting decisions. They will also seek information from company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts. They stress that their own research is also integral to their final voting decision. This research is conducted by their financial and ESG analysts. For contentious issues, their Corporate Governance specialists will engage with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.
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The Trustee is satisfied that, where information has been provided, that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.

The Trustee notes that Legal & General have not provide voting data on cash, fixed income or property funds.

Members also have access to funds with voting rights attached through AVC policies held with Standard Life. However, despite requesting the information from Standard Life, the Trustee were unable to obtain details of voting information from Standard Life. The Trustee note this is a common issue in the industry at present and will continue to engage with Standard Life to identify when this information will be available in future.

The Trustee is satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.