AMNESTY INTERNATIONAL SUPERANNUATION SCHEME: DC SECTION

Annual Implementation Statement

1 October 2019 to 30 September 2020

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 30 September 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator. The table later in the document sets out the how, and the extent to which, the policies in the DC Section's SIP have been followed.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:

- The Trustees' main objective is to provide members with an investment strategy aligned to the needs of their members that will optimise the return on investments in order to build up a savings pot which will be used in retirement.
- The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.
- The Trustees will review the investment approach from time to time, and make changes as and when it is considered appropriate.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme. Detail on the Trustees' objectives with respect to the default investment strategy and the self-select fund range are outlined in the SIP. The fund range and default investment strategy are reviewed on at least a triennial basis.

Review of the SIP

During the year covered by this statement, the Trustees reviewed the Scheme's SIP. A new SIP was formally adopted on 24 September 2020 to reflect the new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How the arrangements with asset managers incentivise them to align what is required of them with regards to the investment strategy and decisions with the Trustees' policies in the SIP.

- How the arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies mentioned in the SIP.
- How the Trustees monitor portfolio turnover costs incurred by the asset managers and how those managers define and monitor this.
- The duration of the arrangement with the asset managers.

Assessment of how the policies in the SIP have been followed for the year to 30 September 2020

The information provided in the table below highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the DC section of the Scheme and the default investment arrangement. In the opinion of the Trustees, the SIP has been followed during the year.

	Requirement	Policy	In the year to 30 September 2020
1	Securing compliance with the legal requirements about choosing investments	*The SIP has been prepared by the Trustees in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.* *In considering appropriate investments for the Scheme, the Trustees will obtain and consider written advice from Mercer, whom the Trustees believe to be suitability qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995, as amended*	No new investments were implemented over the period covered by this statement.
2	Kinds of investments to be held	*The Trustees are permitted to invest across a wide range of asset classes, including both active and passive funds. All of the funds in which the Scheme invests are pooled and unitised.* *The Trustees have made available a range of individual self-select fund options in addition to the default*	No changes were made to the Scheme's investments over the period covered by this statement. The Trustees continue to offer a range of self-select fund options to members which cover both actively and passively managed funds across a range of asset classes. The details of the types of investments referenced in the SIP remains consistent with the fund range offered to members. The Trustees will review the investment approach from time to time, and make changes as and when it is considered appropriate. The fund range and default investment strategy are reviewed on at least a

		investment strategy. A range of asset classes has been made available, including: equities, bonds, multi-asset funds, property and money market investments.	triennial basis. The Trustees last received formal written investment advice from their investment consultants on 17 July 2018 following a review of the Scheme's investment strategy; this review considered the kinds of investments that the Scheme used and concluded the available fund range was appropriate. A review of the Scheme's investment strategy will be due in 2021.
3	The balance between different kinds of investments	*When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance.* *The Trustees have also considered the balance between different funds and asset classes used in the default strategy to ensure an appropriate level of diversification and to create a strategy that they believe will maximise member outcomes*	The asset allocation of the default investment strategy is reviewed on a triennial basis. The Trustees last received formal written investment advice from their investment consultants on 17 July 2018. The default investment strategy is deemed appropriate to meet the stated aims and objectives of the default strategy. The Trustees' objectives are outlined under "Investment Objectives of the Scheme" earlier in this statement. A review of the Scheme's self-select investment options also formed part of the 2018 triennial investment review. The Trustees concluded that the self-select fund range provided members with a suitable range of asset classes and so no changes were made. The Trustees receive quarterly investment performance reports which monitor the risk and return of the default investment strategy.
4	Risks, including the ways in which risks are to be measured and managed	*The Trustees are aware, and seek to take account, of a number of risks in relation to the Scheme's investments, including those set out in Section 6 of the SIP.*	As detailed in the risks set out in Section 6 of the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.

		The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes.	The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.
5	Expected return on investments	*The default strategy is split into three distinct phases. The Growth Phase invests members' retirement savings to a greater level of risk in order to achieve higher returns while members are further away from retirement. Risk (and therefore expected return) is reduced as retirement approaches.* *The Trustees make available a range of self-select funds across various asset classes, with the majority expected to keep pace with inflation. Members are able to set their own investment allocations, in line with their risk tolerances.* *In designing the default, the Trustees have explicitly considered*	The investment performance report is reviewed by the Trustees on a quarterly basis, allowing the Trustees to monitor the default investment option against its aims, objectives and expectations. This includes return characteristics of the default and additional investment fund choices, as well as the risk characteristics for funds where relevant. No actions were taken by the Trustees over the prior year in respect of manager appointments.

		the trade-off between risk and expected returns.	
6	Realisation of investments	*The funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustee or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.*	The Trustees receive administration reports on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair Statement, the Trustees are satisfied that all requirements were met throughout the year. All funds are daily dealt pooled investment vehicles, accessed by an insurance contract.
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*The Trustees recognise that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme's portfolio and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.*	The investment performance report is reviewed by the Trustees on a quarterly basis; this includes ratings (both general and specific ESG) from the investment consultant. All of the managers remained generally highly rated during the year. Where managers were not highly rated from an ESG perspective the Trustees continue to monitor them. When implementing a new manager the Trustees consider the ESG rating of the manager. The Trustees will discuss and consider manager ESG ratings in any future investment strategy reviews. The Scheme's SIP includes the Trustees' policy on ESG factors, stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the

		The Trustees believe that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance.	Trustees in relation to voting rights and stewardship. In order to establish these beliefs and produce this policy. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*The Trustees do not explicitly take into account non-financial matters in the selection, retention and realisation of investments.*	No proof required.
9	The exercise of the rights (including voting rights) attaching to the investments	*As the Scheme invests in pooled funds via an investment platform, the Trustees' scope to vote on the Scheme's shares directly is currently limited.* *The Trustees have therefore concluded that the decision on how to exercise voting rights should be left with the underlying investment managers who will exercise these rights in accordance with their respective published corporate governance policies.* *These policies take into account the financial interests of shareholders, and should be for the members' benefit.*	The Trustees have delegated the exercise of voting rights to the underlying investment managers, on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Trustees expect the investment managers to have produced written guidelines of their process and practice in this regard. Over the 12 months to 30 September 2020, the voting activity on behalf of the Trustees has been as follows: **HSBC – Islamic Global Equity Index Fund** — HSBC voted in 97% of the 1,587 eligible resolutions for voting over the year to 30 September 2020 and opposed management in 13% of these votes. HSBC voted at 105 meetings over this period. **Threadneedle – Multi-Asset Fund** — Threadneedle attended 578 meetings and voted in 98.4% of the 6,916 eligible resolutions over the year to 30 September

			2020. Of the resolutions on which they voted, Threadneedle opposed management in 9.4% of these votes and abstained on 3.8%. **LGIM** Over the year covered by this statement, LGIM carried out the following voting for the following funds used by the Scheme: • **Global Equity Fixed Weights (50:50) Index Fund** – Attended 3,039 meetings – Vote on 99.6% of the 39,082 eligible resolutions – Of the resolutions on which LGIM voted, 16.2% were against management and 0.1% were abstentions • **Ethical UK Equity Index Fund** – Attended 271 meetings – Vote on 99.6% of the 4,604 eligible resolutions – Of the resolutions on which LGIM voted, 6.1% were against management and 0.0% were abstentions • **Ethical Global Equity Index Fund** – Attended 1,083 meetings – Vote on 99.5% of the 15,852 eligible resolutions – Of the resolutions on which LGIM voted, 16.0% were against management and 0.1% were abstentions • **World Emerging Markets Equity Index Fund** – Attended 1,535 meetings – Vote on 98.0% of the 13,479 eligible resolutions – Of the resolutions on which LGIM voted, 16.1% were against management and 1.1% were abstentions • **Diversified Fund** – Attended 8,069 meetings

			— Vote on 99.0% of the 85,465 eligible resolutions — Of the resolutions on which LGIM voted, 18.8% were against management and 0.3% were abstentions Over the period covered by this statement, the Trustees have not actively challenged managers on voting activity.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustees would monitor and engage with relevant persons about relevant matters)	*Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken. The Trustees review the investment managers' policies and engagement activities (where applicable) on an annual basis.*	As the Scheme invests solely in pooled funds, the Trustees require their investment managers to engage with the investee companies on their behalf. The Trustees wish to encourage best practice in terms of corporate activism. They therefore encourage their investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes. Over the year covered by this statement, the Trustees did not consider the voting activity in detail but will do so going forwards. We are working with our advisers to be able to report this in a more meaningful way in the next Implementation Statement.
11	How the arrangements with the asset managers incentivise the asset managers to align investment strategies and decisions with the Trustees' policies	*Investment managers are appointed by JLT IM based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected.* *JLT IM will only invest in pooled investment vehicles. The Trustees therefore accept that they cannot*	In the year to 30 September 2020 the Trustees have discussed their selected managers, through the Mobius Life Limited platform, and are happy that the contractual arrangements in place continue to incentivise the managers to make decisions that align the investment strategy with the Trustees' policies.

		specify the risk profile and return targets of the manager, but pooled funds are chosen with appropriate characteristics to align with the overall investment strategy.	
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	*JLT IM, as Investment Manager has the role of replacing the underlying investment managers where appropriate. It takes a long-term view when assessing whether to replace the underlying investment managers, and such decisions would not be made based solely on short-term performance concerns. Instead, changes would be driven by a significant downgrade of the investment manager by Mercer's Manager Research Team. This in turn would be due to a significant reduction in Mercer's confidence that the investment manager will be able to perform in line with their fund's mandate over the long term.*	The Trustees receive quarterly investment performance monitoring reports from their investment advisor. These reports include 3 year performance figures for each fund and therefore allow the Trustees to monitor the performance of each fund on a medium to long-term basis. No actions were taken by the Trustees over the prior year in respect of manager appointments. The Trustees are happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long term financial and non-financial performance.
13	How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration for asset management services are in	*The underlying investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Scheme. Where possible, discounts have been negotiated by JLT IM with the*	The Trustees include a three-year performance metric in their quarterly performance reports. In addition, they benchmark managers' charges as part of the annual assessment of Value for Members.

	line with the Trustees' policies	*underlying managers on their standard charges and the Scheme benefits directly from these discounts.* *None of the underlying managers in which the Scheme's assets are invested have performance based fees which could encourage the manager to make short term investment decisions to hit their profit targets.*	The investment managers are remunerated by way of a fee calculated as a percentage of assets under management, and do not have short term performance targets.
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*The Trustees consider portfolio turnover costs as part of the annual Value for Members assessment and asks investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees.* *The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.* *Given that the Scheme invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not*	The Trustees consider portfolio turnover costs by way of considering transactions costs and the associated disclosures. Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement. The transaction costs for each fund cover the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs. The Trustees are required to assess these costs for value on an annual basis. However, at present, the Trustees note a number of challenges in assessing these costs: • No industry-wide benchmarks for transaction costs exist • The methodology leads to some curious results, most notably "negative" transaction costs • Explicit elements of the overall transaction costs are already taken into account when investment returns are reporting, so

		have an overall portfolio turnover target for the Scheme.	any assessment must also be mindful of the return side of the costs. There is little flexibility for the Trustees to impact transaction costs as they invest in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not as yet any "industry standard" or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Trustees will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value. In the year to 30 September 2020, the Trustees have not queried portfolio turnover costs.
15	The duration of the arrangement with the asset manager	*The Trustees are long term investors and do not look to change the investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The fund range and default investment strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.*	The investment performance of all funds is reviewed by the Trustees on a quarterly basis; this includes how each investment manager is delivering against their specific targets. The Trustees may terminate manager appointments if they are dissatisfied with the managers' ongoing ability to deliver specific targets. There were no changes to manager appointments over the year to 30 September 2020.