

# Engagement Policy Implementation Statement for the Year Ended 31 March 2024

## The Roche Pension Fund – DB Section (“the Fund”)

### 1. INTRODUCTION

This Engagement Policy Implementation Statement (the “Statement”) sets out the Trustee’s assessment of how, and the extent to which, they have followed their engagement policy and their policy with regard to the exercise of rights (including voting rights) attaching to the Fund’s investments during the one-year period to 31 March 2024 (the “Fund Year”). The Trustee’s policies are set out in their Statement of Investment Principles (“SIP”) dated November 2023. A copy of the Trustee’s SIP is available at:

<https://retirement.fidelity.co.uk/costs-and-charges/rche>

This Statement has been produced in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018* and the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* along with guidance published by the Department for Work and Pensions.

The Trustee has appointed Mercer Limited (“Mercer”) as a discretionary investment manager and the Fund’s assets are invested in a range of specialist pooled funds (the “Mercer Funds”). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited (“MGIE”) and Mercer Investments LLC (for PIP III) and Mercer Alternatives (Luxembourg) S.à r.l. thereafter.<sup>1</sup>

The relevant Mercer affiliate is responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund’s assets.

Under these arrangements, the Trustee acknowledges that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds’ managers. Mercer’s publicly available [Sustainability Policy](#) outlines how it addresses sustainability risks and opportunities, incorporating Environmental, Social and Corporate Governance (“ESG”) factors into the decision making across process. The [Stewardship Policy](#) provides further details on Mercer’s beliefs and implementation of stewardship practices.

Mercer’s Client Engagement Survey aims to integrate the Trustee’s perspectives on specific themes by evaluating the alignment between Mercer’s engagement priority areas and those of the Trustee. Additionally, the survey highlights areas of focus that hold importance to the Trustee. The Trustee

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<sup>1</sup> Due to the nature of private markets investment voting information is not available for the PIP funds.

regularly reviews reports from Mercer regarding the engagement and voting activities conducted within the Mercer Funds to assess the alignment of these with their own.

Section 2 of this Statement sets out the Trustee’s engagement policy and assesses the extent to which it has been followed over the Fund Year.

Section 3 sets out the Trustee’s policy with regard to the exercising of rights (including voting rights) attaching to the Fund’s investments and considers how, and the extent to which, this policy has been followed during the Fund Year. This Section also provides detail on voting activity undertaken third party investment managers appointed within the Mercer Funds during the Fund Year.

**Considering the analysis presented in Sections 2 to 3, the Trustee’s believe that their policies with regard to engagement and the exercise of rights attaching to investments has been successfully followed during the Fund Year.**

## **2. TRUSTEE’S POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”) ISSUES, INCLUDING CLIMATE CHANGE**

### **Policy Summary**

Section 3.23 to 3.31 of the Fund’s SIP outlines the Trustee’s ESG beliefs for the DB Section.

The Trustee regularly reviews Stewardship and Sustainability policies noted above. If the Trustee finds that the relevant policies of Mercer, MGIE or the third party asset managers do not align with their own beliefs they will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds. They may also seek to renegotiate commercial terms with Mercer.

Should the Trustee consider that the engagement policies of Mercer, MGIE or the third party asset managers, do not align with those of the Trustee, the Trustee will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds and/or seek to renegotiate commercial terms with Mercer.

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change. Occupational pension schemes with £5 billion or more in assets are required to have in place effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities from 1 October 2021, aligned with the Task Force on Climate-related Disclosures (“TCFD”) framework.

The Trustee maintains an ESG Policy Document which is reviewed annually, and the Investment Sub-Committee (“ISC”) consider the requirements of TCFD reporting and how they impact the Fund.

## **How the Policy has been implemented over the Fund Year**

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change.

<b>Policy Updates</b>	<b>Climate Change Reporting and Carbon Footprinting</b>	<b>Mercer Ratings</b>
<p>The Trustee considers how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in the monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.</p> <p>The Mercer <u>Sustainability Policy</u> is reviewed regularly. In August 2023 the governance section was updated, and the climate scenario modelling section is now detailed the standalone Task Force on Climate Related Financial Disclosures (<u>TCFD</u>) <u>report</u>.</p> <p>In line with the requirements of the EU Shareholder Rights Directive II (SRD II), Mercer has implemented a standalone <u>Stewardship Policy</u> to specifically address the requirements of SRD II. SRD II is a regulatory framework aimed at enhancing shareholder rights and improving corporate governance within the European Union.</p> <p>The most recent <u>UN Principles of Responsible Investment</u> results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for Responsible Investment (UN PRI) is a global initiative that provides a framework for</p>	<p>Mercer and the Trustee believe climate change poses a systemic risk, with financial impacts driven by two key sources of change:</p> <ol style="list-style-type: none"><li>1. The physical damages expected from an increase in average global temperatures</li><li>2. The associated transition to a low-carbon economy</li></ol> <p>Each of these changes presents both risks and opportunities to investors. Mercer therefore considers the potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes.</p> <p>The Trustee over the Fund Year has produced a TCFD report which details the Trustee's target to reduce carbon emissions associated with its portfolio by at least 45% (from 2019 levels) by 2030.</p> <p>As noted in the latest TCFD report at the time of writing which covers the period to 31 March 2023, the Trustee are on track to reach their long-term net zero portfolio carbon emissions target. There has been a notable c.50% reduction in the WACI of the</p>	<p>Stewardship and active ownership form an important part of Mercer's ratings framework applied during the manager research process.</p> <p>Mercer's ratings include an assessment of the extent to which ESG factors are incorporated in a strategy's investment process as well as the manager's approach to stewardship.</p> <p>Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the portfolio management teams with a more comprehensive review performed annually. In these reviews, Mercer seek evidence of positive momentum on managers' ESG integration.</p> <p>These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee.</p>

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incorporating environmental, social, and governance (ESG) factors into investment practices.

The Financial Reporting Council confirmed in February 2024 that MGIE continues to meet the expected standard of reporting and will remain a signatory to the UK Stewardship Code, which represents best practice in stewardship.

Fund since December 2019 as at 31 March 2023. The Trustee will continue to monitor progress in achieving the carbon reduction goal of net zero on at least on an annual basis.

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### Approach to Exclusions

Mercer and MGIE's preference is to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions Framework. Controversial weapons and civilian firearms are excluded from active equity and fixed income funds, and passive equity funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. Some funds have additional exclusions as outlined on the Mercer Investment Solutions Europe - Responsible Investment website.

In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact ("UNGC") Principles that relate to human rights, labour, environmental and corruption issues.

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### Sustainability-themed investments

An allocation to MGIE's Sustainable Equities, Sustainable Listed Infrastructure and Mercer's Luxembourg domiciled Sustainable Opportunities funds (private markets) is included within the Fund's portfolio of Growth assets, with the allocation now accounting for c.1.1% of the total portfolio as at 31 March 2024.

The Mercer annual sustainability report includes more detail on the active/passive Sustainable Global Equity fund, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

The actively managed Mercer Sustainable Global Equity Fund includes an impact investing strategy employing fundamental analysis to target companies that aim to achieve a positive Environmental and Social Impact. The strategy is diversified across multiple themes including health and sanitation, affordable housing, education and cyber security.

The annual Impact Report highlights the positive social and environmental impact generated the

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### Diversity

Mercer's ambition to promote diversity extends beyond its own business through to the managers it appoints. This is partly assessed within the manager research process and documented in a dedicated section within research reports.

Mercer considers broader forms of diversity in decision-making, but currently report on gender diversity. As at 1 April 2023, 35% of the Key Decision Makers ("KDM's") within Mercer Investment Solutions team are non-male, and Mercer's long term target is 50%.

Within the Fixed Income universe, the average fund has 13% non-male KDM's and within the EMEA Active Equity universe, the average is 17%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead or aligned, at 15% and 17%.

Over the year to 31 December 2022, there has been an increase across both active equity and fixed income multi-client funds and their respective universes and across both active equity and fixed income multi-client funds, the representation of females KDMs is higher than the broader universe

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Scheme's investments within the private markets Sustainable Opportunities solution.

of 13.7%. Mercer expect this number to grow over time both across our funds and the industry as a whole, supported in part through our engagements with managers on the topic and participation in industry initiatives.

In Q3 2022, MGIE was confirmed as a signatory of the UK Chapter of the 30% Club and helped to establish the Irish Chapter over 2023.

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## Engagement

**Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustee.** [The 2023 Stewardship Report](#) highlights the engagement objectives which have been set, examples of engagement and the escalation process. Mercer also participates in collaborative initiatives related to stewardship.

Mercer conducts an annual Global Manager Engagement Survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed by the Mercer Funds. The survey aims to gather information on managers' broad approach to stewardship as part of their investment integration. It also seeks insights and examples of voting and engagement activities. The results from the survey serve as an important source of information for tracking and measuring the managers' stewardship efforts, assessing effectiveness and identifying potential areas for improvement.

The results and insights from the survey will be shared in Mercer's Annual Stewardship Report. This report is reviewed by the Trustee providing the Trustee with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.

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### 3. TRUSTEE'S POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO FUND INVESTMENTS

The Trustee's policy is as follows:

- **Delegation of Investment Management:** The Trustee delegates responsibility for the discretionary investment management of Fund assets to Mercer. The Fund's assets are invested in a range of Mercer Funds for which MGIE or relevant Mercer affiliate acts as investment manager.
- **Reporting of Engagement and Voting:** In order for the Trustee to fulfil their obligations regarding voting and engagement, they require reporting on the engagement and voting activities undertaken within the Mercer Funds. This reporting helps the Trustee to assess whether the policies align with their own delegation of Voting Rights: Voting rights that apply to the underlying investments attached to the Mercer Funds are ultimately delegated to the third-party investment managers appointed by MGIE. MGIE accepts that these managers are typically best placed to exercise voting rights and prioritise particular engagement topics, given their detailed knowledge of the governance and operations of the invested companies. However, Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.
- **Proxy Voting Responsibility:** Proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each sub-investment manager's capability in ESG engagement and proxy voting as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustee does not use the direct services of a proxy voter.

A summary of the voting activity for a range of Mercer Funds in which the Fund's assets are invested in is provided for the year ending 31 March 2024. This may include information in relation to funds that the Fund's assets were no longer invested in at the year end. The statistics are drawn from the Glass Lewis system (via the custodian of the Mercer Funds). Glass Lewis is a leading provider of governance and proxy voting services.

Mercer considers that votes exercised against management can indicate a thoughtful and active approach, particularly when votes are exercised to escalate engagement objectives.

Fund	Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against	No.	Against
Mercer Global Listed Infrastructure Fund	620	596	85%	8%	3%	0%	3%	91%	9%	43	53%
Mercer Global Small Cap Equity Fund	6,310	6,032	85%	8%	0%	4%	2%	92%	8%	531	41%
Mercer Low Volatility Equity Fund	8,239	7,860	85%	7%	0%	4%	4%	92%	8%	476	39%
Mercer Multi-Asset Credit Fund	15	15	100%	0%	0%	0%	0%	100%	0%	5	0%
Mercer Passive Global REITS UCITS CCF	3,208	3,084	75%	19%	0%	4%	2%	78%	22%	332	68%
Mercer Sustainable Global Equity Fund	6,381	6,299	85%	11%	1%	1%	2%	89%	11%	379	58%
MGI Emerging Markets Equity Fund	3,785	3,577	82%	12%	4%	2%	0%	86%	14%	376	42%
MGI Eurozone Equity Fund	4,415	4,223	84%	12%	1%	4%	0%	88%	12%	255	54%
MGI UK Equity Fund	2,132	2,126	98%	2%	0%	0%	0%	98%	2%	97	28%
Mercer China Equity Fund	4,909	4,806	86%	12%	2%	1%	0%	87%	13%	489	44%

<sup>(1)</sup> Voting Activity figures for the Mercer Multi-Asset Credit fund relate to a small number of equity holdings within the fund's underlying segregated mandates. Please note this does not include voting activity from any underlying pooled strategies within the fund over the period.

- "Eligible Proposals" reflect all proposals of which managers were eligible to vote on over the period
- "Proposals Voted On" reflect the proposals managers have voted on over the period (including votes For and Against, and any frequency votes encompassed in the "Other" category)
- Vote Decision may not sum to 100 due to rounding. "No Action" reflects instances where managers have not actioned a vote. MGIE may follow up with managers to understand the reasoning behind these decisions, and to assess the systems managers have in place to ensure voting rights are being used meaningfully
- "Other" refers to proposals in which the decision is frequency related (e.g. 1 year or 3 year votes regarding the frequency of future say-on-pay).
- "Meetings No." refers to the number of meetings the managers were eligible to vote at.
- "Meetings Against" refers to the no. of meetings where the managers voted at least once against management, reported as a % of the total eligible meetings.

**Significant Votes:** The Trustee has based the definition of significant votes in line with the requirements of the Shareholder Rights Directive ("SRD") II and on Mercer's Global Engagement Priority themes. The most significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals).<sup>1</sup> The proposal topic relates to an Engagement Priority (climate change, human/labour rights, and diversity). This is classified in the "Proposal Description" column below, referenced as Environmental, Social, and Governance respectively.



## Most Significant Votes

Fund	Company (Holding Weight)	Meeting Date – Proposal Text (Significance Category)	Manager Vote Decision (Intention to vote against management communicated – Rationale, if available)	Proposal Outcome (Next steps to report, if any)
Mercer Global Listed Infrastructure Fund	Duke Energy Corp. (4.5%)	04/05/2023: <b>Shareholder Proposal Regarding Formation of Decarbonization Risk Committee</b> (Environmental)	<b>Against</b> (N/A – The manager voted in line with their policy as the Board has oversight of decarbonisation as well as other sustainability considerations. The manager believes that it is for the Board and management to decide whether a separate division is necessary, or whether the current structure is sufficient to address these risks..)	<b>3% Support</b> Proposal did not pass. (None to report.)
	Southern Company (4.1%)	24/05/2023: <b>Shareholder Proposal Regarding Report on Net Zero 2050 Goal Progress</b> (Environmental)	<b>Against</b> (N/A – The manager did not support this proposal as they did not feel that there was a need to produce an additional report. The data required for this report could already be found in a number of existing Southern Company disclosure.)	<b>Withdrawn</b> (The proposal was withdrawn following the managers' vote and the manager has not identified a need for further engagement around disclosure. The manager will continue their engagement efforts in assessing the company's progress towards Net Zero.)
		24/05/2023: <b>Shareholder Proposal Regarding Scope 3 GHG Emissions Targets</b> (Environmental)	<b>Against</b> (N/A – Given Southern Company's existing targets and disclosures, as well as the complexity and uncertainty in setting Scope 3 emissions reduction targets, the manager did not believe that support for this resolution was warranted at this time.)	<b>19% Support</b> Proposal did not pass. (At this stage, the manager is focused on targets that are meaningful, measurable, and controlable. Therefore their engagement with the company will seek to better understand Southern Company's Scope 3 profile, and what actions the company is taking to reduce these emissions.)



	<b>Union Pacific Corp.</b> (3.5%)	18/05/2023: <b>Shareholder Proposal Regarding Paid Sick Leave</b> (Social)	<b>Against</b> (N/A – Union Pacific’s work force consists of both unionised (c >80%) and non-unionised employees. Sick leave is already provided to non-unionised employees. Unionised employees are given additional days called “personal days” that can be used for sick leave.  For unionised employees, Union Pacific must bargain with the unions individually, meaning it is not possible to enact an umbrella policy across all unions as the proposal suggests. Therefore the manager could not support it.)	<b>12% Support</b> Proposal did not pass. (The manager views sick leave for employees as being a material issue for all railroads, and has therefore been engaging with the company on this issue. At the time of this proposal, Union Pacific had reached agreements for additional sick leave with 10 of the 13 unions. When the manager engaged with the company in May 2023, that number had increased to 11. They intend to engage again with Union Pacific’s new management team on this topic in the December 2023 quarter.)
<b>Fund</b>	<b>Company</b> (Holding Weight)	<b>Meeting Date – Proposal Text</b> (Significance Category)	<b>Manager Vote Decision</b> (Intention to vote against management communicated – Rationale, if available)	<b>Proposal Outcome</b> (Next steps to report, if any)
	<b>Denny’s Corp.</b> (0.3%)	17/05/2023: <b>Shareholder Proposal Regarding Paid Sick Leave</b> (Social)	<b>Against</b> (N/A – The manager voted against this proposal, supportive of company management’s argument that due to its highly franchised business model, the Company’s direct control over the compensation and benefits arrangements is limited to the team members employed in its 66 Company-operated restaurants and corporate support functions, and that dictating employment practices could expose the Company to greater liability)	<b>10% Support</b> Proposal did not pass. (None to report)
<b>Mercer Global Small Cap Equity Fund</b>	<b>Bloomin’ Brands</b> (0.2%)	18/04/2023: <b>Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement</b> (Environmental)	<b>For</b> (No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)	<b>43% Support</b> Proposal did not pass. (Given the proponent also tabled this proposal in 2021, and received a majority vote in support, it was tabled again this year due to lack of progress and insufficient response from company management. The manager will monitor the company’s response in light of this.)

	<b>Texas Roadhouse Inc</b> (0.0%)	11/05/2023: <b>Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement</b> (Environmental)	<b>For</b> (No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)	<b>40%</b> Proposal did not pass. (None to report)
<b>Fund</b>	<b>Company</b> (Holding Weight)	<b>Meeting Date - Proposal Text</b> (Significance Category)	<b>Manager Vote Decision</b> (Communication of vote against management - Rationale if available)	<b>Proposal Outcome</b> (Next steps if available)
<b>Mercer Low Volatility Equity Fund</b>	<b>Alphabet Inc</b> (3.3%)	02/06/2023: <b>Shareholder Proposal Regarding Human Rights Impact Assessment</b> (Social)	<b>Split</b> (No – <b>For (2):</b> Managers who voted FOR this proposal were supportive as an independent Human Rights Impact Assessment would help shareholders better assess Alphabet's management of risks related to human rights <b>Against (1):</b> The manager who voted against felt this proposal did not merit support as the company's disclosures pertaining to the item are already reasonable.)	<b>18% Support</b> Proposal did not pass. (None to report)
		02/06/2023: <b>Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement</b> (Environmental)	<b>Split</b> (No – <b>For (2):</b> Managers who voted FOR this proposal were supportive, as additional reporting on the company's direct and indirect lobbying practices, policies, and expenditures would benefit shareholders in assessing its management of related risks. <b>Against (1):</b> The manager who voted against felt this proposal did not merit support as the company's disclosures pertaining to the item are already reasonable.)	<b>14% Support</b> Proposal did not pass. (None to report)

	<p><b>Microsoft Corporation</b> (2.9%)</p>	<p>07/12/2023: <b>Shareholder Proposal Regarding EQUAL EMPLOYMENT OPPORTUNITIES (EEO) Policy Risk Report</b> (Social)</p>	<p><b>Against</b> (No - Managers voted against this proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes "political affiliation" in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on protected class and seeks to promote a culture based on equal opportunity.)</p>	<p><b>1% Support</b> Proposal did not pass. (None to report)</p>
		<p>07/12/2023: <b>Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern</b> (Social)</p>	<p><b>Split</b> For (3): (No - Managers who supported this proposal were supportive, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.)</p> <p>Against (1): (No - The manager who voted against this proposal noted Microsoft has made public commitments to manage human rights risks in line with best practices. The company discloses government and law enforcement requests for content removal and conducts Human Rights Impact Assessments in collaboration with stakeholders to identify risks. Microsoft also published a human rights report which includes information on risks and mitigating actions. The manager acknowledged there is an opportunity for Microsoft to consolidate and strengthen disclosures on specific processes aimed at mitigating country specific risks (through updates to its human rights report last published in 2021), however they ultimately felt current disclosures are adequate and a new report on data operations in human rights hotspots is redundant.)</p>	<p><b>33% Support</b> Proposal did not pass. (None to report)</p>

		07/12/2023: <b>Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options</b> (Environmental)	<b>Against</b> <i>(No - Managers did not support this proposal as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.)</i>	<b>9% Support</b> Proposal did not pass. <i>(None to report)</i>
		05/06/2023: <b>Shareholder Proposal Regarding Racial Equity Audit</b> (Governance)	<b>Against</b> <i>(N/A - Managers voted against this proposal, noting the company has taken positive steps towards racial equity. One manager also noted they have been engaging with the company on environmental topics, and raised this as part of their discussions around the company's strategy.)</i>	<b>20% Support</b> Proposal did not pass. <i>(None to report)</i>
	<b>Unitedhealth Group Inc</b> <i>(1.0%)</i>	07/12/2023: <b>Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options</b> (Environmental)	<b>Against</b> <i>(No - This proposal did not merit support as the company's climate-related disclosure generally aligns with our guidance and with market practice and we found it overly prescriptive.)</i>	<b>9% Support</b> Proposal did not pass. <i>(The manager is currently coordinating engagements with Microsoft on relevant issues following its 2024 annual meeting.)</i>
<b>Fund</b>	<b>Company</b> <i>(Holding Weight)</i>	<b>Meeting Date - Proposal Text</b> <i>(Significance Category)</i>	<b>Manager Vote Decision</b> <i>(Communication of vote against management - Rationale if available)</i>	<b>Proposal Outcome</b> <i>(Next steps if available)</i>

Mercer Sustainable Global Equity Fund	American Water Works Co. Inc. (1.0%)	10/05/2023: <b>Shareholder Proposal Regarding Racial Equity Audit</b> (Human / Labour Rights)	<p><b>Split</b> (No - <b>For (2):</b> <i>Managers who voted FOR this proposal were supportive of the Company disclosing medium- and long-term GHG targets aligned with the Paris Agreement.</i></p> <p><b>Against (1):</b> <i>Managers who voted against felt this proposal did not merit support as the company's disclosure and/or practices pertaining to the item are already reasonable.)</i></p>	<p><b>39% Support</b> Proposal did not pass. <i>(This proposal was ultimately withdrawn ahead of the 2022 AGM, but was successfully tabled for the 2023 meeting, receiving a relatively strong support rate which managers expect the company will respond to.)</i></p>
	Microsoft Corporation (4.0%)	07/12/2023: <b>Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report</b> (Social)	<p><b>Against</b></p> <p>(One manager who voted against management's recommendation communicated their intentions to the company ahead of the vote.</p> <p><i>Managers voted against this proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes "political affiliation" in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on protected class and seeks to promote a culture based on equal opportunity.)</i></p>	<p><b>1% Support</b> Proposal did not pass. <i>(None to report.)</i></p>
		07/12/2023: <b>Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care</b> (Social)	<p><b>Against</b></p> <p>(No – The rationale for voting against the shareholder proposal to include travel and lodging reimbursements for abortion procedures is based on several factors. Firstly, the proposal is seen as undermining the company's ESG efforts rather than strengthening them. Secondly, One of the manager does not agree with the argument that the proposal would meaningfully enhance shareholder understanding of equitable compensation or mitigate associated risks. The company's existing disclosures, including their recent DEI report, already address pay</p>	<p><b>1% Support</b> Proposal did not pass. <i>(None to report.)</i></p>

			equity and extend travel benefits to include medical services. Lastly, the compensation committee reviews these programs annually, ensuring their effectiveness. Therefore, a vote against the proposal was warranted to uphold sustainability progress, equitable compensation, and comprehensive disclosure practices.)	
		07/12/2023: <b>Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options</b> <i>(Social)</i>	<p><b>Split</b> - One manager who voted against management's recommendation communicated their intentions to the company ahead of the vote.</p> <p><b>For (2)</b>: Managers who voted FOR this proposal agreed that disclosure of how the company is protecting its retirement plan beneficiaries with longer time horizons from systemic climate risk in the company's default retirement groups would be beneficial</p> <p><b>Against (2)</b>: Managers who voted against this proposal did so as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.</p>	<p><b>9% Support</b> Proposal did not pass. <i>(One manager who voted for the proposal confirmed they intend to watch the success rates of these types of proposals across the landscape to see if they gain momentum.)</i></p>
	<b>Schneider Electric SE</b> <i>(1.3%)</i>	04/05/2023: <b>Opinion on Climate Strategy Strategy</b> <i>(Environmental)</i>	<p><b>For</b> <i>(N/A - Managers voted to approve the company's climate strategy, however it was noted that there was room for improvement, particularly with regards to the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.)</i></p>	<p><b>96% Support</b> Proposal passed. <i>(Managers will monitor the company's progress and review any updates to its strategy as they become available.)</i></p>
<b>Fund</b>	<b>Company</b> <i>(Holding Weight)</i>	<b>Meeting Date - Proposal Text</b> <i>(Significance Category)</i>	<b>Manager Vote Decision</b> <i>(Communication of vote against management - Rationale if available)</i>	<b>Proposal Outcome</b> <i>(Next steps if available)</i>

MGI Eurozone Equity Fund	BP plc (0.3%)	27/04/2023: <b>Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions</b> (Environmental)	<b>Against</b> (N/A – Given the Company's existing targets and disclosures, as well as the complexity and uncertainty in setting these targets, managers did not support this proposal.)	<b>16% Support</b> Proposal did not pass. (Concerns with the Company's 2030 targets being reduced in the months leading up to the AGM were noted, particularly following 85% support from shareholders in 2022 when they were asked to approve the company's former targets. This alone didn't warrant a vote in favour, given the belief that the Company should not be required to adhere to a strategy that the board no longer believes is in the best interests of shareholders as a result of changes in the market or in demand.)
	Engie (0.3%)	26/04/2023: <b>Shareholder Proposal Regarding Annual Say on Climate and Climate Disclosure</b> (Environmental)	<b>For</b> (No - The manager voted for the proposed amendments as they would favor additional information of shareholders without infringing on the Board's prerogatives. Despite this, the manager noted concerns raised by investors regarding the debate surrounding the use of a bylaw amendment to support the requested additional disclosure and votes on the company's climate strategy.)	<b>21% Support</b> Proposal did not pass. (None to report)
	TotalEnergies SE (1.1%)	26/05/2023: <b>Opinion on 2023 Sustainability and Climate Progress Report</b> (Environmental)	<b>For</b> (N/A - Managers supported this proposal, noting the company had made sufficient progress over the year and were responsive to engagement efforts from investors. While they felt there was still room for improvements in some areas, they were satisfied that the company committed to reduce by 30 percent scope 3 GHG emissions from oil production by 2030 and committed to disclose absolute targets for GHG emissions covering all activities as well as further information regarding their environmental impact.)	<b>86% Support</b> Proposal passed. (Managers are continuing to monitor the company against its recent commitments.)
		26/05/2023: <b>Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement</b> (Environmental)	<b>Split</b> <b>For (1):</b> The manager who voted FOR this proposal noted its adoption would help to strengthen the company's efforts to reduce its carbon footprint and align its Scope 3 emission targets with Paris Agreement goals and would allow investors to better understand how the company is managing both its transition to a low carbon economy and its climate change-related risks. <b>Against (1):</b> The manager that voted against felt this proposal did not merit support as they were satisfied with the existing progress and disclosures put forward by the company in its climate progress report.)	<b>29% Support</b> Proposal did not pass. (None to report)
<b>Fund</b>	<b>Company</b> (Holding Weight)	<b>Meeting Date - Proposal Text</b> (Significance Category)	<b>Manager Vote Decision</b> (Communication of vote against management - Rationale if available)	<b>Proposal Outcome</b> (Next steps if available)



MGI UK Equity Fund	BP plc (2.3%)	27/04/2023: <b>Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions</b> (Environmental)	<b>Against</b> (N/A - Manager voted against as there were concerns that shareholder-mandated revisions of the company's Scope 3 emissions reduction targets would not be in the best interest of shareholders.)	<b>16% Support</b> Proposal did not pass. (None to report)
	Legal & General Group plc (1.8%)	18/05/2023: <b>Approval of Climate Transition Plan</b> (Environmental)	<b>For</b> (N/A The Company has adopted a net zero ambition and has set reduction targets for its Scope 1, 2, and 3 emissions. The Company also provides reporting aligned with the TCFD, information concerning its scenario analysis, and has received third-party assurance on its GHG emissions. Overall, we believe its disclosure is sufficient to allow shareholders to understand and evaluate how the Company intends, at this time, to meet its climate objectives.)	<b>95% Support</b> Proposal passed. (None to report)
	Shell Plc (4.7%)	23/05/2023: <b>Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement</b> (Environmental)	<b>Against</b> (N/A - Given the Company's existing GHG reduction goals, and its extensive disclosure on the steps it is taking to mitigate its environmental impact, the manager did not believe that adoption of this proposal would benefit the Company or its shareholders.)	<b>19% Support</b> Proposal did not pass. (None to report)
<b>Fund</b>	<b>Company</b> (Holding Weight)	<b>Meeting Date - Proposal Text</b> (Significance Category)	<b>Manager Vote Decision</b> (Communication of vote against management - Rationale if available)	<b>Proposal Outcome</b> (Next steps if available)

<b>Mercer Passive Global REITS UCITS CCF</b>	<b>Digital Realty Trust Inc</b> (2.9%)	08/06/2023: <b>Shareholder Proposal Regarding Concealment Clauses</b> (Governance)	<b>For</b> (No - A vote in favour is applied as the manager supports proposals related to improvement in information available in respect of diversity and inclusion policies as the manager considers these issues to be a material risk to companies. In addition, in June 2022, 45.59% percent of Digital Realty's investors supported the request of this resolution. Since this high vote, the company has not released any additional information on its use of concealment clauses, nor has it agreed to a conversation with the resolution's proponents.)	<b>Withdrawn</b> (The proposal was withdrawn following the managers' vote. The manager will review the proposal if it is tabled again at future AGMs, and continue to monitor the company's D&I disclosure and policies.)
	<b>Klepierre</b> (0.4%)	11/05/2023: <b>Opinion on Climate Ambitions and Objectives</b> (Environmental)	<b>For</b> (N/A - The manager supported this item, given the company's sufficient disclosures and commitments. The company has committed to a net-zero carbon portfolio by 2030 and its carbon reduction targets for Scopes 1 and 2 emissions, and Scope 3 for downstream leased assets was validated by the SBTi as aligned with a 1.5°C scenario.)	<b>93% Support</b> Proposal passed. (The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)
	<b>Public Storage</b> (3.1%)	02/05/2023: <b>Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement</b> (Environmental)	<b>For</b> (No - A vote in favour is applied as the manager expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.)	<b>35% Support</b> Proposal did not pass. (The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)