

# Engagement Policy Implementation Statement for the Year Ended 5 April 2025

## Frederic Robinson Limited Pension & Life Assurance Benefits Scheme (“the Scheme”)

### 1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the Statement) presents the Trustees' assessment of their adherence to their engagement policy and their policy concerning the exercise of rights (including voting rights) attaching to the Scheme's investments throughout the one-year period ending 5 April 2025 (the “Scheme Year”). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in March 2025 by the Trustee in order to reflect that the Trustees terminated their investment in the BlackRock Dynamic Diversified Growth Fund where the redemption proceeds were invested in the Mercer equity funds. A copy of the Trustees' SIP is available [here](#).

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

The Trustees have appointed Mercer Limited (Mercer) as the discretionary investment manager and the Scheme's assets are invested in a diverse range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE). The relevant Mercer affiliate is responsible for the appointment and monitoring of a suitably diversified portfolio of specialist third party investment managers for the assets of each Mercer Fund. In addition, at the Scheme year end the Scheme was invested in the Insight Secured Finance II Fund. Mercer takes account of these holdings in implementing the Mercer Dynamic De-Risking Solution.

Under these arrangements, the Trustees acknowledge that they do not possess direct authority over the engagement or voting policies and arrangements of the Mercer Funds' managers and Insight. Mercer's publicly available [Sustainability Policy](#) outlines Mercer's investment philosophy and how it addresses sustainability risks and opportunities, into the decision making process. The [Stewardship Policy](#) provides further details on Mercer's implementation of stewardship practices.

Mercer's triennial Client Engagement Survey aims to integrate the Trustees perspectives on specific themes by evaluating the alignment between Mercer's engagement priority areas and those of the Trustees. The last survey, undertaken in 2023, also highlights areas of focus that hold importance to the Trustees. The Trustees periodically review reports from Mercer regarding the stewardship (engagement and voting activities) conducted within the Mercer Funds to assess the alignment of these with their own priority areas.

Section 2 of this Statement outlines the Trustees' engagement policy and evaluates the extent to which it has been followed during the Scheme Year.

Section 3 sets out the Trustees' policy regarding the exercising of rights (including voting rights) attached to the Scheme investments. This Section also provides detailed information on the voting activities undertaken by third-party investment managers appointed within the Mercer Funds during the Scheme Year.

**Considering the analysis presented in Sections 2 to 3, the Trustees believe that their policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Scheme Year.**

## **2. TRUSTEES' POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE**

### **Policy Summary**

The Trustees' ESG policy is outlined in Section 5 of the Scheme's SIP.

The Trustees believe that environmental, social, and corporate governance ("ESG") factors may have a material impact on investment decisions (selection, retention and realisation) over the expected time horizon of the Scheme, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, including climate change, present risks and opportunities that increasingly require explicit consideration. At the current time they have not made dedicated allocations to ESG focussed funds. This position will be periodically reviewed as part of investment strategy considerations.

The Trustees have delegated the evaluation of ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments to the appointed investment managers, in accordance with their own corporate governance policies. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustees consider how ESG, climate change and stewardship is integrated within Mercer's and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, is expected to provide reporting to the Trustees on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios. Mercer also provides an assessment of how Insight integrate ESG into their investment processes.

Member views are not taken into account in the selection, retention and realisation of investments.

The Trustees have not set any investment restrictions in relation to ESG matters.

The Investment Consultant provided the Trustee with ESG training by presenting Mercer's 2023 Annual Sustainability Report during the Trustee meeting on 19 September 2024.

## How the Policy has been implemented over the Scheme Year – Mercer Funds



### Policy Updates

The **Trustee regularly reviews** how sustainability considerations including the climate transition and effective stewardship are integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in their monitoring process. Mercer, and MGIE, provide reporting to the Trustee on a regular basis. The Mercer [Sustainability Policy](#) is reviewed regularly, with updates in November 2024 including an update to Mercer's Investment Philosophy. Mercer also regularly reviews its approach to integrating climate considerations into its investment decision-making process as documented in its [Task Force on Climate Related Financial Disclosures \(TCFD\) report](#), updated in August 2024.

The Mercer [Stewardship Policy](#) is reviewed regularly. In January 2024, the policy was updated to include nature engagement priorities, and climate and diversity, equity and inclusion (DEI) voting expectations.

The Stewardship and Sustainability Policies have also been updated with the integration of nature and biodiversity as a key investment and engagement theme. Mercer is a member of the Task Force for Nature Related Financial Disclosures (TNFD) working group and a founding signatory of Nature Action 100.

The most recent UN Principles of Responsible Investment results (based on 2022 activity) awarded Mercer with 4 out of 5 stars for Policy Governance and Strategy. The United Nations Principles for



### Climate Change Reporting and Carbon Footprinting

Mercer's global investment philosophy, which the Trustee has reviewed, recognises that:

- Portfolio resilience can be enhanced by integrating financially material sustainability, transition, and socioeconomic risks into investment decision-making.
- Investing to solve long-term systemic issues may provide opportunities to improve risk-adjusted returns.
- Effective stewardship can improve investment outcomes.

Mercer applies each of these three lenses when considering the climate transition. The climate transition is a widely recognised systemic risk and Mercer considers the transition to a low carbon economy and the physical damages associated with global temperature increases through our climate scenarios analysis, analytics for Climate Transition (ACT) framework, which considers the alignment of portfolios to the low carbon transition, and through monitoring other climate-related metrics.

Mercer has a target of net-zero absolute portfolio carbon emissions by 2050 for UK, European and Asian discretionary portfolios, and relevant multi-client, multi-asset funds domiciled in Ireland. To achieve this, Mercer also established an expectation that portfolio carbon emissions intensity would reduce by 45% from 2019 baseline levels and is on track to achieve this. Mercer's approach to managing climate change risks is consistent with the framework recommended by the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), as described in



### Mercer Ratings

Stewardship forms an important part of Mercer's ratings framework applied during the manager research process.

Mercer's manager research ratings include an assessment of the extent to which sustainability considerations are incorporated in a strategy's investment process as well as the manager's approach to stewardship.

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' sustainability integration.

These ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustee.

Responsible Investment (UN PRI) is a global initiative that provides a framework for incorporating sustainability considerations into investment practices. The Financial Reporting Council confirmed in February 2025 that MGIE will remain a signatory to the UK Stewardship Code, based on its application of the 12 principles, which is seen to represent best practice in stewardship.

Mercer's latest ask Force on Climate Related Financial Disclosures Status [Report](#).

As at 31 March 2025, Mercer's in-scope portfolios are on track to meet their long-term net zero portfolio carbon emissions reduction targets, with an average of -53% since baseline. (Data Source: MSCI Barra)



### Approach to Exclusions

Mercer and MGIE's preference are 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 or Sensitive Topics Frameworks. Controversial weapons and civilian firearms are excluded from all multi-client equity and fixed income funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. **Some funds have additional exclusions** as outlined in their relevant product disclosures available on Mercer's [dedicated website](#).

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



### Diversity

Mercer believes that diverse teams lead to better decision-making and have therefore taken several measures to work towards reflecting this view within Mercer's portfolio management team, the teams of the appointed managers and across portfolio holdings.

Participation in collaborative initiatives can also support raising awareness and contributing to initiatives across the broader industry. Mercer Limited is a member of The Diversity Project, which seeks to accelerate progress towards a more inclusive culture in the investment and savings profession.

Mercer is also a member of the 30% Club – UK Investor Chapter and Irish Investor Chapter. The 30% Investor Chapters are investor-led initiatives that aim to increase gender diversity on corporate boards and in senior leadership positions. Mercer considers broader forms of diversity in decision-making but currently reports on gender diversity.



### Engagement

**Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustee. [The 2024 Sustainability & 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 survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed in the Mercer Funds. The survey gathers 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 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 Sustainability and Stewardship Report.

### 3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO SCHEME INVESTMENTS

The Trustees' policy is as follows:

- **Delegation of Investment Management:** As noted in Section 5 of the SIP, the Trustees have delegated the evaluation of ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments to the appointed investment managers, in accordance with their own corporate governance policies. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.
- **Reporting of Engagement and Voting activities:** For the Trustees 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 Trustees 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 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 investee 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<sup>(1)</sup> in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each investment manager's stewardship capabilities (engagement and voting activities) 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 Trustees do not use the direct services of a proxy voter.

A summary of the voting activity for a range of Mercer Funds in which the Scheme's assets are invested in is provided for the year ending 5 April 2025. This may include information in relation to funds that the Scheme'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.

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 Passive Global Equity CCF	19,974	17,412	76%	11%	0%	13%	0%	82%	18%	1422	70%

- (1) There are a number of limited circumstances where voting rights may not be exercised relating to, for example, conflicts of interest, share-blocking markets, power of attorney (POA) markets etc.
- “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 Trustees have based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on Mercer’s 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), while considering Mercer’s engagement priority themes.

Where available, information on next steps and plans to escalate are included in the following table.

## 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 Passive Global Equity CCF	Apple Inc (5.0%)	25/2/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	Against (N/A - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)	2.3% Support Proposal did not pass. (Manager will continue to develop its Global Proxy Voting Guidelines and exercise voting rights to reduce portfolio risk and promote sustainable long-term outcomes, despite the contentious nature of DEI this proxy season.)

Mercer Passive Global Equity CCF	Microsoft Corporation (4.4%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	For (No - A vote FOR this proposal is warranted, as shareholders would benefit from additional disclosure related to the potential risks associated with the use of the company's artificial intelligence and machine learning tools for new oil and gas development and production.)	9.7% Support Proposal did not pass. (Manager engages with Microsoft on the topic of Net Zero, deployment of advanced technology for the fossil fuel industry exposes it to material reputational, competitive, and operational risk. Manager intends to continue to monitor the company's progress on the topic or any potential amendments.)
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**BlackRock Voting:** Set out below is a summary of voting activity for the period from 6 April 2024 to 31 March 2025 for the BlackRock Dynamic Diversified Growth Fund. The Scheme was invested in this fund for a material proportion of the year so the voting information has been included on materiality grounds despite not being invested in the fund at the year-end date of 5 April 2025. Any voting rights that do apply with respect to the underlying investments attached to the Fund are, ultimately, delegated to BlackRock. In delegating these rights, the Trustees accept that managers are typically best placed to exercise voting rights and prioritise particular engagement topics by security, given they are expected to have detailed knowledge of both the governance and the operations of the companies and issuers they invest in. The Trustees do not use the services of a proxy voter.

Fund Name	Total Proposals	Number of proposals voted	Vote Decision		
			For	Against	Abstain
BlackRock Dynamic Diversified Growth Fund	6,515	6,111	95%	4%	0%

**BlackRock – Most Significant Votes.** The Trustees have decided that the most significant votes in the BlackRock fund are those that BlackRock have identified as significant and also relate to climate risk. BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. BlackRock periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions that it expects will be of particular interest to investors – these can be found online, [here](#). Over the year to 5 April 2025, there were no votes that met the Trustee’s significance criteria.

#### Insight Secured Finance II Fund Engagement Activity

Due to the nature of the assets within the Fund, voting detail is not applicable. However, they are able to engage with the borrowers they lend money to. In response to the lack of ESG data available on secured finance issuers, they developed proprietary scorecards for a range of sectors in both public and private markets, that cover material environmental, social, corporate and product governance-related issues. The various scorecards address the ESG considerations relevant to that specific securitisation asset class. They transitioned to the scorecards in 2024 from issuer questionnaires.