

Engagement Policy Implementation Statement for the Year Ended 31 March 2025

Roche Pension Fund (“the Fund”)

1. INTRODUCTION

The Engagement Policy Implementation Statement (the “Statement”) presents the Trustee's assessment of their adherence to their engagement policy and their policy concerning the exercise of rights (including voting rights) attaching to the Fund's investments throughout the one-year period ending 31 March 2025 (the “Fund Year”). The Trustee's policies are outlined in their Statement of Investment Principles (“SIP”). The SIP was last reviewed in October 2024 in order to reflect the change in strategy which saw the Fund invest in a segregated LDI mandate with BlackRock, as well as enhancing the wording concerning ESG issues. A copy of the Trustee's SIP is available at: <https://www.rochepensionfund.co.uk/>

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 Trustee invests the assets of the Scheme in a fiduciary arrangement with Mercer Limited (“Mercer”). Under this arrangement Mercer are appointed as a discretionary investment manager and day-to-day management of the Scheme's assets is by investment in a range of specialist pooled funds (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) and Mercer Investments LLC (PIP III) and Mercer Alternatives (Luxembourg) S.à r.l. thereafter¹. Alongside this the Scheme has a number of investments with BlackRock Investment Management (“BlackRock”) and Alinda Capital Partners (“Alinda”). The BlackRock investments include a segregated Liability Investment (“LDI”) portfolio and a pooled property fund. The majority of this document relates to the Fund's assets held with MGIE (given the nature of the assets held) unless otherwise stated.

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.

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 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.

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

Mercer's triennial Client Engagement Survey aims to integrate the Trustee perspectives on specific themes by evaluating the alignment between Mercer's engagement priority areas and those of the Trustee. The last survey, undertaken in 2023, also highlights areas of focus that hold importance to the Trustee. The Trustee regularly 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.

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

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

Considering the analysis presented in Sections 2 to 3, the Trustee believes that their policies with regard to engagement and the exercise of rights attaching to investments have 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 of the Fund's SIP outlines the Trustee's ESG beliefs and policies.




The Trustee regularly reviews Stewardship and Sustainability policies as 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. Engagement to seek alignment will be prioritised, then they may consider disinvesting some or all of the assets held in the Mercer Funds. They may also 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. Occupational pension schemes with £1 billion or more in assets must comply with these requirements from 1 October 2022.

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 sustainability integration, including the climate transition and effective stewardship.

 Policy Updates	 Climate Change Reporting and Carbon Foot printing	 Mercer Ratings
<p>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.</p> <p>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.</p> <p>The Mercer Stewardship Policy is similarly reviewed regularly. In January 2024 the policy was updated to include nature engagement priorities, and climate and diversity, equity and inclusion ("DEI") voting expectations.</p> <p>The Stewardship and Sustainability Policies have also been updated with the integration of</p>	<p>Mercer's global investment philosophy, which the Trustee has reviewed, recognises that:</p> <ul style="list-style-type: none">• 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. <p>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.</p>	<p>Stewardship forms an important part of Mercer's ratings framework applied during the manager research process.</p> <p>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.</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' sustainability 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>

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 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.

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.

As noted in the latest published TCFD report for the Fund (which provides climate metrics as at 31 December 2023), the Trustee is on track to reach its long-term net zero portfolio carbon emissions target. There has been a notable c.55% reduction in the WACI of the Fund since December 2019 as at 31 December 2023. The Trustee will continue to monitor progress in achieving the carbon reduction goal of net zero on at least on an annual basis



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



Sustainability-themed investments

An allocation to MGIE’s Passive Sustainable Global Equity and Mercer’s Luxembourg domiciled Global Impact fund (private markets) is included within the Fund’s portfolio of Growth assets, with the allocation accounting for c.4.1% of the Growth Portfolio.

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



Diversity

Mercer and the Trustee 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.

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.

the Scheme's investments within the private markets Global Impact solution.

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. This report is reviewed by the Trustee providing them with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.

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's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Fund's investments to the third party investment managers appointed by Mercer on the Trustee's behalf as well as BlackRock / Alinda.
- **Reporting of Engagement and Voting activities:** For the Trustee to fulfil their obligations regarding voting and engagement, they require reporting on the engagement and voting activities undertaken within the relevant funds invested in by the Fund. This reporting helps the Trustee 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:** In regards to investments in MGIE funds proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted ⁽²⁾ 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 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 2025. 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.

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 Multi-Asset Credit Fund ⁽¹⁾	60	47	78%	0%	3%	18%	0%	74%	26%	6	17%
MGI Emerging Markets Equity Fund	3,279	3,029	82%	11%	6%	1%	0%	85%	15%	309	43%
MGI Global Equity Fund	8,652	8,355	88%	9%	0%	3%	0%	91%	9%	563	40%
MGI Global Equity Fund	8,652	8,355	88%	9%	0%	3%	0%	91%	9%	563	40%
Mercer Global Small Cap Equity Fund	8,437	8,284	90%	8%	0%	2%	0%	92%	8%	730	38%
Mercer Passive Global REITS UCITS CCF	2,987	2,881	77%	19%	0%	3%	0%	78%	22%	300	71%
Mercer Passive Sustainable Global Equity UCITS CCF	16,329	15,784	77%	20%	1%	3%	0%	78%	22%	1125	79%
Mercer Low Volatility Equity Fund	7,287	7,068	89%	8%	0%	3%	0%	93%	7%	425	41%
MGI UK Equity Fund	2,066	2,065	98%	2%	0%	0%	0%	98%	2%	93	32%
Mercer China Equity Fund	3,544	3,410	85%	12%	1%	2%	0%	87%	13%	259	53%
MGI Eurozone Equity Fund	5,786	5,487	83%	12%	1%	4%	0%	88%	12%	304	57%
Mercer Sustainable Listed Infrastructure Fund	1,326	1,117	80%	4%	1%	15%	0%	93%	7%	73	36%

(1) 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.

(2) 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 Trustee has 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 Sustainable Global Equity UCITS CCF	Apple Inc (6.5%)	25/5/2025: Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	<p style="text-align: center;">Against</p> (No - The company provides several disclosures that relate to diversity and inclusion, and these disclosures appear to provide sufficient information for shareholders to evaluate the programs and policies in question. In addition, the company clearly provides its non-discrimination policies, it clearly discusses the board and management's role in oversight of the associated risks, and there do not appear to be any controversies related to employee diversity initiatives discriminating against employee groups at the company specifically.)	<p style="text-align: center;">2.3% Support Proposal did not pass. (Manager will continue to vote in line with their published policies and positions.)</p>
	Microsoft Corporation (7.0%)	10/12/2024: Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	<p style="text-align: center;">Against</p> (No - A vote AGAINST this resolution is warranted. The concerns by the proposal raised do not present significant material risks at this time. The company provides sufficient disclosure on its approach to providing services to energy sector customers.)	<p style="text-align: center;">9.7% Support Proposal did not pass. (N/A.)</p>
MGI Global Equity Fund	Apple Inc (3.0%)	25/5/2025: Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	<p style="text-align: center;">Against</p> (No - A vote AGAINST this proposal is warranted. The company provides several disclosures that relate to diversity and inclusion, and these disclosures appear to provide sufficient information for shareholders to evaluate the programs and policies in question. In addition, the company clearly provides its non-discrimination policies, it clearly discusses the board and management's role in oversight of the associated risks, and there do not appear to be any controversies related to employee diversity initiatives discriminating against employee groups at the company specifically.)	<p style="text-align: center;">2.3% Support Proposal did not pass. (N/A)</p>

Meta Platforms Inc (2.9%)	29/5/2024: Shareholder Proposal Regarding Report on Human Rights Risks in Non-U.S. Markets (Social)	Mixed - For (2) and Against (1) (No - A vote FOR this resolution is warranted. Shareholders are likely to benefit from additional reporting on how well the company is assessing and management of human rights risks related to content moderation in non-U.S. markets.) Against (1) - (No - A vote AGAINST this proposal is warranted. The company has sufficient measures to evaluate and manage human rights risks related to content moderation in non-U.S. markets.))	5.5% Support Proposal did not pass. (Against - N/A) One of the managers who voted For, will continue to view votes on shareholder proposals as signals to the company and may engage on a case-by-case basis to understand the board's or management's consideration of shareholder requests, while being open to sharing the voting rationale.)
Meta Platforms Inc (2.9%)	29/5/2024: Shareholder Proposal Regarding Human Rights Impact Assessment of AI Used in Targeted Advertising (Social)	For (No - A vote FOR this proposal is warranted, as an independent Human Rights Impact Assessment would help shareholders better assess Meta's management of risks related to its targeted advertising policies and practices.)	14.4% Support Proposal did not pass. (N/A)
Meta Platforms Inc (2.9%)	29/5/2024: Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment (Environmental)	For (No - A vote FOR this proposal is warranted at this time. The request is not considered overly onerous or prescriptive, and shareholders would benefit from greater transparency of the company's direct and indirect climate lobbying, and how the company would plan to mitigate any risks that might be identified.)	8.2% Support Proposal did not pass. (N/A)
Microsoft Corporation (3.6%)	10/12/2024: Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas	Against (No - A vote AGAINST this resolution is warranted. The company has set climate goals for its emissions, and it is not likely that the emissions of its customers are likely to pose significant risk to shareholders at this time.)	9.7% Support Proposal did not pass. (N/A)

		Development and Production (Environmental)		
Mercer Sustainable Listed Infrastructure Fund	NextEra Energy Inc (5.2%)	23/05/2024: Shareholder Proposal Regarding Lobbying Alignment with Climate Commitments	For (No – A vote FOR this proposal was made to vocalise importance of transparency in lobbying activities.)	32.1% Support Proposal did not pass (Manager will continue engage with the company over lobbying.)
MGI UK Equity Fund	Shell Plc (5.1%)	21/05/2024: Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement	Against (No – A vote against the proposal was made given the belief that it was not in the clients best interests.)	18.1% Support (N/A)
Mercer Low Volatility Equity Fund	Alphabet Inc (3.8%)	07/06/2024 Shareholder Proposal Regarding Human Rights Impact Assessment of AI-Driven Targeted Advertising	For (No – A vote for the proposal was made given the belief that an independent human rights assessment on the impacts would help better help shareholders to better evaluate the company’s management.)	18.5% Support (N/A)
	Visa Inc (2.3%)	28/01/2025 Shareholder Proposal Regarding Report on Benefits and Health Program Gaps	Against (No – A vote against the proposal was warranted as the company appears to provide competitive health benefits, and there is no evidence that the company is offering health care in a discriminatory manner.)	0.8% Support (N/A)
	Microsoft Corporation (3.0%)	10/12/2024 Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas	Against (No – A vote against the resolution was made as the company has set climate goals for its emissions, and it is not likely that the emissions of its customers are likely to pose significant risk to shareholders at this time.)	9.7% Support (N/A)

		Development and Production		
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Note – These funds, namely the **Mercer Global Small Cap Equity Fund, Mercer Passive Global REITS UCITS CCF, MGI Emerging Markets Equity Fund, Mercer China Equity, MGI Eurozone Equity** do not have any votes deemed to be significant based on our definition of significant votes. Our definition specifically focuses on Mercer's Global Engagement Priority Themes.