DS Smith Group Pension Scheme ("the Scheme")

Annual Implementation Statement for the Year Ended 30 April 2025

1. INTRODUCTION

The Implementation Statement (known as the Statement) presents the Trustee's assessment of their adherence to the policies attaching to the Scheme's investments, outlined in the Statement of Investment Principles (SIP), throughout the one-year period ending 30 April 2025 (the "Scheme Year"). During the Scheme Year, in September 2024, the SIP was reviewed to include policies for the illiquid assets held within the DC section of the Scheme. The SIP was updated again in June 2025, i.e. after the Scheme Year-end, to reflect the removal of the DC Section and the new Principal employer, International Paper. A copy of the latest SIP is available at https://www.dssmith.com/company/ds-smith-group-pension-trustees.

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 Defined Benefit ("DB") assets of the Scheme in a fiduciary arrangement with Mercer Limited ("Mercer"). Under this arrangement Mercer are appointed to provide consulting services, discretionary investment manager services and day-to-day management of the Scheme's assets by investment 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) and Mercer Alternatives (Luxembourg) S.à r.l. (PIP VI).[1] MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund's assets. The Trustee has also appointed an external investment consultant, Barnett Waddingham, to provide ongoing oversight and advice around Mercer's role as the Fiduciary Manager.

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.

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. 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. However, the Scheme does use a bespoke multi-asset fund and the Trustee has made Mercer aware that they expect Mercer to manage its assets in a manner, as far as is practicably possible, that is consistent with the Trustee's engagement beliefs and their beliefs with regard to the exercising of rights attaching to the Scheme's investments. The Trustee reviews regular reports from

Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their beliefs are being properly implemented.

The Trustee invested the Defined Contribution ("DC") and Additional Voluntary Contribution ("AVC") assets with Utmost Life and Pensions and Scottish Friendly Assurance Society who are also responsible for appointing the third-party managers. However, as of 10 April 2025, the DC section was closed. This statement includes the policies in relation to these assets (based on the September 2024 SIP) that were in-force for the Scheme year until 10 April 2025, despite the currently in-force June 2025 SIP not including these policies.

Section 2 of this Statement sets out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year.

Sections 3 to 6 of this Statement also sets out how, and the extent to which, the policies in the Trustee's SIP for the Scheme have been followed.

Sections 7 includes information on the engagement and key voting activities of the underlying asset managers within the Scheme.

Assessment of how the Trustee's policies in the SIP have been followed during the Scheme Year

In summary, it is the Trustee's view that the policies in the SIP (which was in place during the Scheme Year) have been followed during the Scheme Year.

2. STATEMENT OF INVESTMENT PRINCIPLES

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives it has set.

The policies in relation to the DC Section stated below are from the September 2024 SIP rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

DB Assets

The Trustee's primary objective is to act in the best interest of its members and ensure that the obligations to the beneficiaries of the Scheme can be met. To guide it in its strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustee has considered its objectives and adopted the following objectives:

- The need to protect the security of members' accrued rights
- A desire to limit volatility in the contribution rate as a result of any failure of the investment strategy
- Notwithstanding the above, a preparedness to take on risk in a controlled fashion in order to achieve incremental excess return, coupled with the desire to provide, if considered appropriate and prudent to do so at the time, pension increases above the guaranteed rates, if annual inflation exceeds some or all of those guaranteed rates.

In order to achieve the above, the Trustee target the Scheme being 105% funded on a gilts +0.5% p.a. funding basis (the Long-Term Funding Target basis) by 2035.

The SIP was updated in June 2025, but there was no change in the Trustee's overarching DB investment objectives stated above.

DC Assets and AVCs

The Scheme's DC assets were held in respect of Special Benefit Account members and are accessed via an insurance policy issued to the Trustee by Utmost Life and Pensions. However, the DC section was closed on 10 April 2025 and therefore prior to the Scheme's year-end. This arrangement provided members with access to a range of unitised pooled investment vehicles. Regarding the AVCs, the investment profile of the funds available should be consistent with the needs of the members and are reviewed on a regular basis. The Trustee's primary objective is to act in the best interest of its members and ensure that the members have a suitable range of funds available for investment. The investment profile of the funds available should be consistent with the needs of the members and are reviewed on a regular basis.

3. INVESTMENT MANDATES

Realisation of investments

DB Assets

Policy

The Trustee’s policy is that there should be sufficient liquidity within the Scheme’s assets to meet short term cashflow requirements in the majority of foreseeable circumstances, so that realisation of assets will not disrupt the Scheme’s overall investment policy. Further details are set out in the following sections of the SIP:

- Realisation of Investments (SIP Section 6)
- Cash Flow Management and Rebalancing (SIP Section 7)

How has this policy been met over the Scheme Year?

The majority of the Scheme’s assets are invested in daily-dealt pooled fund investment arrangements many of which distribute cashflows on a regular basis. These pooled investment arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Therefore, assets should be realisable at short notice, based on member and Trustee’s demand.

Where more illiquid assets are used, their size is carefully considered as a proportion of total assets. The Trustee continues to delegate responsibility for the monitoring and rebalancing of the Scheme’s asset allocation to Mercer. Where investments or disinvestments were arranged during the year, the policies stipulated within the relevant appointment documentation have been followed.

DC Assets and AVC Assets

Most of the assets were invested in daily dealt funds (with the exception of the With-Profit policies) which could also be realised easily if required by a member. However, as at Scheme Year end, the DC section is now closed.

4. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Financial and non-financial material considerations and how those considerations are taken into account in the selection, retention and realisation of investments

The policies in relation to the DC Section stated below are from the September 2024 SIP, rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

DB Assets Policy Summary

The Scheme's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change (section 11). This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

To establish the Trustee's beliefs and produce the policy in the SIP, the Trustee has previously undertaken training provided by its investment consultant, Mercer, on responsible investment which covered ESG factors, stewardship, climate change and the approach taken by Mercer. These beliefs were re-confirmed during the year as a Responsible investment Total Evaluation (RITE) was undertaken for the Scheme in October 2024. This RITE analysis helps the Trustee assess how effectively they have integrated ESG best practices against each of Mercer's Sustainable Investing Pathway categories: philosophy, policy, process, and portfolio. The Trustee re-confirmed that whilst it will allow and consider non-financial factors its focus is on having enough assets to pay benefits when due. A formal documented review of Mercer's approach to sustainability is undertaken at least annually.

The Trustee recognises the conflict of interest which may arise in the context of responsible investment. Mercer, MGIE and Mercer Alternatives (Luxembourg) S.à r.l. make investment decisions with the aim of improving long-term risk adjusted returns and assesses whether selected sub-investment managers have policies and procedures that manage conflicts in relation to stewardship.

The Trustee is willing to hear from the members on their views on the selection, retention, and realisation of investments from an ESG and climate change perspective.

How the Policy has been implemented over the Scheme Year

The following work (set out in the table overleaf) 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
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 Trustees 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 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. 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'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. Over the year the Trustee produced the second TCFD report which contains an update on the decarbonisation progress of one of its corporate bond portfolios against the explicit climate reduction target set for it in the first iteration of the TCFD report. It will monitor compliance annually.	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.

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.

Approach to Exclusions	Sustainability-themed investments	Diversity
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.	An allocation to Mercer's Luxembourg domiciled Sustainable Opportunities funds (private markets) is included within the Scheme's portfolio of Growth assets, with the allocation accounting for c.3% of the Growth Portfolio. The annual Impact Report highlights the positive social and environmental impact generated by the Scheme's investments within the Sustainable Opportunities Fund.	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. 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 only 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.

5. MONITORING THE INVESTMENT MANAGERS

The policies in relation to the DC Section stated below are from the September 2024 SIP, rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

DB Policy

The Trustee's policy for the DB Section managers is set out in Section 12 of the SIP.

How has this policy been met over the Scheme Year?

The Trustee receives regular reports and information from Mercer on their monitoring and the managers' compliance. This includes but is not limited to Mercer's Manager Research ESG ratings for the underlying investment managers, analysis of the carbon footprint and voting and engagement activity.

Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

The Trustee's investment strategy is based on the advice from Mercer which is predicated on a de-risking framework which is seeking to meet the Trustee's key objectives as defined within the SIP and therefore intrinsically aligns Mercer with said policies. The Quarterly Strategy Report is reviewed by the Trustee on a quarterly basis and includes the Scheme's funding level progression. The Trustee also uses Barnet Waddingham on a quarterly basis to assist it with reviewing Mercer's alignment with the Trustee's policies. The underlying investment managers are set specific targets which are designed to collectively ensure the Scheme is on track for its de-risking framework. If managers are not performing as intended, they will be replaced.

The duration of the arrangements with asset managers

The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Mercer has been appointed as a fiduciary management partner to assist the Trustee in achieving the Scheme's long-term objectives. In that role, there is an expectation of a longer-term relationship until the journey is completed. This will be reviewed periodically. The Trustee employs a third-party evaluator (Barnett Waddingham) to review Mercer's capacity to deliver the

Evaluation of asset managers' performance and remuneration for asset management services

The quarterly reports and ad-hoc investment updates were reviewed by the Trustee and discussed at investment funding committee meetings. The reports include financial metrics and Mercer Manager Research Ratings for the underlying asset managers that comprise the Mercer Funds over the medium and longer term. The Mercer Research Rating includes a Manager Rating which indicates Mercer's view on the likelihood of a manager to achieve their performance objective and an ESG Rating which gives an indication of the extent to which ESG considerations are incorporated into the managers' investment process. Where underlying asset managers are not meeting expectations, Mercer is expected to engage with these managers. This has led to changes to the underlying asset managers within the Mercer funds over the year. Over the year, the Trustee has continued to receive reporting from Mercer on the underlying asset managers and their continued suitability. Furthermore, the Trustee relies on Mercer to renegotiate underlying asset manager fees on new and existing appointments.

Monitoring portfolio turnover costs

As noted in the SIP, the Trustee does not explicitly monitor portfolio turnover costs incurred by the Scheme. Investment manager performance is reported and evaluated net of all fees and transaction costs (costs incurred because of buying service it was appointed to, on a quarterly basis. The Sponsor also employs Willis Towers Watson to evaluate Mercer's actions and advice to the Trustee in the monthly Investment Sub-Committee meetings.

Mercer provide ongoing oversight of all underlying asset managers and will ensure the asset managers' continued appropriateness. As such there is no set duration for manager appointments.

and/or selling assets), and where possible, performance objectives for investment managers were set on a net basis. In this way, managers are incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives. The Trustee also receives from Mercer and reviews the annual Competition and Markets Authority ("CMA") cost and charges statements which provides the detail of costs incurred by the Scheme's assets including the transaction costs.

DC & AVC Assets Policy

The underlying investment managers within the DC and AVC assets were monitored by Scottish Friendly and Utmost. The Trustee then received advice from Mercer on an ad-hoc basis reviewing Scottish Friendly and Utmost. A Value for Members assessment was completed covering cost and charges and performance of the funds in October 2024. As at Scheme Year end, the DC section is now closed.

6. STRATEGIC ASSET ALLOCATION

The policies in relation to the DC Section stated below are from the September 2024 SIP, rather than the current SIP dated June 2025, as the September 2024 SIP was in-force prior to the closure of the Scheme's DC Section.

The Scheme's DC assets are invested in pooled funds on the Utmost Life platform. The investment managers are responsible for the day-to-day management of the Scheme's assets in accordance with the guidelines of the pooled funds.

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB Assets

Policy

The Trustee's policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Roles and Responsibilities (SIP Section 2)
- Investment Objectives (SIP Section 3)

Further granular detail can be found in the Investment Policy Implementation Document (IPID) to the SIP.

How has this policy been met over the Scheme Year?

The Trustee has decided to delegate the implementation of the desired investment strategy to Mercer, with pre-agreed funding level de-risking triggers which prompt action being taken by Mercer to progressively de-risk the Scheme's investment strategy.
The Trustee considers the way in which investment risk should be reduced and have delegated the monitoring of the de-risking triggers to Mercer who review the funding level daily. During the year, the Scheme has made continued progress against its long-term objective of being fully funded on a gilts + 0.5% p.a. funding basis (the Long-Term Funding Target basis) by 2035. Mercer constructs portfolios of investments that are expected to maximise the return (net of all costs) given the targeted level of risk and the investment objectives over the lifetime of the Scheme.

Risks, including the ways in which risks are to be measured and managed

Policy

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under Section 5 (Policy on Risk) of the SIP.

How has this policy been met over the Scheme Year?

As detailed in Section 5 of the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies and evaluating Mercer's actions relating to the strategic asset allocation, dynamic asset allocation and choice of sub-investment managers and asset classes.

The strategy report is reviewed by the Trustee on a quarterly basis – this includes the overall funding level risk and as appropriate comments on the other risks to which the Scheme is exposed. The annual reviews of the investment strategy provides the Trustee with an opportunity to consider their long-term objectives and assess the Value at Risk ("VaR") – i.e. how much the deficit could increase by, or more, in a 1 in 20 downside event for the Scheme – which is a primary measure for assessing the mismatch between the Scheme's assets and liabilities and the Company's ability to support it.

DC & AVC Assets

Prior to the closure of the DC Section on 10 April 2025, the Trustee made available a range of funds for the DC benefits which were reviewed to ensure they are suitable. The Trustee continues to do this for the remaining AVC benefits following the closure of the DC Section. Regarding the investment risks associated with the DC Section prior to its closure, the Trustee considered risk from a number of perspectives. The list below is not exhaustive, but covers the main risks considered by the Trustee to be financially material during the Scheme year and up until the closure of the Scheme on 10 April 2025

Risk	How it was Managed	How it was Measured
Market Risk The risk that low investment returns over members' working lives or unfavourable market movements in the years just prior to retirement will secure an inadequate pension.	The Trustee provided members with a range of funds, across various asset classes. Members were able to set their own investment strategy in line with their aims and risk tolerances.	The performance of the available funds was monitored on an annual basis
Interest Rate Risk The risk that unfavourable interest rate movements, particularly in the years just prior to retirement may lead to a reduction in the pension that the member's retirement account can secure.	The Trustee provided members with a range of funds, across various asset classes, which had varying sensitivities to interest rate risk.	The performance of investment funds and market fundamentals, including interest rates, are monitored on an annual basis.
Inflation Risk The risk that investments do not keep pace with inflation.	The Trustee provided members with a range of funds, across various asset classes, which had varying exposure to inflation risk.	Annual performance reports considered the long-term performance of the funds to help the Trustee assess whether the returns kept pace with inflation.

Manager Risk The risk that the chosen underlying investment manager underperforms the benchmark against which the manager is assessed.	The Trustee provided members with a range of funds, across various asset classes, which had varying levels of active management.	It was the Trustee's policy to monitor performance on an ongoing basis relative to the fund's benchmark and stated targets/objective.
Mismatch Risk The risk that the financial assets a member is invested in as they approach retirement are not suited to the way they will access their retirement benefit.	The Trustee made a range of funds available to members including share, cash, and bond funds that could be selected by members as they approached retirement.	It is the Trustee's policy to monitor performance on an ongoing basis.
Liquidity Risk The risk that assets may not be readily marketable when required.	The pooled funds in which the Trustee allowed members to invest provided the required level of liquidity. Units in the pooled funds in which the Scheme invests were believed to be readily redeemable.	Prior to the closure of the DC Section, when considering new investment options or reviewing existing options, the Trustee considered the pricing and dealing terms of the underlying funds.
Concentration Risk The risk that a portfolio has an over-allocation to a single asset class, sector, country, or counterparty, thereby having a high exposure to non-systemic risk factors.	The Trustee made a range of funds available to members, so that they could choose to invest in a well-diversified portfolio. The range of funds enabled diversification by asset class (e.g. equity, bonds, cash), by region and included both passively and actively managed funds, which could help achieve diversification.	It was the Trustee's policy to monitor performance on an ongoing basis. The Trustee also periodically reviewed the default investment option and self-select range.
Exchange Rate Risk The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	The Trustee made a range of funds available to members, across various asset classes, which had varying levels of exposure to foreign exchange rates.	It was the Trustee's policy to monitor performance on an ongoing basis.
Environmental, Social and Governance Risk ESG factors can have a significant effect on the performance of the investments held by the Scheme, e.g. extreme weather events, poor governance.	The Trustee's policy on ESG risks was set out in Section 11 of the September 2024 SIP (where it is no longer included in the latest SIP dated June 2025 due to the closure of the DC Section on 10 April 2025). The incorporation of ESG considerations was delegated to the Provider who in turn delegated to the underlying investment managers.	It was the Trustee's policy to monitor performance on an ongoing basis and ESG considerations were taken into account by the Platform provider in the selection of managers.

7. VOTING AND ENGAGEMENT DISCLOSURES

Voting: As part of the monitoring of managers' approaches to voting, Mercer assesses how managers are voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). Mercer portfolio managers will use these results to inform their engagements with managers on their voting activities.

The Trustee's investments take the form of shares or units in the Mercer Funds, for the main DB assets and funds for the AVC assets. The investments within the now closed DC Section also took the form of shares or units in funds, however these were non-Mercer funds.

Within these funds, any voting rights(2) that do apply with respect to the underlying investments are, ultimately, delegated to the third-party investment managers appointed by Mercer, Scottish Friendly and Utmost. Mercer's view is that the managers have more detailed knowledge of both the governance and the operations of the investee companies and therefore enables managers to vote based on their own proxy-voting execution policy and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Please note that, since the AVC assets represent a very small and therefore immaterial proportion of the total assets of the Scheme, the voting and engagement disclosures provided below relate to the DB assets only. Also, beyond the DC section being closed on 10 April 2025 and becoming DB assets thereafter, these DC assets also represented an immaterial proportion of the Scheme's total assets (<0.1%) and were therefore also excluded from the below.

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 assess whether the policies align with their own delegation of voting rights. Within the Mercer funds that the Scheme invests, many of them are not applicable for voting and engagement, however voting is possible in the Mercer Passive Global Equity CCF and Mercer Multi-Asset Credit. 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 is given to the sub-investment managers within the Mercer Passive Global Equity CCF Fund, 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 investment managers' 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.

Engagement Examples

We have included some examples below from the sub-Investment Managers of the Mercer Funds which the Scheme invests in.

Company	Fund	Engagement Category	Engagement Theme	Engagement Objective	Engagement Action
Shell PLC	Mercer Passive Global Equity CCF	Environmental	E: Climate	Shell has set ambitious targets for achieving net-zero emissions across all scopes (1, 2, and 3) by 2050. However, the absence of interim targets for scope 1 and 2 emissions, along with the dependence on carbon offsets, brings into question the strength of its strategy. While Shell has made progress, having reduced its scope 1 and 2 absolute emissions by 31%, there is a notable lack of detailed plans for achieving its scope 3 emissions targets, which are currently based on intensity rather than absolute reductions. Additionally, Shell's reliance on carbon offsets as a key component of its climate strategy raises concerns about the effectiveness and transparency of its overall emissions reduction approach. The company has also committed to a just energy transition but has not provided specific plans for supporting	The manager has initiated engagement with Shell following the 2022 Say-on-Climate resolution, focusing on the need for the company to establish absolute targets for scope 3 emissions rather than relying solely on intensity-based metrics. The engagement aims to encourage Shell to provide more detailed information on how it plans to meet its emissions reduction targets, particularly for scope 3 emissions. The manager has highlighted the importance of aligning Shell's targets with the Science Based Targets initiative (SBTi) and has noted that while Shell has not confirmed an SBTi plan, it has aligned with TPI Alignment 2035, which is below 2 degrees. The manager's efforts are directed at fostering greater transparency

				workers affected by its decarbonization efforts, nor has it disclosed how it will monitor progress in this area.	and accountability in Shell's climate strategy.
The Southern Company	Mercer Passive Global Equity CCF	Environmental	E: Climate G: Board Oversight of ESG	The company faces significant challenges regarding its climate policy and commitment to addressing climate change. Despite publishing "Environmental Principles," there is no explicit mention of climate change, which raises concerns about the clarity and seriousness of its commitment to environmental issues. In 2020, Southern Company announced a Net Zero strategy, aiming for net zero emissions by 2050, with a target of a 50% reduction in greenhouse gas (GHG) emissions from 2007 levels by 2030. However, the absence of specific targets for Scope 3 emissions indicates a gap in their overall strategy. As of 2023, the company reported a 49% reduction in GHG emissions relative to 2007 levels, which is commendable as it approaches its 2030 goal of a 50% reduction, equating to a reduction of 78 million metric tons of carbon. While the company's capital plan includes significant investments in transmission and distribution systems to enhance resilience and support the integration of lower-carbon resources, there is no commitment to phasing out carbon-intensive power	The manager has taken proactive steps to engage with the company on behalf of stakeholders. They initiated direct engagement to discuss the company's plans for coal-fired generation, focusing on the commitment to systematically retire coal-fired units and the intended future energy generation mix. However, due to the company's lack of responsiveness, the manager escalated the situation to a voting action, recommending a vote against the board chair in accordance with Proxy Voting Guidelines. Furthermore, the manager plans to continue engagement with the company on a collaborative basis, participating in initiatives such as Climate Action 100+ and the Net Zero Transition initiative from Sustainalytics. They are also monitoring the company's alignment with various frameworks, noting that while the company is not aligned with the Net Zero Investment Framework (NZIF), it is aligned with the

				generation assets. Furthermore, although the company is exploring various solutions for a clean energy future—such as carbon capture and storage (CCS), advanced nuclear technologies, hydrogen, and energy storage—the effectiveness and implementation of these initiatives remain uncertain. The company has also committed to the principles of a Just Transition, recognizing the social impacts of its decarbonization efforts, but the specifics of how this will be achieved are not clearly outlined. Additionally, the company has been unresponsive to direct engagement regarding its plans for coal-fired generation, which has led to escalated voting actions.	Transition Pathway Initiative (TPI) for a 2°C scenario, indicating a mixed but cautious approach to climate commitments.
Linde PLC	Mercer Passive Global Equity CCF	Environmental	E: Climate E: Pollution	Linde has a Sustainable Development and Climate Change Position Statement; however, it is not comprehensive enough to be classified as a full climate change policy. While the company has published a transition plan aligned with the Paris Agreement, it has not yet set Scope 3 targets in line with a 1.5°C pathway, although this is currently under consideration. Additionally, while Linde has been publishing TCFD (Task Force on Climate-related Financial Disclosures) reports since 2019, the manager has reported that there was no mention of	Linde aims to invest $1 billion and allocate one-third of its annual R&D budget to decarbonization efforts from 2018 to 2028. During an engagement call, the manager highlighted that carbon capture and storage (CCS) and blue hydrogen are the two primary pillars of their decarbonization strategy. The company publishes an annual sustainability report alongside CDP Water and Climate Change reports, an Integrity Hotline, GRI (Global Reporting Initiative) reports, and

				TCFD in the 2023 Sustainability Report. Furthermore, although Linde is ahead of its GHG intensity goal for 2018-2028, the details of these targets are not reported in their sustainability documentation.	assurance statements for their supply chain and key performance indicators (KPIs). The manager also noted that Linde plans to publish a commitment to systematically retire coal-fired units and clarify its intended future energy generation mix. In 2024, Linde will focus on methodology verification, Scope 3 monitoring, identifying reduction opportunities, and engaging with its supply chain, with the goal of setting Scope 3 targets by 2025-2026.

Voting - DB Assets

The majority of the Scheme's underlying assets subsequently have no exercisable voting rights to report, apart from the Mercer Passive Global Equity Fund and it is noted that a small portion of the Mercer Multi-Asset Credit Fund invests in equity linked securities.

A summary of the voting activity for the Mercer Passive Global Equity Fund and Multi-Asset Credit Fund in which the Scheme's assets are invested in is provided below for the year ending 30 April 2025. 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. Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation by Mercer is for all shares to be voted.

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%
Mercer Multi-Asset Credit Fund (1)	60	47	78%	0%	3%	18%	0%	74%	26%	6	17%

(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, which encompass climate change; biodiversity & natural capital; labour practices & human rights; and diversity, equity & inclusion. 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)*	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	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 Diversity, Equity and Inclusion (DEI) this proxy season.)

			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.)	
	Microsoft Corporation (4.4%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing Artificial Intelligence (AI) to Facilitate New Oil and Gas Development and Production (Environmental)	For (No – Manager believes 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.)

Note: There were no proposals meeting the significance definition outlined above for the Mercer Multi-Asset Credit Fund over the Scheme Year.