

Engagement Policy Implementation Statement for the Year Ended 5 April 2024

NPL Management Limited Pension 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 2024 (the “Scheme Year”). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in March 2022 in order to reflect. A copy of the Trustees' SIP is available at <https://www.npl.co.uk/about-us/corporate-information/npl-sip-march-2022-final.aspx>

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) thereafter.¹

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 Trustees acknowledge 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](#)² outlines how it addresses sustainability risks and opportunities, incorporating Environmental, Social and Corporate Governance (ESG) factors into the decision making across process. The [Stewardship Policy](#)³ provides further details on Mercer's beliefs and implementation of stewardship practices.

Mercer's 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. Additionally, the survey highlights areas of focus that hold importance to the Trustees. The Trustees regularly review reports from Mercer regarding the engagement and voting activities conducted within the Mercer Funds to assess the

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

² <https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Sustainability Policy 2023.pdf>

³ <https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Mercer ISE Stewardship Policy.pdf>

alignment of these with their own. 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's 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 beliefs are outlined in Section 9 of the Scheme's SIP.

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

How the Policy has been implemented over the Scheme Year

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

Policy Updates	Climate Change Reporting and Carbon Foot-printing	Mercer Ratings
<p>The Trustees periodically review how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in the monitoring process. Mercer, and MGIE, provide reporting to the Trustees on a regular basis.</p> <p>The Mercer Sustainability Policy⁴ is reviewed regularly by Mercer and shared with Trustees. In August 2023 the governance section was updated</p>	<p>Mercer and the Trustees believe climate change poses a systemic risk, with financial impacts driven by two key sources of change:</p> <ol style="list-style-type: none"> 1. The physical damages expected from an increase in average global temperatures 2. The associated transition to a low-carbon economy 	<p>Stewardship and active ownership form an important part of Mercer's ratings framework applied during the manager research process.</p> <p>Mercer's ratings include an assessment of the extent to which ESG factors are incorporated in a strategy's investment process as well as the manager's approach to stewardship.</p> <p>Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the</p>

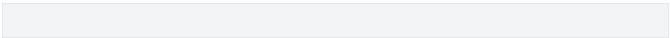
⁴ <https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/CorporatePolicies/Sustainability Policy 2023.pdf>

by Mercer, and the climate scenario modelling section is now detailed in the standalone Task Force on Climate Related Financial Disclosures (TCFD) report⁵.

In line with the requirements of the EU Shareholder Rights Directive II (SRD II), Mercer has implemented a standalone Stewardship Policy⁶ to specifically address the requirements of SRD II. SRD II is a regulatory framework aimed at enhancing shareholder rights and improving corporate governance within the European Union.

The most recent UN Principles of Responsible Investment⁷ 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 environmental, social, and governance (ESG) factors into investment practices.

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



Each of these changes presents both risks and opportunities to investors. Mercer therefore considers the potential financial impacts at a diversified portfolio level, in portfolio construction within asset classes, and in investment manager selection and monitoring processes.

In early 2021, Mercer announced its aim to achieve net-zero absolute portfolio carbon emissions by 2050 for UK, European and Asian discretionary portfolios, and for the majority of its 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 the Mercer Investment Solutions Europe - Responsible Investment website⁸.

As of 31 December 2023, Mercer are on track to meet our long-term net zero portfolio carbon emissions expectation. There has been a notable 33% reduction over the 4 years since 2019 baseline levels for our Model Growth Portfolio used by most of Mercer's DB client base, bringing the 45% baseline-relative reduction by 2030 well within range.

portfolio management teams with a more comprehensive review performed annually. In these reviews, Mercer seek evidence of positive momentum on managers' ESG integration.

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

⁵ [https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Task Force on Climate-related Financial Disclosures.pdf](https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Task%20Force%20on%20Climate-related%20Financial%20Disclosures.pdf)

⁶ [https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Mercer ISE Stewardship Policy.pdf](https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Mercer%20ISE%20Stewardship%20Policy.pdf)

⁷ <https://investment-solutions.mercer.com/europe/uk/en/our-funds/responsible-investment.html>

⁸ <https://investment-solutions.mercer.com/content/dam/mercercor/subdomains/delegated-solutions/CorporatePolicies/Task%20Force%20on%20Climate-related%20Financial%20Disclosures.pdf>.

Approach to Exclusions

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

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

Sustainability-themed investments

An allocation to MGIE's Sustainable Global Equities and Sustainable Listed Infrastructure is included within the Scheme's portfolio of Growth assets, with the allocation accounting for c.9.2% of the Growth Portfolio.

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

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

Diversity

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

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

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

In Q3 2022, MGIE became a signatory of the UK Chapter of the 30% Club and helped to establish the Irish Chapter over 2023. The 30% Club is a business-led initiative that aims to increase gender diversity on corporate boards and in senior leadership positions

Engagement

Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustees. [The 2023 Stewardship Report](#)⁹ highlights the engagement objectives which have been set, examples of engagement and the escalation process. Mercer also participates in collaborative initiatives related to stewardship.

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

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

⁹ [https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/responsible-investment/Mercer Investment Solutions 2023 Stewardship Report_F.pdf](https://investment-solutions.mercer.com/content/dam/mercer-subdomains/delegated-solutions/responsible-investment/Mercer%20Investment%20Solutions%202023%20Stewardship%20Report_F.pdf)

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

The Trustees' policy is as follows:

- **Delegation of Investment Management:** The Trustees delegate/s responsibility for the discretionary investment management of Scheme assets to Mercer. The Scheme's assets are invested in a range of Mercer Funds for which MGIE or relevant Mercer affiliate acts as investment manager.
- **Reporting of Engagement and Voting:** In order for the 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 ultimately delegated to the third-party investment managers appointed by MGIE. MGIE accepts that these managers are typically best placed to exercise voting rights and prioritise particular engagement topics, given their detailed knowledge of the governance and operations of the invested companies. However, Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.
- **Proxy Voting Responsibility:** Proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted¹⁰ in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each sub-investment manager's capability in ESG engagement and proxy voting as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustees do not use the direct services of a proxy voter.

¹⁰ 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.

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 2024. 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.

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

Fund	Total Proposals		Vote Decision					For/Against Mgmt		Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No Action	Other	For	Against	No.	Against
MGI Eurozone Equity Fund	4,415	4,223	84%	12%	1%	4%	0%	88%	12%	255	54%
MGI UK Equity Fund	2,132	2,126	98%	2%	0%	0%	0%	98%	2%	97	28%
Mercer Multi-Asset Credit Fund ⁽¹⁾	15	15	100%	0%	0%	0%	0%	100%	0%	5	0%
MGI Emerging Markets Equity Fund	3,785	3,577	82%	12%	4%	2%	0%	86%	14%	376	42%
Mercer Global Small Cap Equity Fund	6,310	6,032	85%	8%	0%	4%	2%	92%	8%	531	41%
Mercer Low Volatility Equity Fund	8,239	7,860	85%	7%	0%	4%	4%	92%	8%	476	39%
Mercer Sustainable Global Equity Fund	6,381	6,299	85%	11%	1%	1%	2%	89%	11%	379	58%
Mercer Passive Global REITS UCITS CCF	3,208	3,084	75%	19%	0%	4%	2%	78%	22%	332	68%
Mercer China Equity Fund	4,909	4,806	86%	12%	2%	1%	0%	87%	13%	489	44%
Mercer Sustainable Listed Infrastructure UCITS CCF	240	175	68%	5%	0%	27%	0%	94%	6%	12	50%

⁽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

- “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 Global Engagement Priority themes, The *most* significant proposals reported below relate to the three companies with the largest weight in each fund (relative to other companies in the full list of significant proposals).

Most Significant Votes

Fund	Company (Holding Weight)	Meeting Date: Proposal Text (Significance Category)	Manager Vote Decision (Intention to vote against management communicated – Rationale, if available)	Proposal Outcome (Next steps to report, if any)
Mercer Global Small Cap Equity Fund	Denny`s Corp. (0.3%)	17/05/2023 : Shareholder Proposal Regarding Paid Sick Leave (Social)	Against (N/a - The manager voted against this proposal, supportive of company management's argument that due to its highly franchised business model, the Company's direct control over the compensation and benefits arrangements is limited to the team members employed in its 66 Company-operated restaurants and corporate support functions, and that dictating employment practices could expose the Company to greater liability)	10% Support Proposal did not pass. (None to report)
	Bloomin' Brands (0.2%)	18/04/2023 : Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement (Environmental)	For (No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)	43% Support Proposal did not pass. (Given the proponent also tabled this proposal in 2021, and received a majority vote in support, it was tabled again this year due to lack of progress and insufficient response from company management. The manager will monitor the company's response in light of this.)
	Texas Roadhouse Inc (0.0%)	11/05/2023 : Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement (Environmental)	For (No - The manager supported this proposal, as setting GHG emissions targets will help the company manage climate change- and deforestation-related risks.)	40% Proposal did not pass. (None to report)
Mercer Low Volatility Equity Fund	Alphabet Inc (3.3%)	02/06/2023 : Shareholder Proposal Regarding Human Rights Impact Assessment (Social)	Split - (No - For (2): Managers who voted FOR this proposal were supportive as an independent Human Rights Impact Assessment would help shareholders better assess Alphabet's	18% Support Proposal did not pass. (None to report)

		management of risks related to human rights Against (1): The manager who voted against felt this proposal did not merit support as the company's disclosures pertaining to the item are already reasonable.)	
Alphabet Inc (3.3%)	02/06/2023 : Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement (Environmental)	Split - (No - For (2): Managers who voted FOR this proposal were supportive, as additional reporting on the company's direct and indirect lobbying practices, policies, and expenditures would benefit shareholders in assessing its management of related risks. Against (1): The manager who voted against felt this proposal did not merit support as the company's disclosures pertaining to the item are already reasonable.)	14% Support Proposal did not pass. (None to report)
Microsoft Corporation (2.9%)	07/12/2023 : Shareholder Proposal Regarding EEO Policy Risk Report (Social)	Against (No - Managers voted against this proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes "political affiliation" in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce	1% Support Proposal did not pass. (None to report)

		discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on protected class and seeks to promote a culture based on equal opportunity)	
Microsoft Corporation (2.9%)	07/12/2023 : Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern (Social)	<p>Split</p> <p>For (3): (No - Managers who supported this proposal were supportive, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries)</p> <p>Against (1): The manager who voted against this proposal noted Microsoft has made public commitments to manage human rights risks in line with best practices. The company discloses government and law enforcement requests for content removal and conducts Human Rights Impact Assessments in collaboration with stakeholders to identify risks. Microsoft also published a human rights report which includes information on risks and mitigating actions. The manager acknowledged there is an opportunity for Microsoft to consolidate and strengthen disclosures on specific processes aimed at mitigating country specific risks (through updates to its human rights report last published in 2021), however they ultimately felt current disclosures are adequate and a new report on data operations in human rights hotspots is redundant.)</p>	33% Support Proposal did not pass. (None to report)

	Microsoft Corporation (2.9%)	07/12/2023 : Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)	Against (No - Managers did not support this proposal as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.)	9% Support Proposal did not pass. (None to report)
	Unitedhealth Group Inc (1.0%)	05/06/2023 : Shareholder Proposal Regarding Racial Equity Audit (Governance)	Against (N/a - Managers voted against this proposal, noting the company has taken positive steps towards racial equity. One manager also noted they have been engaging with the company on environmental topics, and raised this as part of their discussions around the company's strategy.)	20% Support Proposal did not pass. (None to report)
Mercer Passive Global REITS UCITS CCF	Digital Realty Trust Inc (2.9%)	08/06/2023 : Shareholder Proposal Regarding Concealment Clauses (Governance)	For (No - A vote in favour is applied as the manager supports proposals related to improvement in information available in respect of diversity and inclusion policies as the manager considers these issues to be a material risk to companies. In addition, in June 2022, 45.59% percent of Digital Realty's investors supported the request of this resolution. Since this high vote, the company has not released any additional information on its use of concealment clauses, nor has it agreed to a conversation with the resolution's proponents.)	Withdrawn (The proposal was withdrawn following the managers' vote. The manager will review the proposal if it is tabled again at future AGMs, and continue to monitor the company's D&I disclosure and policies.)
	Klepierre (0.4%)	11/05/2023 : Opinion on Climate Ambitions and Objectives (Environmental)	For (N/a - The manager supported this item, given the company's sufficient disclosures and commitments. The company has committed to a net-zero carbon portfolio by	93% Support Proposal passed. (The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company

			2030 and its carbon reduction targets for Scopes 1 and 2 emissions, and Scope 3 for downstream leased assets was validated by the SBTi as aligned with a 1.5°C scenario.)	and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)
	Public Storage (3.1%)	02/05/2023 : Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement (Environmental)	For (No - A vote in favour is applied as the manager expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.)	35% Support Proposal did not pass. (The manager will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress. The manager will continue to assess companies' transition plans in line with their minimum expectations and assess their progress across E, S and G factors.)
Mercer Sustainable Global Equity Fund	American Water Works Co. Inc. (1.0%)	10/05/2023 : Shareholder Proposal Regarding Racial Equity Audit (Social)	Split - (No - For (2): Managers who voted FOR this proposal were supportive of the Company disclosing medium- and long-term GHG targets aligned with the Paris Agreement. Against (1): Managers who voted against felt this proposal did not merit support as the company's disclosure and/or practices pertaining to the item are already reasonable.)	39% Support Proposal did not pass. (This proposal was ultimately withdrawn ahead of the 2022 AGM, but was successfully tabled for the 2023 meeting, receiving a relatively strong support rate which managers expect the company will respond to.)
	Microsoft Corporation (4.0%)	07/12/2023 : Shareholder Proposal Regarding EEO Policy Risk Report (Social)	Against (N/a - One manager who voted against management's recommendation communicated their intentions to the company ahead of the vote. Managers voted against this proposal, as the company appears to be taking	1% Support Proposal did not pass. (None to report.)

		<p>appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint. In particular, one manager noted Microsoft includes “political affiliation” in its anti-discrimination policy and provides some information about policies and practices that it takes to ensure it does not discriminate against people based on personal characteristics and to foster a culture of merit-based promotion. There do not seem to be allegations of workforce discrimination. The company reports on its diversity and inclusion initiatives and has initiatives in place to increase diverse hiring. Microsoft prohibits discrimination based on protected class and seeks to promote a culture based on equal opportunity)</p>	
<p>Microsoft Corporation (4.0%)</p>	<p>07/12/2023: Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care (Social)</p>	<p>Against</p> <p>(No – The rationale for voting against the shareholder proposal to include travel and lodging reimbursements for abortion procedures is based on several factors. Firstly, the proposal is seen as undermining the company’s ESG efforts rather than strengthening them. Secondly, One of the manager does not agree with the argument that the proposal would meaningfully enhance shareholder understanding of equitable compensation or mitigate associated risks. The company’s existing disclosures, including their recent DEI report, already address pay equity and extend travel benefits to include medical services. Lastly, the compensation committee reviews these programs annually, ensuring their</p>	<p>1% Support Proposal did not pass. (None to report.)</p>

		<p>effectiveness. Therefore, a vote against the proposal was warranted to uphold sustainability progress, equitable compensation, and comprehensive disclosure practices.)</p> <p>Against (1):</p> <p>The manager who voted against this proposal noted Microsoft has made public commitments to manage human rights risks in line with best practices. The company discloses government and law enforcement requests for content removal and conducts Human Rights Impact Assessments in collaboration with stakeholders to identify risks. Microsoft also published a human rights report which includes information on risks and mitigating actions. The manager acknowledged there is an opportunity for Microsoft to consolidate and strengthen disclosures on specific processes aimed at mitigating country specific risks (through updates to its human rights report last published in 2021), however they ultimately felt current disclosures are adequate and a new report on data operations in human rights hotspots is redundant.)</p>	
Microsoft Corporation (4.0%)	07/12/2023 : Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Social)	<p>Split -</p> <p>(One manager who voted against management's recommendation communicated their intentions to the company ahead of the vote. - For (2): Managers who voted FOR this proposal agreed that disclosure of how the company is protecting its retirement plan beneficiaries with longer time horizons from systemic climate risk in the company's default retirement groups would be</p>	<p>9% Support</p> <p>Proposal did not pass.</p> <p>(One manager who voted for the proposal confirmed they intend to watch the success rates of these types of proposals across the landscape to see if they gain momentum. In addition, one manager who voted against noted the intend to continue engaging with the company on this issue as the manager believes it presents material risk to the</p>

			beneficial Against (2): Managers who voted against this proposal did so as the company's retirement plan is managed by a management-level committee and employees who are looking for more climate-risk-free investments are offered a self-directed option.)	company, especially as it expands in data center capabilities.)
	Schneider Electric SE (1.3%)	04/05/2023 : Opinion on Climate Strategy Strategy (Environmental)	For (N/a - Managers voted to approve the company's climate strategy, however it was noted that there was room for improvement, particularly with regards to the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.)	96% Support Proposal passed. (Managers will monitor the company's progress and review any updates to its strategy as they become available.)
MGI Eurozone Equity Fund	BP plc (0.3%)	27/04/2023 : Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions (Environmental)	Against (N/a - Given the Company's existing targets and disclosures, as well as the complexity and uncertainty in setting these targets, managers did not support this proposal.)	16% Support Proposal did not pass. (Concerns with the Company's 2030 targets being reduced in the months leading up to the AGM were noted, particularly following 85% support from shareholders in 2022 when they were asked to approve the company's former targets. This alone didn't warrant a vote in favour, given the belief that the Company should not be required to adhere to a strategy that the board no longer believes is in the best interests of shareholders as a result of changes in the market or in demand.)
	Engie (0.3%)	26/04/2023 : Shareholder Proposal Regarding Annual Say on Climate and Climate	For (No - The manager voted for the proposed amendments as they would favor additional information of shareholders without	21% Support Proposal did not pass. (None to report)

	Disclosure (Environmental)	infringing on the Board's prerogatives. Despite this, the manager noted concerns raised by investors regarding the debate surrounding the use of a bylaw amendment to support the requested additional disclosure and votes on the company's climate strategy.)	
TotalEnergies SE (1.1%)	26/05/2023 : Opinion on 2023 Sustainability and Climate Progress Report (Environmental)	For (N/a - Managers supported this proposal, noting the company had made sufficient progress over the year and were responsive to engagement efforts from investors. While they felt there was still room for improvements in some areas, they were satisfied that the company committed to reduce by 30 percent scope 3 GHG emissions from oil production by 2030 and committed to disclose absolute targets for GHG emissions covering all activities as well as further information regarding their environmental impact.)	86% Support Proposal passed. (Managers are continuing to monitor the company against its recent commitments.)
TotalEnergies SE (1.1%)	26/05/2023 : Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement (Environmental)	Split - (No - For (1): The manager who voted FOR this proposal noted its adoption would help to strengthen the company's efforts to reduce its carbon footprint and align its Scope 3 emission targets with Paris Agreement goals and would allow investors to better understand how the company is managing both its transition to a low carbon economy and its climate change-related risks. Against (1): The manager that voted against felt this proposal did not merit support as they were satisfied with the existing progress and	29% Support Proposal did not pass. (None to report)

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