Engagement Policy Implementation Statement for the Year Ended 31 March 2025
Airtechnology Group Pension Plan ("the Plan")

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as 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 Plan's investments throughout the one-year period ending 31 March 2025 (the "Plan Year"). The Trustee's policies are outlined in their Statement of Investment Principles (SIP). A copy of the Trustee's SIP is available on request.

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 has appointed Mercer Limited (Mercer) as the discretionary investment manager and the Plan's assets are invested in a diverse range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE)

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

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.

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 Plan Year.

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

2. TRUSTEE'S POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustee's ESG policy is outlined in Section 8 of the Plan's SIP.

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.

How the Policy has been implemented over the Plan 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**
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.	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.	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

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 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

• Investing to solve long-term systemic issues may provide opportunities to improve risk-adjusted returns.

• Effective stewardship can improve investment outcomes.

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

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

As of 31 March 2025, Mercer's in-scope portfolios are on track to meet their long-term net zero portfolio carbon emissions reduction targets, with

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.

of the 12 principles, which is seen to represent best practice in stewardship.

an average of -53% since baseline. (Data Source: MSCI Barra)



Approach to Exclusions

Mercer and MGIE's preference are to emphasise integration and stewardship approaches, however, in a limited number of instances, exclusions of certain investments may be necessary based on Mercer's Investment Exclusions or Sensitive Topics Frameworks. Controversial weapons and civilian firearms are excluded from all multi-client equity and fixed income funds. In addition, tobacco companies and nuclear weapons are excluded from active equity and fixed income funds. Some funds have additional exclusions as outlined in their relevant product disclosures available on Mercer's dedicated website.

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



Sustainability-themed investments

An allocation to MGIE's Mercer Passive Sustainable Global Equity UCITS CCF is included within the Plan's portfolio of Growth assets, with the allocation accounting for 8.5% of the Growth Portfolio.



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.

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 SCHEME INVESTMENTS

The Trustee's policy is as follows:

- Delegation of Investment Management: The Trustee delegates responsibility for the discretionary investment management of Plan assets to Mercer. The Plan'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 activities: 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: Voting rights that apply to the underlying investments attached to the Mercer Funds are delegated to the third-party investment managers appointed by MGIE. MGIE accepts that these managers are typically best placed to exercise voting rights

and prioritise particular engagement topics, given their detailed knowledge of the governance and operations of the investee companies. However, Mercer plays a pivotal role in monitoring the stewardship activities of those managers and promoting more effective stewardship practices, including attention to more strategic themes and topics.

- Proxy Voting Responsibility: Proxy voting responsibility is given to listed equity investment managers with the expectation that all shares are voted[(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 Plan's assets are invested in is provided for the year ending 31 March 2025. This may include information in relation to funds that the Plan'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%
Mercer Passive Global Equity CCF	19,974	17,412	76%	11%	0%	13%	0%	82%	18%	1422	70%
Mercer Passive Emerging Markets Equity Fund	21,886	20,352	75%	18%	3%	4%	0%	80%	20%	2545	50%
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%

(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 Global Equity CCF	Apple Inc (5.0%)	25/5/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	Against (N/A - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)	2.3% Support. Proposal did not pass. (Manager will continue to develop its Global Proxy Voting Guidelines and exercise voting rights to reduce portfolio risk and promote sustainable long-term outcomes, despite the contentious nature of DEI this proxy season.)
	Microsoft Corporation (4.4%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	For (No - A vote FOR this proposal is warranted, as shareholders would benefit from additional disclosure related to the potential risks associated with the use of the company's artificial intelligence and machine learning tools for new oil and gas development and production.)	9.7% Support. Proposal did not pass. (Manager engages with Microsoft on the topic of Net Zero, deployment of advanced technology for the fossil fuel industry exposes it to material reputational, competitive, and operational risk. Manager intends to continue to monitor the company's progress on the topic or any potential amendments.)
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)	Against (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.)	2.3% Support. Proposal did not pass. (Manager will continue to vote in line with their published policies and positions.)
	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)	Against (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.)	9.7% Support. Proposal did not pass. (N/A.)

Note – These fund, namely the **Mercer Passive Global REITS UCITS CCF, Mercer Multi-Asset Credit Fund and Mercer Passive Emerging Markets Equity Fund** did 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.