

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

## Nutricia Limited Staff Pension Scheme (“the Scheme”)

### 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 Scheme's investments throughout the one-year period ending 5 April 2025 (the “Scheme Year”). The Trustee's policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in October 2024 to reflect the buy-in transaction. A copy of the Trustee's SIP is available [here](#).

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

The Trustee appointed Mercer Limited (Mercer) as the discretionary investment manager and the Scheme's assets were invested in a diverse range of specialised pooled funds (known as the Mercer Funds). The management of each of the Mercer Fund's assets was carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE). In May 2024, the Trustee disinvested all of the assets held with Mercer and with additional support from the Company, completed a “buy-in” transaction with Just Retirement Limited (“Just”) via a bulk purchase annuity policy (the “policy”).

As a result of this transaction, Mercer did not have discretion over the Scheme assets after May 2024. The Trustee has implicitly delegated consideration of ESG issues, engagement and stewardship obligations to Just in relation to the Scheme's DB assets via a bulk annuity contract. The annuity contract makes contractual payments to the Scheme dependent only on the benefits payable under the contract. The Trustee has minimal direct exposure to risks arising from long-term sustainability issues, including climate change. They are however satisfied that Just apply due consideration to ESG issues in the investment of assets underlying the contract

Up until the buy in transaction, the relevant Mercer affiliate was 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 Scheme Year.

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

**Considering the analysis presented in Sections 2 to 3, the Trustee believes that their policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Scheme 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 6 of the Scheme's SIP.

The Trustee recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. However, given the Scheme's assets are now fully invested in the annuities policies, there is limited scope to apply these principles. Furthermore, as the Trustee's objective is to wind-up the Scheme, the timeframe for consideration of these factors is relatively short. In their assessment of bulk annuity providers the Trustee considered the provider's ESG and stewardship policies and are therefore comfortable that due consideration to these factors is given by Just and Legal & General.

## How the Policy has been implemented over the Scheme Year

Noting the short period during the Scheme year in which investments assets were held, 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

The Trustee considers how sustainability considerations including the climate transition and effective stewardship are integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers within the Mercer Funds, in their monitoring process. Mercer, and MGIE, provide reporting to the Trustee on a regular basis.

The Mercer [Sustainability Policy](#) is reviewed regularly, with updates in November 2024 including an update to Mercer's Investment Philosophy. Mercer also regularly reviews its approach to integrating climate considerations into its investment decision-making process as documented in its [Task Force on Climate Related Financial Disclosures \(TCFD\) report](#), updated in August 2024.

The Mercer [Stewardship Policy](#) is 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



### Climate Change Reporting and Carbon Foot printing

Mercer's global investment philosophy 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.

---

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

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

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



### Diversity

Mercer 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.

### 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 Scheme assets to Mercer. The Scheme's assets, until the buy-in transaction, were 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<sup>(2)</sup> in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Mercer and MGIE carefully evaluates each investment manager's stewardship capabilities (engagement and voting activities) as part of the selection process, ensuring alignment with Mercer's commitment to good governance and the integration of sustainability considerations. Managers are expected to take account of current best practice such as the UK Stewardship Code, to which Mercer is a signatory. As such the Trustee does not use the direct services of a proxy voter.

During the Scheme year, none of the assets held by the Scheme had voting rights and given the short period from the start of the Scheme year until the buy-in transaction there are no engagement examples to be shared.