

Engagement Policy Implementation Statement for the Year Ended 31 March 2026

Aesculap 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 31 March 2026 (the “Scheme Year”). The Trustees policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in April 2024. A copy of the Trustees' 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 Trustees have appointed Mercer Limited (Mercer) as the discretionary investment manager and the Scheme 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 or for direct management where applicable, 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](#) outlines Mercer's investment philosophy and approach to managing sustainability risks and opportunities. The [Stewardship Policy](#) provides further details on Mercer's stewardship practices.

Mercer's triennial Client Engagement Survey seeks to incorporate the Trustees perspectives by assessing the alignment between Mercer's engagement priorities and those of the Trustees. The most recent survey, conducted in 2023, identified key focus areas important to the Trustees. The Trustees also regularly review Mercer's reports on stewardship activities, including engagement and voting, to ensure these align with their own expectations.

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 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 policy is outlined in Section 9 of the Scheme's SIP.

The Trustees regularly review Stewardship and Sustainability policies as 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. 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 Scheme Year

The following work was undertaken during the year relating to the Trustees policy on sustainability integration, including the climate transition and effective stewardship.

 Policy Updates	 Climate Change Reporting and Carbon Foot printing	 Mercer ESG Framework
The Trustees review 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 and Stewardship Policy are reviewed by Mercer. The policies now include nature and biodiversity as key themes and include expanded details on 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. 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. Mercer is a member of the TNFD working group and a founding signatory of Nature Action 100. 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.	Mercer's global investment philosophy, which the Trustees have 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, a widely recognised systemic risk. Mercer considers the transition to a low carbon economy, and the physical damages associated with global temperature increases, through its Climate Transition (ACT) framework. This framework assesses portfolio alignment with low-carbon goals and monitors various 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 has set a target to reduce portfolio carbon intensity by 45% from 2019 levels and is on track to meet this goal. Mercer's climate risk management 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 2026, Mercer's in-scope portfolios are on track to meet their long-term net zero portfolio carbon emissions reduction targets, with an average of -58% since baseline. (Data Source: MSCI Barra)	Mercer's new ESG relevance highlights to what degree ESG factors have the potential to influence Mercer's view of strategies in that asset class, based on the typical impact of ESG Factors on the underlying securities as well as risk return drivers in a portfolio. Each relevant strategy has a binary ESG Indication. A strategy is considered Integrated if Mercer believes there is consistency and repeatability in the manager's approach to identifying and assessing material financial ESG risks into their due diligence and investment decisions. Stewardship continues to form an important part of Mercer's ESG framework, applied during the manager research process. From Q2 2025 onwards this new integration framework is included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees.



Approach to Exclusions

Mercer and MGIE prioritize integration and stewardship but may exclude certain investments based on Mercer's Exclusions Frameworks. Controversial weapons and civilian firearms are excluded from all multi-client funds, while tobacco and nuclear weapons are excluded from active equity and fixed income funds. Additional exclusions are detailed in fund disclosures on Mercer's [website](#).

In addition, Mercer and MGIE monitor 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 Trustees Believe that diverse teams enhance decision-making. As a result, they have implemented several measures to promote diversity within Mercer's portfolio management team, 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, which are investor-led initiatives focused on increasing gender diversity on corporate boards and in senior leadership roles.

While Mercer considers various forms of diversity in decision-making, it currently reports specifically on gender diversity.



Sustainability-themed investments

An allocation to Sustainable Equities is included within the Multi Asset Solution Fund, which wholly comprises the growth portfolio. This allocation accounts for c.8.5% of the Fund as at the Scheme's year-end.



Engagement

Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustees. The 2025 Sustainability & Stewardship Report captures Mercer's stewardship approach, activities and outcomes over the calendar year 2024 and is designed to address the 12 principles of the 2020 UK Stewardship Code for investment managers.

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 and a distinct Highlights report.

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 responsibility for the discretionary investment management of Scheme assets to Mercer. The Scheme 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 Trustees to fulfil their obligation 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 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 voted¹ in a timely manner and in a manner deemed most likely to protect and enhance long-term value.
- Mercer and MGIE carefully evaluate 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 Trustees do not use the direct services of a proxy voter.

A summary of the voting activity for a range of Mercer Funds in which the Scheme assets are invested in is provided for the year ending 31 March 2026. 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.

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 Solution Fund ⁽¹⁾	13,445	12,319	75%	17%	3%	5%	0%	81%	19%	1374	55%
Mercer Passive Global Equity CCF	19,611	17,147	72%	15%	0%	12%	0%	81%	19%	1,338	72%
Mercer Passive Emerging Markets Equity Fund	21,902	20,520	72%	21%	3%	3%	0%	76%	24%	2,395	57%
Mercer Passive Global REITS UCITS CCF	2,978	2,874	76%	21%	0%	3%	0%	76%	24%	314	63%
Mercer Passive Sustainable Global Equity UCITS CCF	15,945	15,566	77%	21%	1%	2%	0%	77%	23%	1,104	76%

(1) 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 Trustees have 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.

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	Microsoft Corporation (4.3%)	05/12/2025: Shareholder Proposal Regarding Report on AI Human Rights Due Diligence (Social)	Manager Vote Decision: For (Intention to vote against management communicated: No) Rationale: The recent controversy related to the misuse of the company's Azure technology — which Microsoft identified only after external reporting and public scrutiny — raises questions about the effectiveness of its HRDD processes and exposes the company to legal, reputational, operational and financial risks. The company and its shareholders would benefit from a report assessing the effectiveness of Microsoft's human rights due diligence processes in preventing, identifying, and addressing customer misuse of its artificial intelligence and cloud products or services.	Proposal did not pass (25.8% Support) Next steps to report — The manager is currently engaging with the company through our service provider, Sustainalytics, on two key topics: Net Zero and Sustainability & Good Governance. As part of the Sustainability and Good Governance engagement, the manager has the opportunity to discuss matters related to artificial intelligence with the company. The manager will continue engaging with the company, monitor its progress towards the preset objectives, and raise any potential concerns during our engagement calls
	Microsoft Corporation (4.3%)	05/12/2025: Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environment)	Manager Vote Decision: For (Intention to vote against management communicated: No) Rationale: Though the company has set goals and made progress regarding its own emissions, shareholders would benefit from transparency regarding how the company is assessing and managing risks related to the usage of its advanced artificial intelligence and machine learning tools in other industries like oil and gas development, as these risks could carry further implications for the company in the long term.	Proposal did not pass (8.6% Support) Next steps to report — The manager is currently engaging with the company through our service provider, Sustainalytics, on two key topics: Net Zero and Sustainability & Good Governance. As part of the Sustainability and Good Governance engagement, the manager has the opportunity to discuss matters related to artificial intelligence with the company. The manager will continue engaging with the company, monitor its progress towards the preset objectives, and raise any potential concerns during our engagement calls
Mercer Passive Sustainable Global Equity UCITS CCF	Microsoft Corporation (5.8%)	05/12/2025: Shareholder Proposal Regarding Report on AI Human Rights Due Diligence (Social)	Manager Vote Decision: Against (Intention to vote against management communicated: N/A) Rationale: A vote AGAINST is applied as the resolution is too narrowly focused on Conflict-Affected and High-Risk Areas (CAHRAs), and the manager believes the company has taken corrective actions following an independent investigation, in line with their expectation. Following engagement with the company, the manager is encouraged by the steps taken to mitigate the identified risks and would encourage the company to disclose the details of the changes made in response to the incident to prevent similar issues in the future.	Proposal did not pass (25.8% Support) Next steps to report — Following the incident with Israeli Ministry of Defense, the company acknowledged limitations, including lack of visibility into how customers use software on self-managed servers. The manager will consider these examples when updating their AI governance and human rights considerations for the tech sector.
		05/12/2025: Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	Manager Vote Decision: Against (Intention to vote against management communicated: N/A) Rationale: A vote AGAINST this resolution is applied. 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.	Proposal did not pass (8.6% Support) Next steps to report — (N/A)

Note – These funds, namely the **Mercer Passive Global REITS UCITS CCF**, **Mercer Passive Emerging Markets Equity Fund**, and **Mercer Multi-Asset Solution Fund** do not have any votes

deemed to be significant based on our definition of significant votes. Our definition specifically focuses on Mercer's Global Engagement Priority Themes.