Mercer

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2025

Stewardship Policy

Mercer Investment Solutions

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Introduction and Policy Scope

Mercer Investment Solutions ("Mercer IS") [1] is a leading provider of investment solutions catering to a diverse range of institutional investors including pension funds, insurance companies, endowments, foundations, and other investors.

We support our clients in setting, implementing and monitoring their investment strategies through our investment solutions to meet their goals and fiduciary responsibilities. Stewardship plays an important role in this.

Mercer IS does not typically select securities; instead, it selects specialist third party investment managers to implement day-to-day investment management tasks. These specialist third party investment managers manage strategies tailored to meet Mercer IS's specific policy requirements which are combined in Mercer Funds, and for certain clients, these funds are combined into portfolios.

Mercer IS's investment philosophy emphasizes the importance of strong governance and effective stewardship as it believes stewardship plays a crucial role in improving investment outcomes.

Consistent with our investment model, we believe our investment managers are typically best placed to prioritise stewardship considerations across the strategies they manage on our behalf. This includes exercising voting rights and engaging with underlying issuers, given they are expected to have detailed knowledge of the practices of the issuers they invest in. However, we recognise the pivotal role Mercer IS has in monitoring their stewardship activities and promoting more effective stewardship practices, including ensuring attention is given to more strategic themes and topics.

Mercer IS aims to actively monitor investment managers and their stewardship activities, consistent with this policy; however, application may vary depending on the degree of discretion available.[2]

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[1] This policy applies to Mercer Global Investments Europe Limited ("MGIE") in its capacity as investment manager of the Irish domiciled funds for which Mercer Global Investments Management Limited ("MGIM") acts as management company and reference to Mercer IS throughout should be interpreted to cover these entities.

[2] Our investment arrangements are a combination of segregated mandates with investment managers and investments in pooled vehicles. For the majority of clients, these segregated and pooled arrangements are combined into Mercer funds and for certain clients, these funds are combined into portfolios. Policy application may vary depending on the degree of discretion available in the arrangements, which is expected to be higher in segregated mandates or funds invested in by multiple clients (i.e. multi-client funds) relative to pooled vehicles or funds managed for the sole use of a single client (i.e. bespoke funds) and the degree of relevance given to the asset class.

Under the investment arrangements, clients accept that they may not have the ability to directly influence the approach taken by managers to integrate sustainability and stewardship considerations. For many clients, how sustainability and stewardship considerations are integrated across the investment process, are generally discussed at least annually, or more frequently. These client interactions also provide an opportunity to gather feedback from clients on their needs and expectations. This supports us in developing our processes and solutions in a way that best meets the needs of our clients and helps us to innovate and drive new ideas.

We support industry standards of good governance and stewardship, such as the UK Stewardship Code 2020 and renewed our signatory status in 2025. Our latest Sustainability & Stewardship Report outlines how Mercer IS fulfills its obligations under the EU Shareholder Rights Directive (SRD II) and details how Mercer IS applies the 12 Principles of the UK Stewardship Code, which encompass our purpose and governance, investment approach, engagement, and how we exercise rights and responsibilities.

This Stewardship Policy ("policy") aligns with our Sustainability Policy, which sets out the key principles and guidelines used by Mercer IS to consider and respond to sustainability risks and opportunities in its investment processes and decision-making. The purpose of this policy is to further set out the key principles underpinning Mercer IS's approach to embedding effective stewardship in its investment process, including in manager selection, monitoring and reporting.

Approach to Stewardship

Our stewardship activities are informed by **Mercer's Investment Philosophy,** which serves as the foundation of our approach to help drive client success.

Client objectives
- **Aligning governance processes is essential for driving investment performance.**
- Investment success hinges on clearly defined investment goals.
- An investor's true risk lies in not being able to meet their primary objective.

Strong governance
- **Effective stewardship plays a crucial role in improving investment outcomes.**
- Robust and high-quality governance processes are fundamental to achieving successful investment outcomes.
- Strong governance becomes even more essential during periods of stress.
- Establishing clear accountability for results promotes disciplined decision-making and risk-taking.

Rewarded risk
- **Integrating financially material sustainability transition and socio-economic risks into investment decision-making can potentially enhance portfolio resilience.**
- Asset allocation is the most important factor influencing risk and return outcomes
- While risk and return are related, the relationship can vary over time.
- Understanding how risks interact is critical to making informed investment choices.
- Investors should focus on the risks that matter most to their specific circumstances.

Maximize value
- **Investing to solve long-term systemic issues may provide opportunities to improve risk-adjusted returns.**
- Strategic asset allocation serves as the primary driver of value creation.
- Active management can be employed when the expected return benefits justify the associated risks and fees.
- For long-term investors, private markets can offer certain advantages over public markets.
- Dynamic asset allocation can add value to investment strategies.

The following areas are covered:

Client objectives – Aligning governance processes is essential for driving investment performance.

Aligned governance processes drive investment performance. Particularly in times of crisis, strong governance becomes even more crucial. Investors should regularly review their beliefs, objectives and risk tolerance, considering different timeframes to ensure alignment with their goals.

Strong governance – Effective stewardship plays a crucial role in improving investment outcomes.

Effective stewardship and engagement with companies, policymakers and stakeholders plays an important role in value creation through the deployment of investor rights and influence. Clear stewardship objectives, meaningful escalation mechanisms in response to unsuccessful engagements, and the feedback loop between stewardship activities and portfolio positioning (including, in some cases, exclusions) are all key to effective stewardship. Stewardship, which involves using voting rights and engaging with companies, can be enhanced through industry-based collaborative initiatives that promote the sharing of public information among investors. This sharing of information helps support each investor in making well-informed decisions.

Rewarded risk – Integrating financially material sustainability transition and socio-economic risks into investment decision-making can potentially enhance portfolio resilience.

Considering the risks associated with climate transition, natural resource challenges, and socio-economic developments as part of an investor's risk management process can assist in positioning their portfolio across time horizons. This proactive approach enables investors to adapt to potentially changing market dynamics as a result of these trends.

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

Market inefficiencies in pricing transition risks, as well as the development of new technology and solutions to sustainability challenges across developed and emerging markets, can create opportunities for investors to capitalise on the transition to a net-zero carbon, nature-positive and more equitable world.

Our investment philosophy, coupled with clearly defined processes, ensures stewardship considerations are embedded across our investment solutions and services.

Mercer IS considers ESG issues in our investment due diligence process where relevant, through assessing ESG relevance and ESG integration indicators, a strategy level sustainability dashboard and a manager level stewardship overview. The ESG integration indicator highlights whether financially material ESG considerations are integrated into decision making while the ESG relevance indicator describes how relevant ESG considerations are to the asset class. The sustainability dashboard covers sustainability-related metrics while the manager level stewardship overview covers categories such as policies & commitment, governance & resources, engagement process, monitoring outcomes, and collaboration.

Mercer Investment Solutions Stewardship Priorities

In line with our investment philosophy, stewardship activities should focus on financially material risks, including sustainability-related risks with the aim of enhancing portfolio resilience and improving financial and sustainability outcomes. While we believe that our investment managers are best placed to identify the investment and sustainability-related risks most relevant to the issuers in which they invest, we believe there are a number of systemic issues that most issuers are likely to be exposed to. As such, our stewardship efforts, include a focus on the below key sustainability issues.

Environmental	
Climate change Climate-related financial impacts are driven by the associated transition to a low-carbon economy and the physical damages of different climate outcomes – a well below 2°C scenario is both an imperative and an opportunity. in hand.	**Biodiversity & natural capital** Destruction of biodiversity and the environment is a risk to all businesses, as our economies are highly dependent on nature. There are direct links between the environment and financial markets that relate to the interrelationship between nature and climate change. Particularly, addressing nature loss and achieving net zero climate objectives go hand
Social	**Governance**
Human rights & labour practices Workforce and supply chain safety and human rights practices should avoid contributing to modern slavery, exploitation and other human rights abuses as these can contribute to economic instability, the threat of social tension and subsequent political instability; and negatively impact beneficiaries for economic and health reasons	**Diversity, Equity and Inclusions (DEI)** Including cognitive and identity diversity in decision-making processes is expected to create better outcomes and solutions.

Engagement

Engaging with appointed managers

A core component of our stewardship approach centres on engagements with our investment managers.

Mercer's annual Sustainability & Stewardship survey

Our annual survey, along with insights shared through reporting from and meetings with investment managers, is used to support the assessment of managers' stewardship approaches. The survey gathers information from investment managers appointed in the Mercer Funds on their broad approach to stewardship, including policy commitments and involvement with collaborative initiatives, before requesting strategy level insights and examples of voting and engagement activities relating to underlying issuers with reference to Mercer IS's stewardship priorities.

The data collected through the survey provides an important source of information for monitoring investment managers' stewardship efforts and to further support engagements with them.

While we believe our investment managers are typically best placed to prioritise engaging with underlying issuers, given most managers are expected to have detailed knowledge of the practices of the issuers they invest in, we have developed a number of engagement frameworks to focus our engagements with investment managers on more systemic topics. These engagement frameworks further support Mercer IS's progress on various policy commitments.

Climate Engagement Framework

As climate is a specific stewardship priority, Mercer IS monitors and engages investment managers on their approach to considering climate within their investment process and across their engagement and voting activities with underlying issuers and other relevant stakeholders.

Mercer IS has also set itself a target to achieve net-zero absolute portfolio carbon emissions for its model discretionary portfolios and the majority of its multi-client, multi asset Funds by 2050[3] , and recognises that effective stewardship, through engagement and voting activities, is a valuable tool that can be used to support the decarbonisation of portfolios. Mercer IS has therefore developed a climate engagement framework to support the decarbonization of portfolios through seeking to identify priority companies for engagement based on a number of factors including contribution to overall portfolio emissions, transition alignment and public disclosure of decarbonisation targets. Engagement target lists are shared with investment managers holding these issuers, who are expected to engage with them on their decarbonisation plans and share progress with Mercer IS.

[3] Please refer to Mercer IS's Sustainability Policy for more detail on our approach to considering climate related risks and opportunities.

Mercer IS monitors and tracks the progress made by of prioritised companies, which supports ongoing engagements with investment managers. This framework is applied to the majority of equity and fixed income funds.

Nature Engagement Framework

As nature is a specific stewardship priority, Mercer IS monitors and engages investment managers on their approach to considering nature within their investment process and across their engagement and voting activities with underlying issuers and other relevant stakeholders.

To support our engagement efforts, Mercer IS has developed a nature engagement framework, which seeks to identify priority issuers for engagement by leveraging insights from industry bodies to identify companies that are likely to have a material influence on nature due to their activities and supply chains. Engagement target lists are shared with investment managers holding these issuers to understand their approach to assessing potential nature-related risks. Investment managers are expected to share insights with Mercer IS, to support ongoing engagements with investment managers. This framework is applied to the majority of equity and fixed income funds.

UN Global Compact Engagement Framework

Mercer screens and monitors listed portfolios for high-severity ESG-related incidences as flagged according to the UN Global Compact (“UNGC”) Principles that relate to human rights, labour, environment and corruption issues, as identified by our appointed external ESG research provider. In response to identified incidents, we will engage with investment managers holding prioritised issuers and seek their views on the risk, return, reputation and remediation implications as well as engagement insights on the issue. This framework is applied to the majority of equity and fixed income funds, and provides further guidance on escalation activities, which may result in exclusion.

Engaging directly with underlying securities

In certain circumstances, Mercer IS may engage directly with a company on a matter deemed significant. In most cases, however, engagements are through our investment managers, who are expected to engage on financially material risks, including sustainability risks with the aim of enhancing portfolio resilience and improving financial and sustainability outcomes. We believe engagements led by our investment managers are most likely to be more impactful, given their ability to leverage their ownership rights across their entire holding in a issuer, and not only those related to the assets managed on our behalf. Managers are expected to report on engagement activities and outcomes during our engagements with them, through their regular reporting and through their completion of the annual Sustainability and Stewardship survey.

Collaborative engagement

We and/or our underlying managers will seek to collaborate and engage with other shareholders, bondholders and other stakeholders, which may include industry associations, and with regulators and government authorities, where there may be an opportunity and ability to improve long-term investment outcomes and contribute to more sustainable and stable global financial markets. Any engagement or collaboration must be carried out in accordance with applicable law and regulation and our policy on conflicts of interest.

Mercer may also elect to participate, as appropriate, in collaborative industry engagement initiatives related to engagement priorities, or other topics that are considered aligned with the best interests of our clients. Below is a list of industry initiatives and frameworks that Mercer IS or Mercer Limited is a signatory to and /or active participant or supporter of, some of which may include cooperation with other stakeholders.

Sustainability	Climate Change	Nature and Biodiversity
Principles for Responsible Investment (PRI)	Institutional Investors Group on Climate Change (IIGCC)	Task Force on Nature-Related Financial Disclosures (TNFD)
Investment Consultants Sustainability Working Group (ICSWG)	Task Force on Climate Related Financial Disclosures (TCFD)	Nature Action 100
UK Sustainable Investment & Finance Association (UKSIF)	Climate Action 100+	
Global Impact Investing Network (GIIN)	Transition Pathway Initiative (TPI)	
30% Club – UK & Irish Chapters		
The UK Stewardship Code		
Irish Funds Industry Association		
Pensions for Purpose		

*Representation on collaborative initiatives is shared between various teams across the broader Mercer business

Voting

Vote execution

As a shareholder of publicly listed companies, Mercer IS has the right to vote at shareholder meetings and regards voting its shares as important.

As part of our investment model, responsibility for exercising our proxy voting rights is given to listed equity investment managers, and where practical, expect the listed equity investment managers to voteshares in a timely manner and in a manner deemed most likely to protect and enhance long-term value. Typically, an investment manager's capability in stewardship is evaluated as part of the investment manager selection process to seek alignment with Mercer IS's commitment to promote good governance and long-term value creation.

Mercer IS expects its listed equity investment managers to establish their own voting policy that sets out the principles and guidelines under which rights to vote are exercised.

Exercising a 'Priority Vote'

While proxy voting decisions are typically carried out by listed equity investment managers, Mercer IS retains the right to review investment manager vote intentions and rationale, and potentially align votes for our account in certain circumstances. There may be resolutions where votes are 'Mixed' or 'Spilt' if investment managers vote differently. In determining such votes, Mercer IS may consider its proxy advisor's recommendation, the view of its listed equity investment managers, particularly those which we believe to have a high level of engagement expertise, collaborative initiative research or the company's views. Mercer IS may also conduct its own research or engage with the relevant company to inform its decision.

Voting principles

When considering sustainability factors in voting activities, Mercer IS generally expects investment managers to seek to support resolutions that encourage transparency, accountability and alignment with shareholder interests and timeframes. As mentioned above, Mercer IS expects its listed equity investment managers to establish their own voting policy that sets out the principles and guidelines under which rights to vote are exercised, however does provide specific guidance on a number of specific topics aligned to its engagement priorities.

Climate voting principles

Mercer IS expects its investment managers to review the level of climate-related disclosures and commitments made by companies. Mercer IS expects managers to challenge the re-election of boards that have shown persistent inaction on climate change and/or climate-related disclosures and consider voting against the (re-) appointment of directors that are not supportive towards aligning their business with the climate transition.

Mercer IS further expects managers to consider voting in favour of any reasonable resolution that promotes increased climate change-related disclosures and mandates the setting of emission

reduction targets and reporting (such as disclosures in line with the recommendations of the Task Force on Climate-Related Financial Disclosures).

Diversity, Equity and Inclusion voting principles

Mercer IS believes that diverse teams lead to better decision-making and therefore expects its investment managers to consider including diversity considerations in its review of all board director (re-) appointment votes with the aim of strengthening the diversity on corporate boards.

Operational limitations for voting

Mercer IS expects its listed equity investment managers to vote all listed shares on a best endeavours basis. However, there may be circumstances where investment managers may be unable to participate in a vote. Mercer IS seeks to reduce the extent of such voting exceptions through monitoring activities and engagement with managers on their voting practices. There may also be circumstances where the investment manager decides that abstaining from a vote may be in the best interests of investors.

Types of voting exception scenarios are explained below:

Conflicts of interest: We assess whether appointed managers have policies and procedures that manage conflicts in relation to stewardship. Managers are required to report on any conflicts of interest and demonstrate that they have adhered to their policies and reported any breaches.

Power of attorney (PoA) markets: There are some international markets where voting may only be carried out by an individual attending the meeting. This usually needs to be carried out on Mercer IS's behalf by the custodian. The rules on PoAs vary by market, apply for different periods of time and have various cost implications.

We expect appointed managers to have PoAs in place for larger markets but accept that a cost/benefit view may be taken on smaller markets which employ this structure. As a consequence there may be some smaller markets where shares may not be voted.

Share-blocking markets: There are some markets that place regulatory barriers to voting, usually in the form of limitations on trading of shares if a vote is enacted. Our expectation is that managers will vote in these markets, but accept that voting may be limited or not possible.

Securities lending: Mercer IS participates in a securities lending program for the benefit of investors. Our securities lending program is managed and implemented by an external Securities Lending Agent (SLA) which has established processes to recall shares on loan for voting purposes ahead of an AGM which we expect will not affect our objective to vote on all shares.

Securities lending collateral: Mercer IS's securities lending program is a fully- collateralised program, managed and implemented by an external securities lending agent. Collateral posted by borrowers is held by Mercer's custodian or sub-agent in a segregated account. Mercer IS would not expect to take receipt of these securities or vote on them. Collateral is therefore not governed by this policy.

Pooled Vehicles: Mercer IS may have investments in pooled vehicles where the investment manager, rather than Mercer IS, has shareholder voting rights. While we may not be able to report on the voting activity of pooled vehicles we still expect the investment managers of these vehicles to exercise their voting rights.

Reporting and Disclosures

Mercer IS is committed to providing clear and transparent reporting on its stewardship activities.

On an annual basis, we publish our Sustainability & Stewardship Report, in line with the requirements of the EU Shareholder Rights Directive, which sets out how we implement our Stewardship Policy,. and address the 12 principles of the UK Stewardship Code.

More frequently, clients are provided with fund-specific information relating to the engagement and voting activities of the managers in the funds they invest in. This includes disclosure of significant votes, where the most significant votes are identified through considering the weight of holdings in each fund and Mercer IS's engagement priority themes.

In order to provide more information on how proxy votes are exercised within the Mercer Funds, Mercer IS has engaged the services of a third-party proxy advisor to facilitate the collation and reporting of proxy voting data which is publicly available via the Proxy Voting Search site.

Managing Conflicts of Interest

Mercer IS does not invest in issuers directly and as such this limits the potential for conflicts of interest in relation to stewardship.

All vote execution and issuer level engagement is typically carried out by investment managers, with Mercer IS monitoring the approach taken by investment managers to exercising voting rights and engaging with issuers and other stakeholders.

Mercer IS expects its investment managers to have policies and procedures in place designed to manage their own conflicts of interest in relation to stewardship. Investment managers are required to disclose any conflicts of interest relating to voting activity on a quarterly basis.

Potential conflicts that could arise include holdings in relation to Mercer IS's parent company stock, Marsh McLennan companies (MMC), however this is mitigated through the delegation of all vote execution and company-level engagement to appointed managers.

Our firm's conflicts of interest policy explains how we identify, prevent and manage actual or potential conflicts of interest, which may arise between our clients and ourselves, or between one client and another in circumstances where we are providing our products and services. For more detail please refer to our Conflicts of Interest policy.

Policy Governance

Key responsibilities for the implementation of this policy are set out in the table below.

Name of owner	Area of responsibility
Mercer Global Investments Europe Limited (MGIE) Board	Approve and oversee policy compliance.
Mercer Global Investment Management Limited (MGIM) Board	Approve and oversee policy compliance.
Chief Investment Officer (CIO) for MGIE	Approve policy and oversee policy implementation by Sustainable Investment Solutions and Investment Management teams.
Sustainable Investment Solutions and Investment Management teams	Policy development, implementation, monitoring and reporting.
Mercer Legal, Risk & Compliance team	Oversight of Policy governance

This Policy is a Tier 2 document[4], and as such must be reviewed at least every three years, or more frequently if required, to reflect any meaningful change to Mercer IS's stewardship approach or where required by relevant legislation or regulation. Any amendments must be approved by any one member of both the Sustainable Investment Solutions and the Investment Management team or the CIO.

Revision History

Version	Reason for amendment	Date
1	Engagement Policy first formalised in line with SRD II requirements.	Sep 2020
2	Annual update to reflect broader stewardship approach.	May 2022
3	Annual review, addition of climate engagement priorities, and climate and diversity, equity and inclusion voting expectations	Jan 2024
4	Annual review, additional detail on Mercer's Investment Philosophy, reference to Mercer's ESG ratings replaced with reference to ESG relevance and integration indicators, a sustainability dashboard and stewardship overviews, and the addition of a nature engagement framework.	May 2025

Availability of this Policy and Disclosure

The latest version of this Policy is publicly available here.

[4] As defined in the MGIE Documentation Framework

Important Notices

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Mercer Global Investments Management Limited ("MGIM") is regulated by the Central Bank of Ireland to act as an alternative investment fund manager ("AIFM") under Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and as a UCITS management company in accordance with Council Directive 2009/65/EC (as amended).

MGIM acts as AIFM and UCITS Management Company to a number of Irish domiciled AIFs and UCITS, collectively referred to the "Mercer Funds". MGIE has been appointed as Investment Manager to the Mercer Funds.

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