Engagement Policy Implementation Statement for the Year Ended 31 March 2025

Black & Veatch (UK) 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 31 March 2025 (the "Scheme Year"). The Trustee's policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in July 2024 in order to reflect changes to the investment strategy. 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 has 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)

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 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.

Section 4 provides detail on engagement activity undertaken by the Scheme’s third-party investment managers during the Scheme Year.

Considering the analysis presented in Sections 2 to 4, the Trustee believes that their policies with regard to engagement and the exercise of rights attached 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 08 of the Scheme’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 Scheme 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. 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	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. • 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 by 2030 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	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 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.

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.

latest Task Force on Climate Related Financial Disclosures Status **Report**.

Mercer's net-zero objective does not currently apply to the Scheme's funds. Due to Mercer's multi-manager set-up, committing to net zero at a building block fund level would involve every underlying manager also committing to net zero, which is something Mercer are currently working towards. From the Mercer Manager Engagement Survey, the majority of underlying managers have set, or are planning to set, strategy-level climate transition targets, and Mercer will be specifically engaging with the remainder to understand their rationale, with a view to encourage target setting where possible. In the meantime, Mercer are taking steps to reduce the carbon footprint of the underlying strategies of their funds on a relative to benchmark basis where possible.

Dalriada is committed to achieving net zero across pension schemes where it acts as sole trustee by 2040. Dalriada will engage with Mercer as required to understand how this can be delivered.

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

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.

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.

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 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 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 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 the Multi-Asset Credit in which the Scheme invests in is provided for the year ending 31 March 2025. 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%

(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 Trustee has based the definition of significant votes in line with the requirements of the Shareholder Rights Directive (SRD) II and on Mercer's Global Engagement Priorities. *Most* significant proposals reported would 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.

There have been no significant votes in relation to any of the funds in which the Scheme invested over the year to 31 March 2025.

4. EXAMPLES OF ENGAGEMENT ACTIVITY BY THE SCHEME'S THIRD PARTY INVESTMENT MANAGERS

The following are examples of engagement activity undertaken by the Scheme's investment managers.

Mercer Multi-Asset Credit Fund

Sub-investment managers are able to engage with the borrowers they lend money to. Mercer have collated some examples of engagement by the sub-investment managers, summarised below:

Category / Sector: Environmental, Communication services company

Issue: Climate change and mitigation

Engagement: The engagement aimed to encourage the company to set a science-based emissions reduction target as part of the CDP's Science-Based Targets (SBT) Campaign, a collaborative engagement bringing together a coalition of capital markets actors with an ask directed at high impact / high emitting companies to set a 1.5°C aligned science-based target. The manager selected companies from the CDP's targeted groups that are held in their portfolios. As part of this campaign, they co-endorsed letters, alongside other financial participants, backing the request to set science-based targets. By partnering with the CDP in this campaign, the manager and the engaged companies gained access to Science Based Targets initiative (SBTi) resources and guidance to help develop targets and commitments aligned with the best-available climate science.

Outcome: The success of this campaign is assessed by looking at how many of the targeted companies joined the SBTi during the time of the campaign, including committing to or setting science-based targets. The company responded by committing to setting science-based targets within the timeframe of the campaign. The manager recognises that this is an evolving process for issuers and can take time and resources to put validated decarbonisation targets in place. Therefore, the manager regards certain aspects of this overall engagement to be successful in that they worked to raise awareness for issuers around emissions target-setting and best climate practices and saw the company committing to setting a science-based target.

Category / Sector: Social, Financial services company

Issue: Human rights

Engagement: The engagement with the company was prompted by significant concerns over reported worker unrest and human rights violation claims at their Kenyan tea plantations in Q2 2023. These issues were highlighted in various media reports and investigative journalism, prompting the manager ESG diligence to understand the company's response and commitment to addressing these challenges. The manager has taken action by engaging with key stakeholders at the company and the sponsor through direct conversations. The manager sought clarification on their response to the allegations, including the implementation of remediation plans and improvements in corporate governance practices. Over the course of several months, the manager approach evolved from initial information gathering to more proactive engagement and pushing for change, including collaborative efforts with other lenders and stakeholders. Meetings and written communications were integral to understanding the company's policies, actions taken, and future commitments.

Outcome: Through the manager direct and collaborative engagements, they believe the company demonstrated a commitment to addressing the issues raised. They launched comprehensive investigations into the allegations, dismissed individuals involved in misconduct, and instituted robust policies to prevent future occurrences. This included enhanced training on sexual harassment prevention, gender equality initiatives, and the establishment of oversight committees for governance and compliance. These actions helped mitigate risks, in the manager view, while providing transparency and accountability, ultimately enhancing our confidence in their ESG framework. They believe the engagement has met their objectives and going forward, they will continue to monitor their progress and advocate for sustained improvements in line with international standards. Their confidence in their proactive approach has influenced our investment decisions positively, and we believe the risks are mitigated.

Mercer Tailored Credit Fund

Due to the nature of the assets within the Fund, voting detail is not available however, the sub-investment managers are able to engage with the borrowers they lend money to. Mercer have collated some examples of engagement by the sub-investment managers, summarised below:

Category / Sector: Social and Governance, Consumer discretionary company

Issue: Human rights; Diversity, equity and inclusion

Engagement: The manager has been engaging with the company since 2019 on a range of human capital management-related issues. The company receives a large number of shareholder proposals each year - in 2023, these covered a cross-section of ESG issues, although social issues continue to dominate. Given the size and influence of the company, and continued interest by stakeholders, the manager once again in 2023 and 2024 pre-declared their voting intentions for some of the proposals on their blog. Proposals that the manager supported included requests for a report on median and adjusted gender/racial pay gaps, a third-party assessment on the company's commitment to freedom of association and collective bargaining, and a third-party audit on working conditions. Levels of individuals typically engaged with include the Head of ESG and the Head of Investor Relations. In 2024, the manager met with them three times, in addition to email exchanges. Regarding their objective on extending the living wage to contractors and across supply chains, the company is one of the few companies in retail and technology that does pay the living wage in most (albeit not all) regions. In their engagement, the manager has discussed both levels of wages and the frequency with which they are updated. They have also discussed the company’s work with NGOs on pay and how they monitor their contractor pay, including benchmarking exercises. Regarding the manager's independence objective and the assessment based on tenure, their discussions with the company have focused on why the nomination & governance committee is structured differently from its other committees.

Outcome: The manager has seen some developments from Amazon, including the publication of policies and a 'Human Rights Impact Assessment' that identifies key areas for improvement. The company has also undertaken a racial equity audit, under pressure from shareholders and something the manager had asked for previously. Regarding their specific objectives, the manager would describe the company as "on track" to meet their living wage objective; they anticipate that the company's updated Sustainability Report in 2025 will enable them to assess progress on this objective. Regarding the independence of their nomination & governance committee, this objective has been raised with the company and is at an earlier stage of discussion. In terms of completion, the manager is mindful of the cycle of director (re-)elections in terms of affecting the completion of this objective. Having met with the company a number of times in 2024, the manager will continue to build on this relationship as they pursue the objectives outlined above. Regarding other issues at the company, including those related to social and environmental topics (including plastics usage), these will continue to feature in the manager's discussions with the company, although their core objectives remain as stated above.

Category / Sector: Environmental, Energy company
Issue: Climate change and mitigation

Engagement: Having voted against the company's Energy Transition Strategy in 2021, 2022, and 2023, the manager assessed the plan put forward in their 2024 AGM very carefully against their published expectations and in light of their frequent engagements with them. The manager has met with the company 11 times in 2024 alone to discuss their approach to the climate transition (with reference to their objectives, which set out where they believe the company is falling short). Levels of individuals typically engaged with include the Chair and the Head of Investor Relations. The manager acknowledges the substantive progress the company has made in respect of climate-related disclosure over recent years, and they view positively the commitments to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, and the company's pledge not to pursue frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and liquefied natural gas business this decade, The manager expects Shell to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. The manager therefore voted against the company's Energy Transition Strategy in their 2024 AGM.

Outcome: The manager's engagements with the company have continued since their AGM and, in summary, the manager will continue, through voting and ongoing engagement both as the manager and as part of the CA100+ group, to drive the company to strengthen key elements of disclosure and targets and to meet the strategic engagement objectives as set out above. The manager considers the objectives above to be in progress.