

Trustee's Implementation Statement for the Year Ended 31 March 2025

Scapa Group Limited Pension Scheme ("the Scheme")

1. INTRODUCTION

The Engagement Policy Implementation Statement (the "Statement") presents the Trustee's assessment of its adherence to its sustainability policy relating to the management of the Scheme's assets, specifically, its policies regarding engagement with the issuers of the assets it invests in and the exercise of rights (including voting rights) attaching to the Scheme's assets. This assessment relates to the one-year period ending 31 March 2025 (the "Scheme Year"). The Trustee's sustainability policies are outlined in its Statement of Investment Principles (SIP). A copy of the Trustee's SIP is available upon 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 Scheme's discretionary investment manager and the Scheme's assets under this arrangements are invested in a diversified range of specialised pooled funds (known as the "Mercer Funds"). These arrangements were in place for the year. Shortly after the year end, the Scheme completed a bulk annuity purchase and disinvested all assets held in the Mercer Funds.

Management of each of the Mercer Fund's assets is carried out by a Mercer affiliate, namely Mercer Global Investments Europe Limited (MGIE). MGIE 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 it does not have direct authority over the engagement policies of Mercer and the specialist third-party investment managers, or the voting policies of the third-party investment managers. The Trustee therefore bases its own policies on those of Mercer, policies which it expects to reflect best practice. Mercer's publicly available [Sustainability Policy](#) sets out the key principles and guidelines used by Mercer when considering and responding to sustainability risks and opportunities. It also sets out how Environmental, Social and Corporate Governance (ESG) factors are used in the investment decision-making process for the Mercer Funds. The Sustainability Policy also summarises Mercer's engagement and voting policies - Mercer's publicly available [Stewardship Policy](#) then provides further details on these policies.

The Trustee regularly review reports from Mercer regarding the engagement and voting activities conducted within the Mercer Funds to assess how its policies are being implemented in practice. The Trustee notes it can provide direct input in Mercer's sustainability policies by participating in Mercer's triennial Client Engagement Survey. This Survey aims to integrate Mercer clients' perspectives on specific sustainability themes by evaluating the alignment between Mercer's engagement priority areas and those of its clients.

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 SUSTAINABILITY ISSUES, INCLUDING CLIMATE CHANGE




Policy Summary

The Trustee's sustainability policy is outlined in Section 10 of the Scheme's SIP.

The Trustee regularly reviews Stewardship and Sustainability policies as noted above. If the Trustee believe 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 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: <ul style="list-style-type: none">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.



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 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 voted¹ 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.

Over the Scheme Year to 31 March 2025, the Scheme's assets were fully invested in UK government and investment grade bonds with no voting rights attaching to these investments.