Engagement Policy Implementation Statement for the Year Ended 5 April 2025

AVX 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 5 April 2025 (the “Scheme Year”). The Trustees' policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in September 2023 in order to reflect updates to the sustainability section. A copy of the Trustees' SIP is available on 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 Trustees have 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 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 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 Trustees perspectives on specific themes by evaluating the alignment between Mercer’s engagement priority areas and those of the Trustees. The last survey, undertaken in 2023, also highlights areas of focus that hold importance to the Trustees. The Trustees 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 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 Ratings
The Trustees regularly 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** is reviewed regularly, with updates in November 2024 including an update to Mercer's Investment Philosophy. Mercer also regularly reviews its	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.	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

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 of the 12 principles, which is seen to represent best practice in stewardship.

• 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 an average of -53% since baseline. (Data Source: MSCI Barra)

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 Trustees.

Approach to Exclusions	Diversity	Engagement
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. 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 and the Trustees believe 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 is an important aspect of Mercer's stewardship activities on behalf of the Trustees. 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 Trustees providing them with valuable information on the managers' stewardship activities and their alignment with Mercer's objectives.

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'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 Trustees 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 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 voted[(2)] 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 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's assets are invested 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 Global Small Cap Equity Fund	8,437	8,284	90%	8%	0%	2%	0%	92%	8%	730	38%
Mercer Low Volatility Equity Fund	7,287	7,068	89%	8%	0%	3%	0%	93%	7%	425	41%
Mercer Fundamental Indexation Global Equity CCF	2,714	2,647	85%	12%	0%	2%	0%	82%	18%	206	73%
Mercer Passive Global Equity CCF	19,974	17,412	76%	11%	0%	13%	0%	82%	18%	1422	70%
Mercer Passive Emerging Markets Equity Fund	21,886	20,352	75%	18%	3%	4%	0%	80%	20%	2545	50%

(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.

Where available, information on next steps and plans to escalate are included in the following table.

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 Fundamental Indexation Global Equity CCF	Apple Inc (7.1%)	25/2/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	Against (Yes - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)	2.3% Support Proposal did not pass. (The Manager will update its proxy voting guidelines, engage with companies on DEI initiatives, enhance its voting strategy, and communicate its commitment to responsible investing to promote sustainable long-term outcomes.)
	Meta Platforms Inc (3.6%)	29/5/2024 : Shareholder Proposal Regarding Report on Human Rights Risks in Non-U.S. Markets (Social)	For (No - A vote FOR this proposal is warranted as increased transparency and disclosure would allow shareholders to better evaluate the effectiveness of the company's	5.5% Support Proposal did not pass. (The Manager's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that

			efforts in managing human rights risks related to content moderation in its five largest non-U.S. markets.)	there is respect for, support and protection of fundamental human rights.)
	Meta Platforms Inc (3.6%)	29/5/2024 : Shareholder Proposal Regarding Human Rights Impact Assessment of AI Used in Targeted Advertising (Social)	For (No - A vote FOR this proposal is warranted, as an independent Human Rights Impact Assessment would help shareholders better assess Meta's management of risks related to its targeted advertising policies and practices.)	14.4% Support Proposal did not pass. (The Manager's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that there is respect for, support and protection of fundamental human rights.)
	Meta Platforms Inc (3.6%)	29/5/2024 : Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment (Environmental)	For (No - A vote FOR this proposal is warranted at this time. The request is not considered overly onerous or prescriptive, and shareholders would benefit from greater transparency of the company's direct and indirect climate lobbying, and how the company would plan to mitigate any risks that might be identified.)	8.2% Support Proposal did not pass. (Manager considers that it is inappropriate for corporate lobbying to be undertaken that works against the fundamental rights of shareholders and where the outcome of such lobbying would not be in the long-term interests of shareholders. Manager expects transparency of the use of shareholder funds for such activities and will generally support shareholder resolutions that seek greater disclosures in relation to corporate lobbying and political donations, and the related company policies which oversee such donations.)
	Alphabet Inc (5.2%)	07/06/2024 : Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (No - A vote AGAINST this resolution is warranted as the company's current policies, commitments, and disclosures provide sufficient information for investors to determine how the company mitigates any risks associated with its EEO Policy.)	0.2% Support Proposal did not pass. (Manager will generally vote in support of shareholder proposals that seek to promote an inclusive culture, including proposals requesting disclosure of: (i) diversity and inclusion policies; (ii) disclosure of CEO, gender, race and ethnic pay gaps and equity

				audits: and (iii) disclosure of policies related to anti-discrimination and anti-harassment. This list is not exhaustive)
	Alphabet Inc (5.2%)	07/06/2024 : Shareholder Proposal Regarding Human Rights Impact Assessment of AI-Driven Targeted Advertising (Social)	For (No - A vote FOR this proposal is warranted because an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.)	18.5% Support Proposal did not pass. (In general, Manager's approach to voting on issues related to human rights at investee companies will involve consideration of evidence that there is respect for, support and protection of fundamental human rights.)
Mercer Low Volatility Equity Fund	Alphabet Inc (3.8%)	07/06/2024 : Shareholder Proposal Regarding Human Rights Impact Assessment of AI-Driven Targeted Advertising (Social)	Mixed - For (3) and Against (1) (N/A - A vote FOR this proposal is warranted because an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices. (N/A - A vote Against this proposal appears unnecessary and too onerous for a complex issue such as AI driven ad targeting.)	18.5% Support Proposal did not pass. (For - N/A) (Against - While the manager monitors the voting outcomes, they use their own issuer-specific assessment to inform their engagement plan and strategy, and it is this assessment that determines their future steps.)
	Alphabet Inc (3.8%)	07/06/2024 : Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (N/A - A vote AGAINST this resolution is warranted as the company's current policies, commitments, and disclosures provide sufficient information for investors to determine how the company mitigates any risks associated with its EEO Policy.)	0.2% Support Proposal did not pass. (N/A)
	Microsoft Corporation (3.0%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	Against (No - A vote AGAINST this resolution is warranted. The company has set climate goals for its emissions, and it is not likely that the emissions of its customers are likely to pose significant risk to shareholders at this time.)	9.7% Support Proposal did not pass. (N/A)

	Visa Inc (2.3%)	28/1/2025 : Shareholder Proposal Regarding Report on Benefits and Health Program Gaps (Social)	Against (No - A vote AGAINST this resolution is warranted as the company appears to provide competitive health benefits, and there is no evidence that the company is offering health care in a discriminatory manner.)	0.8% Support Proposal did not pass. (None to report)
Mercer Passive Global Equity CCF	Apple Inc (5.0%)	25/5/2025 : Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies (Social)	Against (N/A - While the proponent argues that the company's diversity, equity, and inclusion (DEI) initiatives present litigation risks assessing disclosures it is evident that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts at the time of the AGM. Manager therefore did not support this proposal.)	2.3% Support Proposal did not pass. (Manager will continue to develop its Global Proxy Voting Guidelines and exercise voting rights to reduce portfolio risk and promote sustainable long-term outcomes, despite the contentious nature of DEI this proxy season.)
	Microsoft Corporation (4.4%)	10/12/2024 : Shareholder Proposal Regarding Report on Risks of Providing AI to Facilitate New Oil and Gas Development and Production (Environmental)	For (No - A vote FOR this proposal is warranted, as shareholders would benefit from additional disclosure related to the potential risks associated with the use of the company's artificial intelligence and machine learning tools for new oil and gas development and production.)	9.7% Support Proposal did not pass. (Manager engages with Microsoft on the topic of Net Zero, deployment of advanced technology for the fossil fuel industry exposes it to material reputational, competitive, and operational risk. Manager intends to continue to monitor the company's progress on the topic or any potential amendments.)

Note – These funds, namely the **Mercer Global Small Cap Equity Fund** and **MGI Passive Emerging Markets Equity 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.