

Sprint International (UK) Limited Retirement Benefits Plan

Annual Engagement Policy Implementation Statement

1. Introduction

This statement sets out how, and the extent to which, the Plan's Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustees has been followed during the year to 5 April 2023 (the "**Plan Year**"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

2. Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are as follows:

- To make sure that the Trustees can meet their obligations to the beneficiaries of the Plan; and
- To pay due regard to the Sponsoring Employer's interests on the size and incidence of employer contribution payments.

3. Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This was reviewed over the year to 5 April 2023. The Trustees keep the policies under regular review with the SIP reviewed at least triennially, the last review having taken place in September 2020.

The following sets out how the Trustees' engagement and voting policies were followed and implemented during the year.

4. Implementation of the Trustees' Engagement Policy

The Trustees' policy is to give the appointed investment managers full discretion when evaluating ESG issues, including climate change considerations, and in exercising voting

rights and stewardship obligations attached to the Plan's investments in accordance with their own corporate governance policies and current best practice.

The Trustees look to review and meet with each of their managers on a regular basis, at which point the Trustees may ask the investment managers to highlight key voting (where applicable) and engagement activity, and the impact on the portfolio.

Voting is relevant to the Plan's mandates that hold equity investments. During the year, this specifically related to the MGIE Passive Global Equity mandate that had a benchmark allocation of 15% of total Plan assets at year-end.

The following section sets out how the Trustees' engagement and voting policies were followed and implemented during the period.

Updated guidance was provided by the DWP in June 2022, which requires trustees to also define their key stewardship themes / priorities and to report on significant votes in the Engagement Policy Implementation Statement. As such the following section also includes a sample of the most significant votes cast on behalf of the Trustees.

The Trustees' key priority areas include, but are not limited to:

- **Environment matters** related to climate change risks (i.e. low-carbon transition and physical damages resilience);
- **Social matters** related to Human rights (i.e. modern slavery, pay and safety in workforce, supply chains and abuses in conflict zones);
- **Governance matters** relating to board make up including diversity, equity and inclusion (DEI) (i.e. inclusive and diverse decision making, lack of term limits and lack of chair independence).

Having reviewed the information provided by the managers, the Trustees are comfortable with the voting that has been completed on their behalf in relation to the Trustees' definition of a significant vote, and the managers' own definitions of a significant vote.

5. Implementation of the Trustees' Voting Policy and Key Voting Activity

The Trustees have delegated their voting rights to the investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis, and at least annually.

The Trustees do not use the direct services of a proxy voter.

Given the nature of the underlying assets, there was no voting activity undertaken within the following mandates during the year:

- LGIM LPI Property
- LGIM Global Buy & Maintain Credit
- LGIM Liability Driven Investments ("LDI")

Over the 12 month period to 31 March 2023 (the closest date to year-end with available data), the key voting activity on behalf of the Trustees was as follows:

MGIE Passive Global Equity

This manager does not vote directly on behalf of the Trustees; this is delegated to the sub investment manager, Irish Life Investment Managers Limited. The manager does however carefully evaluate the sub investment manager’s capabilities in ESG engagement and proxy voting as part of the investment manager selection process to ensure it is representing their commitment to good governance, sustainable investment and long-term value creation.

Key votes undertaken over the period are summarised below:

- There were 21,475 votable proposals over the year;
- MGIE participated in the vote for 98.1% of these. In around 91% of proposals voted on, the manager indicated their support to the companies’ management, while voting against around 9% of the proposals.

Outlined below are the votes that are considered to be the most “significant” according to the Trustees’ definition.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company	Alphabet Inc	Alphabet Inc	Alphabet Inc	Apple Inc	Microsoft Corporation
Date of Vote	01/06/2022	01/06/2022	01/06/2022	10/03/2023	13/12/2022
Why was vote considered significant	Related to human rights	Related to climate change	Related to climate change	Related to DEI	Related to DEI
Approximate size of holding at date of vote (as a % of portfolio)	3%	3%	3%	5%	4%
Summary of resolution	Shareholder proposal: Regarding Human Rights Impact Assessment Report	Shareholder proposal: Regarding Lobbying Activity Alignment with the Paris Agreement	Shareholder proposal: Regarding Report on Physical Risks of Climate Change	Shareholder proposal: Regarding Median Gender and Racial Pay Equity Report	Shareholder proposal: Regarding Report on Hiring Practices
How manager voted	For	For	For	For	For
Rationale for the voting decision	An independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of disinformation and misinformation.	The company and its shareholders are likely to benefit from a review of how the company's and its trade associations' lobbying positions align with Paris Agreement, in light of risks to the company caused by climate change and the company's public position.	Shareholders would benefit from increased disclosure regarding how the company is assessing and managing climate change risks.	Shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.	Additional information could help shareholders better understand how the company is assessing and managing the progress of its various diversity and inclusion initiatives.
Outcome of the vote	Fail	Fail	Fail	Fail	Fail

MGIE Multi-Asset Credit

The Multi-Asset Credit portfolio uses a fund-of-funds approach, and the services of a proxy voter may be used by the underlying managers within the mandate where they have a small exposure to equity. This could arise from workout situations or convertible holdings.

Given the relatively small size and frequency of these exposures, the manager does not currently have a framework for reporting on voting activity.

6. Key Engagement Activity

Both of the Plan's investment managers are signatories of the 2020 UK Stewardship Code.

The Plan's investment performance report is reviewed by the Trustees on a quarterly basis and includes ratings (both general and ESG specific) from the investment consultant. The Plan's managers remained highly rated during the period.

The Trustees' investment consultant has requested, on behalf of the Trustees, details of relevant engagement activity for the period from each of the Plan's investment managers.

The Plan's investment managers engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider climate change objectives for the economy (e.g. those linked to the Paris agreement). These engagement initiatives are driven mainly through regular engagement meetings with the companies that the investment managers invest in, or by voting on key climate-related resolutions at companies' Annual General Meetings ("AGMs").

In June 2022, the Trustees received a benchmarking report from the investment consultant on how the ESG credentials of the Plan's investment managers compared to other managers within the same asset class universe. These used the investment consultant's ESG ratings, which consider (amongst other factors) the approach to voting and engagement policy.

In September 2022, the investment consultant undertook analysis to benchmark the extent to which ESG factors are integrated into the investment decision-making process at the portfolio level. The Plan's RITE rating was B, compared against an average rating of B for schemes in a similar sector, and C+ for schemes of a similar size. This exercise put into context how far progressed the Trustees were in this area and through what actions they could go further, and is an exercise intended to be carried out annually to monitor progress. The RITE framework includes an assessment of the current approach to voting and engagement activity.

Responsible Investment Total Evaluation (RITE) assesses the extent to which schemes integrate ESG factors. Schemes are scored on a scale from 0-100, with those scores then mapped to a rating scale as set out below.

Rating	Score
A++	91%+
A+	76 – 90%
A	61 – 75%
B+	46 – 60%
B	31 – 45%
C+	16 – 30%
C	0 – 15%

Benchmarking analysis is carried out against schemes with a similar level of assets under management and by sector of the company/sponsoring employer. Any rating/score has been determined at the sole discretion of Mercer Limited, as professional adviser to the Plan. Mercer Limited does not accept any liability or responsibility to any third party in respect of these findings. RITE is an evaluation at a point in time, informed by Mercer's Sustainable Investment Pathway, more details on the Pathway can be found here: <https://www.mercer.com/solutions/investments/sustainable-investment/>.