

Engagement Policy Implementation Statement for the Year Ended 31 July 2024

Nike (UK) Limited Retirement Benefits 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 July 2024 (the “Scheme Year”). The Trustee's policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in January 2024 in order to reflect the Scheme's updated investment strategy. A copy of the Trustee's SIP is available on request and is pending upload online at

[https://assets.commerce.nikecloud.com/gethelp/nike+\(uk\)+benefits/nike+\(uk\)+limited+retirement+benefits+scheme.pdf](https://assets.commerce.nikecloud.com/gethelp/nike+(uk)+benefits/nike+(uk)+limited+retirement+benefits+scheme.pdf).

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) and Mercer Alternatives (Luxembourg) S.à r.l. for PIP V and PIP VI.

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 how it addresses sustainability risks and opportunities, incorporating Environmental, Social and Corporate Governance (ESG) factors into the decision making across process. The [Stewardship Policy](#) provides further details on Mercer's beliefs and implementation of stewardship practices.

Mercer's Client Engagement Survey aims to integrate the Trustee's perspectives on specific themes by evaluating the alignment between Mercer's engagement priority areas and those of the Trustee. Additionally, the survey highlights areas of focus that hold importance to the Trustee. The Trustee regularly reviews reports from Mercer regarding the 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's 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. TRUSTEES' POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustee's ESG beliefs are outlined in Section 9 of the Scheme's SIP.

The Trustee regularly reviews the 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 and 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 ESG factors, stewardship and climate change.

Policy Updates	Climate Change Reporting and Carbon Foot-printing	Mercer Ratings
<p>The Trustee regularly reviews how sustainability (including ESG factors), climate change and 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 Trustee on a regular basis.</p> <p>The Mercer Sustainability Policy is reviewed regularly. In August 2023 the governance section was updated, and the climate scenario modelling section is now detailed in the standalone Task</p>	<p>Mercer and the Trustee believe climate change poses a systemic risk. Mercer's global investment philosophy recognises that:</p> <ul style="list-style-type: none">• 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.	<p>Stewardship and active ownership form an important part of Mercer's ratings framework applied during the manager research process.</p> <p>Mercer's ratings include an assessment of the extent to which ESG factors are incorporated in a strategy's investment process as well as the manager's approach to stewardship.</p> <p>Across most asset classes, Mercer ratings are reviewed during quarterly monitoring by the portfolio management teams with a more comprehensive review performed annually. In</p>

Force on Climate Related Financial Disclosures (TCFD) report.

Similarly, the Mercer Stewardship Policy is 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 also 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 environmental, social, and governance (ESG) factors into investment practices.

The Financial Reporting Council confirmed in February 2024 that MGIE will remain a signatory to the UK Stewardship Code, based on its applications of the 12 principles, which represents best practice in stewardship.

- Effective stewardship can improve investment outcomes.

Mercer applies each of these three lenses when considering climate change. Climate change 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 via our climate scenarios analysis and Analytics for Climate Transition (ACT), which considers the alignment of portfolios to the low carbon transition.

Mercer has committed to 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 December 2023, Mercer's in-scope portfolios are on track to meet their long-term net zero portfolio carbon emissions reduction targets. There has been a notable 33% carbon intensity reduction over the 4 years since 2019 baseline levels for the Model Growth Portfolio used by most of Mercer's UK DB client base, bringing the 45% baseline-relative reduction by 2030 well within range.

these reviews, Mercer seek evidence of positive momentum on managers' ESG 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.

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 on the Mercer Investment Solutions Europe - Responsible Investment website.

In addition, Mercer and MGIE monitors for high-severity incidences of the UN Global Compact (UNGC) Principles that relate to human rights, labour, environmental and corruption issues.

Sustainability-themed investments

An allocation to MGIE's Sustainable Global Equities, Sustainable Listed Infrastructure and Mercer's Luxembourg domiciled Sustainable Opportunities funds (private markets) is included within the Scheme's portfolio of Growth assets, with the allocation accounting for c. 11.0% of the Growth Portfolio.

The actively managed Mercer Sustainable Global Equity Fund includes an impact investing strategy employing fundamental analysis to target companies that aim to achieve a positive Environmental and Social Impact. The strategy is diversified across multiple themes including health and sanitation, affordable housing, education and cyber security.

The annual Impact Report highlights the positive social and environmental impact generated by the Scheme's investments within the private markets Sustainable Opportunities solution.

Diversity

Mercer and the Trustee 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% Club is a business-led initiative that aims 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.

As at 31 December 2023 within the Mercer Active Fixed Income Funds, the average fund has 18% female Key Decisions Makers (KDM's) and within the Mercer Active Equity Funds, the average is 17%.

Engagement

Engagement is an important aspect of Mercer's stewardship activities on behalf of the Trustee. The 2023 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 Global Manager Engagement Survey on sustainability and stewardship topics. The survey was distributed to over 200 managers appointed by the Mercer Funds. The survey aims to gather 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 the 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 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:** In order 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 ultimately 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 invested 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 sub-investment manager's capability in ESG engagement and proxy voting 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

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.

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 a range of Mercer Funds in which the Scheme's assets are invested in is provided for the year ending 31 July 2024. This may include information in relation to funds that the Scheme's assets were no longer invested in at the year end. 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
MGI Eurozone Equity Fund	5,719	5,465	84%	12%	1%	4%	0%	87%	13%	302	56%
MGI UK Equity Fund	1,984	1,979	98%	2%	0%	0%	0%	98%	2%	92	30%
Mercer Multi-Asset Credit Fund ⁽¹⁾	40	27	68%	0%	5%	28%	0%	68%	33%	6	17%
MGI Emerging Markets Equity Fund	3,959	3,704	82%	12%	5%	1%	0%	85%	15%	382	47%
Mercer Global Small Cap Equity Fund	7,818	7,693	90%	8%	0%	1%	1%	92%	8%	682	40%
Mercer Low Volatility Equity Fund	7,478	7,227	88%	8%	0%	3%	1%	93%	7%	447	41%
Mercer Sustainable Global Equity Fund	6,269	6,184	87%	12%	1%	1%	1%	90%	10%	363	58%
Mercer Passive Global REITS UCITS CCF	3,042	2,935	78%	19%	0%	3%	0%	79%	21%	322	66%
Mercer China Equity Fund	4,829	4,643	84%	12%	2%	2%	0%	86%	14%	469	45%
Mercer Sustainable Listed Infrastructure UCITS CCF	1,359	1,157	81%	4%	1%	14%	0%	93%	7%	74	38%

⁽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 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 Global 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 Low Volatility Equity Fund	Alphabet Inc (3.8%)	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. (N/A - Manager does not receive voting outcomes and as such, does not do any post analysis of proxy voting.)
	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. (While Manager monitor the voting outcomes, manager uses our own issuer-specific assessment to inform our engagement plan and strategy, and it is this which determines our future steps.
	Microsoft Corporation (2.7%)	07/12/2023: Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (No - A vote AGAINST this proposal is warranted, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint)	1% Support Proposal did not pass. (N/A - Manager does not receive voting outcomes and as such, does not do any post analysis of proxy voting.)
	Microsoft Corporation (2.7%)	07/12/2023: Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)	Against (No - The board indicated that the proposal is based on a misunderstanding of its legal and fiduciary requirements and that the internal management investment committee already accounts for a variety of potentials risks, including those related to climate change and gives employees a wide range of investment options from which to choose. The board is not responsible for the management of the company's retirement plan options and the plan provides participants with diversified investment options.)	8.8% Support Proposal did not pass. (N/A)

	Microsoft Corporation (2.7%)	07/12/2023: Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care (Social)	Against (No - A vote AGAINST this proposal is warranted, as the company appears to provide sufficient information for investors to be able to determine how the company is managing pay equity and health and wellness benefits related risks.)	1% Support Proposal did not pass. N/A – Manager engages ISS as their proxy voting service provider and their U.S. benchmark proxy voting guidelines are used. Manager don't directly engage with company management.)
Mercer Sustainable Global Equity Fund	Microsoft Corporation (4.0%)	07/12/2023: Shareholder Proposal Regarding Equal Employment Opportunities (EEO) Policy Risk Report (Social)	Against (Yes - While manager is encouraged with the reports and the third party audits that have been completed. Managers continue to believe enhanced disclosure on this matter is beneficial.)	1% Support Proposal did not pass. (Manager will continue to monitor through engagement priorities.)
	Microsoft Corporation (4.0%)	07/12/2023: Shareholder Proposal Regarding Report on Median Compensation and Benefits Related to Reproductive and Gender Dysphoria Care (Social)	Against (N/A - Manager does not support shareholder proposals that clearly contravene sustainability progress. The proponent argues that by providing women employees travel and lodging reimbursements to receive abortion procedures the company is subsidizing women who opt to have abortions with a subsidy and disincentivizing those that opt to raise their children by providing no subsidy. We do not agree with this viewpoint and thus a vote against was warranted.)	1% Support Proposal did not pass. (Now that so-called "anti-ESG proposals have become increasingly prevalent, analyzing such proposals on a case-by-case basis, as is and has been our approach, is critical.)
	Microsoft Corporation (4.0%)	07/12/2023: Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options (Environmental)	For (Yes - Manager had agreed with the proponent that disclosure of how the company is protecting its retirement plan beneficiaries with longer time horizons from systemic climate risk in the company's default retirement groups would be beneficial.)	8.8% Support Proposal did not pass. (Manager plan to watch the success rates of these types of proposals across the landscape to see if the gain momentum.)
MGI UK Equity Fund	Shell Plc (5.1%)	21/5/2024: Shareholder Proposal Regarding Scope 3 GHG Target and Alignment with Paris Agreement (Environmental)	Against (No - In reviewing the resolution, manager did not believe the proposal was in our clients' best interest based on considerations related to the incremental value of the information or action requested by the proposal. Setting absolute Scope 3 reduction targets which limit production without limiting demand will effectively push production to other producers (often with worse environmental records.)	18.1% Support Proposal did not pass. (Manager engaged the CEO and the Chairman around the annual meeting and resolutions on the agenda and will continue to engage with the Company on environmental issues as well as other topics.)

Mercer Sustainable Listed Infrastructure UCITS CCF	NextEra Energy Inc (5.2%)	23/5/2024: Shareholder Proposal Regarding Lobbying Alignment with Climate Commitments (Environmental)	<p>For (N/A - Manager agree with Glass Lewis that the NextEra Energy's current disclosure concerning its lobbying alignment with climate considerations is reasonable.</p> <p>Manager do not believe that the proponent has demonstrated that the Company's management of this issue is deficient to the degree that warrants adoption of this proposal.)</p>	<p>32.1% Support Proposal did not pass. (Manager will continue to assess shareholder proposals of this type on their merits, with the aim of encouraging companies to provide appropriate levels of disclosure on matters relating to climate considerations and lobbying activity.)</p>
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Note – These funds, namely the **Mercer Global Small Cap Equity Fund, Mercer Passive Global REITS UCITS CCF, Mercer Passive Global Small Cap Equity UCITS CCF, and MGI Eurozone 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.