IMPLEMENTATION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2025 (forming part of the Trustee's Report)

Introduction

Under regulatory requirements covering occupational pension schemes, M.R.C. Pension Trust Limited (the 'Trustee'), on behalf of the MRC Pension Scheme (the 'Scheme'), is required to publish an annual Implementation Statement stating how the policy covered in the Statement of Investment Principles (the 'SIP') regarding the exercise of the rights (including voting rights) attaching to the investments and the undertaking of engagement activities in respect of the investments has been followed.

From 1 October 2022, further Department for Work and Pensions ('DWP') guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement aims to consider this guidance and outlines the actions the Trustee has taken in 2025 to meet the DWP's stewardship expectations, although the Trustee recognises this is an evolving area, where best practice develops over time.

This Statement, prepared by the Trustee on behalf of the Scheme, covers the period from 1 January 2025 to 31 December 2025. The Trustee is comfortable that the policies stated within the SIP have been adhered to over the period. Please note, this Statement does not disclose stewardship in relation to the Scheme's AVC investments.

Summary of Statement of Investment Principles updates over the period

In June 2025, in practising good governance the Statement of Investment Principles (SIP) was reviewed and updated to maintain alignment with the Scheme's investment policies. Reference to conducting an investment turnover cost review on an annual basis was removed, with the view that the Trustee has sufficient processes in place in conjunction with its investment adviser to review investment turnover costs incurred by the Scheme.

The Trustee has made informed strategic investment decisions in accordance with its rights and responsibilities to enable the achievement of the Trustee's long-term investment objectives as set out in the SIP.

The Scheme's SIP can be found here.

The Trustee's Stewardship Policy

There were no changes made to the Stewardship Policy over 2025. The Stewardship Policy sits in a stand-alone document separate from the SIP. This Policy articulates how the Trustee practices effective stewardship through the oversight and challenge of investment managers, rather than the Trustee itself operating directly as steward of the underlying assets in which the Scheme invests.

The Stewardship Policy sets the expectation for managers' stewardship activities, including outlining the significance of stewardship in the selection and monitoring of investment managers, expectations for investment managers' engagement activities, and expectations for investment managers' voting activities where relevant.

As per the DWP's suggestions, the Trustee has selected a stewardship theme which it will use to channel its stewardship efforts. The Trustee recognises there is a spectrum of sustainability-related challenges that are potentially financially material but believes it will be most effective in its oversight of investment managers by focusing on one area initially. The chosen stewardship theme is "Climate Change".

Specific actions the Trustee has taken over 2025 to implement the updated Stewardship Policy are explained in the subsequent sections of this Statement.

Significance of stewardship in appointment and monitoring of investment managers

When selecting and monitoring the Scheme's investment managers, the Trustee considers a manager's integration of Environmental, Social and Governance ("ESG") factors and Stewardship capabilities. This information is provided by the Scheme's investment adviser and through direct conversations with investment managers.

Where the Trustee has appointed managers to manage segregated portfolios of bonds, the Trustee has instructed managers not to invest in the securities of those companies whose predominant business revenues come from tobacco-related products. The Scheme receives an annual tobacco exposure report from the Scheme's investment adviser to monitor tobacco exposure within its pooled investments and assess whether this is in-line with expectations.

Over the year, the MRC Section removed its small, indirect tobacco exposure, and as at 31 March 2025 had no exposure to tobacco. While the Section's overall tobacco exposure was previously immaterial (0.00%), a small amount of tobacco exposure remained within the Partners Group Private Equity Portfolio, which has now been eliminated entirely.

Similarly, the Universities Section saw a reduction in tobacco exposure over 2025. An initial small exposure deriving from the RLAM UK Long Corporate Bond Fund was removed toward the end of the year, leaving the Section with no remaining exposure to tobacco.

To help in its monitoring, the Trustee also receives annual ESG analysis on its managers, such as carbon emission reporting. Through this reporting, the Trustee is able to track the carbon emission changes of each mandate and assess whether this is in-line with the Trustee's expectations. Where it is not, the Trustee may consider engaging with the relevant manager directly, or via the Scheme's investment adviser.

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers. The Trustee understands that engagements carried out by investment managers are likely to vary in nature by asset class. With that in mind, three examples across different asset classes are given in Appendix A.

As part of the Investment Committee's annual 'Meet the Managers' Engagement Day, the Trustee met with four of the Scheme's managers across a range of asset classes including Royal London Asset Management (Gilts and Credit), Ninety One (Public Equities), M&G (Secure Income Property), and ICG (Multi-Class Credit). The Trustee engaged with the investment managers on the funds' performance, investment approach and ESG integration and stewardship. Overall, the Trustee was satisfied with the investment managers' activities and comfortable with their approach to ESG and stewardship.

The Trustee intends to continue future engagements with the Scheme's investment managers as part of its manager monitoring, recognising its investment adviser also monitors the Scheme's investment managers on a real-time basis and will raise any pertinent issues with the Trustee as appropriate.

Voting

The Trustee delegates responsibility for the exercise of rights (including voting rights) attaching to investments to the Scheme's investment managers. The Trustee is not aware of any material departures from the managers' stated voting policies and is comfortable that voting by managers has been in line with the Trustee's policies and stewardship priority, as set out in its SIP and stewardship policy. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

The Scheme's Stewardship Policy offers a definition of what the Trustee deems to be a significant vote. A significant vote is described as meeting some or all of the following criteria, in addition to being climate change-related:

- *Votes relating to an issuer to which the Scheme has a large £ exposure;*
- *Votes which may be inconsistent between investment managers (while recognising manager views may differ,*

votes in opposite directions may neutralise our voting influence); and

- *Votes identified due to potential controversy, which may be driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation*.

Voting statistics for each of the Scheme's relevant managers, as well as a selection of significant votes cast on behalf of the Scheme over the period are shown in Appendix B.

Looking ahead

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments have been followed over 2025.

During 2026, the Trustee plans to continue to monitor the Scheme's managers from both a performance and stewardship perspective.

Appendix A

The Trustee expects the nature of engagement to vary between asset classes. The Trustee also believes engagement can take place across the Scheme's investments and is not restricted to equity investments. With this in mind, below are three examples of engagement within the fixed interest, equity and property asset classes.

RLAM – Direct Engagement

Company: Centrica Plc

Focus of the engagement: Net Zero - Discussing Centrica's progress on its climate transition report, including lobbying, physical climate risk disclosures, and integration of biodiversity into strategy.

Details of the engagement: RLAM met with Centrica, a UK energy company, to provide feedback on the improvements seen in its new climate transition report and to ask further questions to gain clarity on lobbying, physical climate risk, and the company's biodiversity practices. The report demonstrated improved transparency around emissions offsetting, remuneration, decarbonisation strategies, directly addressing areas RLAM had previously raised.

Outcome of the engagement: Centrica has made significant progress following RLAM's engagements. Its latest climate transition report demonstrates improved transparency on emissions offsetting, remuneration, and decarbonisation strategies, addressing areas RLAM previously raised. Centrica clarified its lobbying position, confirming that it had exited a controversial trade body in 2023 and committed to greater disclosure through a new trade association report. It now assesses trade associations for alignment with the Paris Agreement and Just Transition principles and has committed to a twelve-month engagement plan for those not aligned.

On physical climate risk, Centrica provided disclosures consistent with the TCFD, highlighting its low exposure due to asset location and lifecycle, while proactively managing risks such as extreme weather and sea-level rise. Biodiversity was acknowledged as an emerging priority, with existing action plans and strategies in place to meet the policy requirement that development projects deliver a measurable net gain - typically at least 10% - as a condition of planning approval. While net gain strategies are still developing, current disclosures remain largely focused on climate-related impacts. A follow-up engagement letter will be issued to maintain engagement and encourage further progress on integrating biodiversity considerations into corporate reporting and strategy.

Ninety One – Direct Engagement

Company: Taiwan Semiconductor Manufacturing Company (TSMC)

Focus of the engagement: Climate change and carbon reduction targets under the Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative.

Details of the engagement: This engagement was undertaken through Ninety One's collaborative work with the IIGCC's Net Zero Engagement Initiative (NZEI), which Ninety One co-led. TSMC is a key holding with significant Scope 2 and 3 emissions, making its decarbonisation strategy central to portfolio impact. Ninety One's objective was to evaluate progress in setting credible, science-based targets aligned with the SBTi Net-Zero Standard, and to discuss the robustness of its renewable energy sourcing strategy across geographies. In April 2025, TSMC published a net-zero roadmap aligned with the SBTi Corporate Net-Zero Standard, including commitments to 60% renewable energy by 2030, 100% by 2040, and net zero by 2050. Ninety One met management in Taipei in September 2025 to discuss renewable sourcing challenges and progress. TSMC confirmed that all overseas sites currently operate on 100% renewable energy, primarily via unbundled Renewable Energy Certificates (RECs). Ninety One encouraged the company to improve disclosure and increase direct procurement via Power Purchase Agreements (PPAs) or onsite generation.

Outcome of the engagement: Following the meeting, Ninety One collaborated with NZEI participants to align engagement priorities for 2026, focusing on target verification, renewable sourcing transparency, and inclusion of water-related disclosures such as Per- and Polyfluoroalkyl Substances (PFAS) pollution risks. TSMC's commitment to SBTi-verified net-zero targets represents significant progress towards Ninety One's engagement goals. TSMC demonstrated early leadership in transparency, though Ninety One continue to press for improvements in the quality of renewable sourcing and disclosure granularity. Ninety One's next steps are to submit the updated NZEI engagement plan to the IIGCC, monitor TSMC's SBTi certification timeline, and reconvene with the collaborative group within six months to review progress. While further progress is required, Ninety One are encouraged by TSMC's direction and see its actions as a foundation for sustained emissions reductions and long-term alignment with a credible net-zero trajectory.

Aviva – Collaborative Engagement

Topic: Tenant Engagement Programme - Securing a long-term lease extension with the BBC while improving the building's energy efficiency and supporting decarbonisation.

Details of the engagement: This engagement relates to work undertaken with the BBC, the tenant of the BBC Worldwide HQ in London. The Fund has owned the property since 2015 and, over the last few years, engagement has focused on establishing the BBC's appetite to remain beyond the lease expiry in 2040 and on identifying solutions to improve the building's energy performance. A Net Zero Carbon Audit was carried out and discussions with the tenant explored energy-efficiency building improvements, including degasifying the building.

Outcome of the engagement: Aviva agreed with the tenant to contribute £941,000 towards the costs of energy-efficiency and degasification works. In return, Aviva restructured the lease to include a 10-year extension, alongside revising the rent review clause and lowering the rent by 20%. These changes increased the value of the investment by £3.3 million, roughly a 4% increase. The works will future-proof the building through decarbonisation and improved energy efficiency.

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Appendix B

Summary of voting over the period

The managers in the below table provided details of their voting behaviour and significant votes over the period, in line with the Pensions and Lifetime Savings Association's Vote Reporting Template. Their responses are summarised in the table below. The information is sourced directly from the managers unless otherwise stated and corresponds to the MRC Section and the Universities Section.

From 1 April 2025 onwards, State Street amended the voting policy applied to the State Street All World ESG Screened Index Equity Sub-Fund. From 1 January to 31 March 2025, the fund followed State Street's Global Proxy Voting and Engagement Principles, while from 1 April 2025 onwards, it adopted State Street's Sustainability Proxy Voting Policy. As these policies apply different criteria for determining and reporting significant votes, State Street has supplied two discrete data sets, one for Q1 and one covering Q2-Q4. Given they relate to different voting policies, the data can't be combined and has therefore been reported separately in the below table.

Holding	Section	Number of resolutions eligible to vote	% of resolutions voted	% of resolutions voted against management	Proxy adviser*	% of resolutions voted contrary to the recommendation of the proxy adviser
Ninety One Global Environment Fund	MRC	498	99.6%	6.5%	ISS	6.3%
State Street All World ESG Screened Index Equity Sub-Fund (Q1 2025)	MRC & Universities	18,192	100.0%	8.3%	ISS	N/A
State Street All World ESG Screened Index Equity Sub-Fund (Q2 2025 – Q4 2025)	MRC & Universities	48,270	100.0%	16.8%	ISS	N/A

*Managers employ proxy advisers to recommend ways in which to vote on particular resolutions.

Significant votes

The following tables provide a significant vote example for each relevant manager. In practice, the managers vote on a wider range of topics than the examples listed below. The Trustee has asked managers to provide examples that are in line with the Trustee's definition of what constitutes a significant vote as outlined in the Stewardship Policy, where possible.

	Ninety One	State Street
Company name	Waste Management, Inc.	Shell Plc.
Date of vote	13/05/2025	20/05/2025
Size of holding at date of vote	4.57%	0.24%
Type of proposal	Management	Shareholder
Summary of the resolution	Elect Director Victoria M. Holt.	Request that company discloses whether and how its demand forecast for LNG, LNG production and sales targets, and new capital expenditure in natural gas assets, are consistent with climate commitments, including the target to reach net zero emissions by 2025.
Manager's vote	For	For
If a vote against management, was this intent communicated ahead of the vote?	N/A – Ninety One voted 'for' the proposal put forward by management.	State Street voted against management. State Street do not communicate voting decisions to companies in advance.
Outcome of the vote	Pass	Fail
Rationale for the voting decision	Ninety One were of the view that Victoria Holt's continued presence on the board is well justified. She brings valuable expertise in digital innovation and sustainability - areas increasingly critical to corporate strategy. Her role also supports the board's gender diversity, which currently stands at just 33%.	State Street were of the view that this proposal merits support as per voting guidelines.
Implications of the outcome	While Ninety One monitor the voting outcomes, they use their own issuer-specific assessment to inform their engagement plan and strategy, and it is this which determines Ninety One's future steps.	Where appropriate State Street will contact the company to explain their voting rationale and conduct further engagement.
How does this vote relate to the Scheme's stewardship policy?	It relates to an issuer for which the Fund has a relatively large holding and contributes to strengthening sustainability expertise on the board.	Relates to the Trustee's stewardship priority of Climate Change.