

Engagement Policy Implementation Statement for the Year Ended 31 December 2025

The MCPS-PRS Alliance Pension Scheme and MCPS-PRS Alliance Pension Scheme (MCPS) (the “Schemes”)

1. INTRODUCTION

The Engagement Policy Implementation Statement (known as the “Statement”) presents the Trustees’ assessment of adherence to their engagement policy and policy concerning the exercise of rights (including voting rights) attaching to the Schemes’ investments throughout the one-year period ending 31 December 2025 (the “Scheme Year”).

The Trustees’ policies are outlined in their Statement of Investment Principles (SIP). The SIP was last reviewed in May 2024. A copy of the Trustees’ SIP is available at <https://schemes.vidett.com>

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 day-to-day management of the Schemes’ assets over the Scheme Year was delegated to Cardano Risk Management Limited (the “Solvency Manager”, also known as a “Fiduciary Manager”). In advance of the appointment, the Trustees took steps to ensure that the management of the Schemes’ assets and the Solvency Manager’s policies were aligned with the Trustees’ own policies. The Trustees continue to monitor the Solvency Manager, as part of their regular interactions.

After the Scheme Year End, the acquisition of the Solvency Manager by Mercer completed, on 1 January 2026.

The Trustees’ monitor the voting and engagement activity of the Schemes’ investment managers, and, through the Solvency Manager, challenge their decisions as appropriate.

The Trustees focus their efforts on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered by this Statement. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustees is comfortable that the Solvency Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers.

Section 2 of this Statement outlines the Trustees’ stewardship 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 Schemes' 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 3 to 4, the Trustees 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' STEWARDSHIP POLICY INCLUDING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, AND CLIMATE CHANGE

Policy Summary

"Stewardship" is the responsible allocation, management and oversight of capital to create long-term value for members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on any shares which are owned by the Schemes and engaging with the management of any companies or properties where an investment has been made.

The Trustees' Stewardship policy is outlined in the Schemes' SIP. The Trustees has agreed to the following approach:

"The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Solvency Manager encourages the Schemes' investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council."

The Solvency Manager is responsible on an ongoing basis for engaging with our investment managers. For managers where it is expected to have a meaningful impact, the Solvency Manager monitors voting records and the level of engagement with underlying investments.

The Trustees have selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals with an international endeavour in mind and aim to improve sustainability within the portfolio and have a direct real-world impact to our members' current and future landscape. The Trustees' three stewardship priorities are:

- Climate Crisis (with a focus on climate change and net zero greenhouse gas emissions)
- Environmental Impact (with a focus on biodiversity, deforestation and water)
- Human Rights (with a focus on living wages gender equality and health & nutrition)

How the Policy has been implemented over the Scheme Year?

The Trustees holds investments primarily on an indirect basis through pooled funds. The reason for this approach is that:

- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, and in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing the Schemes' overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden on the Trustee.

Where investments are made in pooled funds the Trustees follows the voting and engagement policies of the investment managers of the pooled funds. However, the Trustees remains responsible for ensuring that the investment managers our Solvency Manager appoints act consistently with the Schemes' Stewardship Policy.

The Trustees assess that the Solvency Manager has been aligned with our Stewardship Policy throughout the year. The Solvency Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Solvency Manager is a member of a range of sustainable investment organisations, some of which are noted below.



To manage engagement efficiently, the Trustees has delegated the day-to-day implementation of our beliefs to the Solvency Manager, having concluded that the Solvency Manager's core beliefs are consistent with our own. The beliefs driving the Solvency Manager's approach to engagement are as follows.

Quality over quantity

- The Solvency Manager is interested in a few meaningful quality engagements, with strong reporting (rather than, being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Solvency Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Solvency Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagement, perhaps even most engagement, will be unsuccessful. The Solvency Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Solvency Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

Innovation

- The Solvency Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Solvency Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

3. TRUSTEES' POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO THE SCHEMES' INVESTMENTS

Manager selection and monitoring

When selecting investment managers, the Solvency Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with our Stewardship Policy. The Solvency Manager monitors our investment managers on an ongoing basis; ensuring their activities align with our Stewardship Policy and engaging with our investment managers to help them improve their stewardship approach. The Solvency Manager closely monitors investment managers who do not meet our stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustees monitor voting and engagement activity of our investment managers and challenges their activity through the Solvency Manager. We categorise our managers according to how material voting and engagement is in their mandate, focusing efforts on managers where voting and engagement is material.

The Alliance Scheme has also made an allocation to some Private Market investments. Most of these strategies own controlling stakes in the underlying businesses, meaning that stewardship and engagement is evidenced in a much broader way than, for example, investing in companies listed on a stock market (i.e. public market investments).

One important way for a Private Markets investment manager to add value is to ensure that each business has the best corporate governance possible – dictating and controlling the policies and make up of senior leadership (versus voting at shareholder meetings). Engagement is, therefore, highly relevant in some cases and we include some examples in the relevant section of this report.

Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using proxy voting services could include:

- The investment manager lacks the resource to research each vote and submit votes
- The investment manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.

We recognise that by having a suitable Stewardship Policy in place and using our Solvency Manager to monitor voting activity, investment managers can create more engagement over time; particularly smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Scheme's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
Cardano Global Sustainable Equity Fund	Use Glass Lewis as a proxy provider to deliver vote recommendation and execution services. Glass Lewis applies the custom voting policy of Cardano and an audit process is in place with Glass Lewis to ensure the policy is applied correctly.
Egerton	No proxy advisor, but utilises the services of third-party tools including Proxy Edge and Proxy Vote to cast votes
Kadensa	ISS

Man Numeric	Use Glass Lewis for custom policy
MI Metropolis	ISS
Polar Capital	ISS
Sands	ISS and Glass Lewis guidance is used to inform voting decisions
Sunriver	ISS

A summary of the voting activity for a range Funds in which the Schemes' assets are invested in is provided for the year ending 31 December 2025.

The tables below provide a summary of the voting activity undertaken by our managers during the year. The data covers the full period to 31 December 2025; however, the Scheme may have not held all managers for the whole period.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments we have the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Schemes invests with, directly or indirectly, are subject to the Schemes' engagement policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations.

Fund	Total Proposals		Vote Decision			Meetings	
	Eligible Proposals	Proposals Voted On	For	Against	Abstain	No.	Against
Cardano Sustainable Transition Equity Fund	24729	100%	75%	22%	1%	1917	77%
Egerton	737	100%	93%	6%	1%	42	12%
Kadensa	1005	100%	87%	11%	2%	N/A	N/A
Man Numeric	3374	100%	91%	8%	0%	275	49%
MI Metropolis	383	100%	98%	2%	0%	23	22%

Polar Capital	414	100%	84%	16%	0%	51	16%
Sands	546	100%	93%	2%	5%	62	15%
Sunriver	170	95%	90%	3%	7%	20	11%
Westfield	537	100%	93%	7%	0%	68	26%

Note: numbers may not sum due to rounding.

Most Significant Votes

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 the Schemes' stewardship priorities. The *most* significant proposals reported below relate to the companies with a relatively larger weight in each fund (relative to other companies in the full list of significant proposals), while considering the stewardship priorities.

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

Fund	Company	Proposal	Manager Vote Decision	Proposal Outcome
Cardano Sustainable Transition Equity Fund	Alphabet (holding size 1.5%)	Shareholder proposal regarding disclosure related to 2030 climate goals	While the manager acknowledged Alphabet provides detailed information and data on its carbon reduction goals and is transparent about the challenges, a vote for this resolution was warranted, in line with Cardano's climate ambitions. Cardano viewed that greater transparency on how the company intends to meet its decarbonisation targets, particularly with respect to addressing the significant increase in its Scope 2 emissions, would give investors stronger confidence that the company will achieve its 2030 goal	Vote failed, majority voted with management Cardano will continue to support climate related shareholder resolutions where they fit out sustainable investment framework and beliefs.
Egerton	Amazon.com Inc (holding size 3.9%)	Shareholder proposal requesting a report on advertising risks	Voted for a shareholder proposal (and against management recommendation) to request that the Board of Directors conduct an evaluation and issue a report evaluating how it oversees risks related to discrimination against ad buyers and sellers based on their political or religious status or views Vote was casted against management to improve corporate governance	Vote failed, majority voted with management

Mi Metropolis	State Street Corporation (holding size 2.0%)	Shareholder proposal requesting Independent Board Chair	As a rule, the manager believes boards should be led by an independent chair, who can provide better oversight of management and represent the long-term interests of the owners. The manager makes exceptions where the CEO/Chairperson has a large stake in the business which makes them more closely aligned with shareholders. (The proponent was a Shareholder.)	Vote failed, majority voted with management
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4. MANAGER ENGAGEMENT ACTIVITY

Public Market Engagement Activity

Manager	Engagement theme	Industry	Engagement Activity	Outcome
Cardano Sustainable Transition Equity Fund	Climate change	Banking	The manager participated in ShareAction's Climate Transition Banking Program, an investor-led engagement initiative focused on aligning major EU and UK banks with the Paris Agreement. As part of this programme, the manager engaged with the company, recognising its significance as one of Europe's largest banks and its material influence on global capital flows. Engagement with the company has taken place since 2023 and has focused on the alignment between the company's net-zero commitments and its financing activities, particularly fossil fuel financing. In 2024, alongside other investors, the manager co-filed a shareholder resolution requesting that Barclays phase out financing for fossil fuel companies misaligned with Paris goals. Following the AGM, the company agreed to hold an annual meeting between the CEO, senior management and the investor group. In 2025, the group met with the company and discussed potential improvements, including stronger public advocacy and clearer external confirmation of the bank's continued commitment to its climate strategy.	The shareholder resolution received 24% support, signalling meaningful investor concern regarding the pace of Barclays' climate transition. Following the vote, the company agreed to hold annual meetings with the CEO and senior management, improving investor access and dialogue at the most senior level. Through continued engagement, the company provided greater insight into the strategic and regulatory challenges influencing its climate positioning, particularly its exposure to the US market. While the bank has retained its climate commitments and enhanced some transition-plan disclosures, the manager considers that further progress is required to achieve credible alignment between stated ambitions and financing activities. The manager will continue to engage with the company, prioritising clearer public signals, stronger advocacy and

				measurable actions to support alignment with global climate goals.
Manager	Engagement theme	Industry	Engagement Activity	Outcome
Sands	Compensation, AI governance, climate disclosures, supply oversight	Technology	The manager met with company management to discuss investor responses to recent Say-on-Pay votes and how the board had assessed and responded to that feedback. Discussions covered the structure and timing of equity awards, potential disclosure enhancements and approaches to addressing perceptions of front-loading while maintaining long-term alignment. The manager also reviewed the companies responsible AI framework, including internal safeguards, governance processes and oversight of higher-risk technologies. Climate discussions focused on Scope 1 and Scope 2 emissions disclosures, future Scope 3 reporting and environmental initiatives. Supply-chain oversight was also discussed, with recommendations provided on strengthening public disclosures.	The company demonstrated openness to shareholder feedback and a willingness to enhance transparency across executive compensation, AI governance, climate reporting and supply-chain practices. The manager considered clearer disclosure on equity award structures, emissions reporting and supplier risk management to be important for supporting stakeholder confidence as the business continues to scale. The manager continues to monitor progress, and additional constructive dialogue is expected to continue as the company further develops its governance and sustainability practices.

Private Market Managers

Manager	Engagement theme	Industry	Engagement Activity	Outcome
Example Manager 1	Board effectiveness/ diversity	Biotech	The manager views corporate engagement in the form of dialogue with management should be done in the best interest of shareholders and should eventually result in sustainable shareholder value creation To improve board effectiveness, the manager has had several written and virtual interactions with the company, starting in the summer of 2024 with a	The manager views that their dialogue with the company's management and working towards implementing board changes (including appointing a lead independent director) would have a positive effect on the company's

			letter to the full board of directors, following up with a letter to the independent board of directors in May of 2025 and another follow-up note in the fall of 2025	performance, as well as on the convictions of its shareholders.
Manager	Engagement theme	Industry	Engagement Activity	Outcome
Example Manager 2	Health and Safety	Electrical equipment	The manager engaged with the company throughout the holding period to strengthen health and safety practices, including: • Making safety a standing agenda item at all Board meetings to ensure top-down oversight • Creating a permanent Executive Health & Safety leadership role working with the VP of Operations • Introducing mandatory safety training for all employees during onboarding • Implementing continuous safety testing through the Job Safety Analysis (JSA) programme • Introducing a safety reinforcement escalation policy to strengthen employee incentive alignment • Establishing the collection and monitoring of key safety-related KPIs These actions addressed specific weaknesses identified during due diligence, such as chemical-handling controls, site organisation, emergency drills, and the need for a formal safety committee	During the ownership period, the company achieved a 57% reduction in Total Recordable Incident Rate (TRIR), reflecting a significant improvement in safety performance. Stronger, more formalised safety governance was embedded into the corporate strategy, with changes that positively influenced day-to-day operations, workforce culture, and customer trust. As a result, the business exited the period with a materially enhanced safety risk profile and improved alignment between safety standards and overall operational resilience.
Manager	Engagement theme	Industry	Engagement Activity	Outcome
Example Manager 3	Recycling	Containers & Packaging	The manager engaged with a manufacturer of packaging labels, to support and encourage continued development of sustainable packaging solutions. Activities include: • Supporting the company's focus on circularity, with innovation aimed at improving recyclability and reducing environmental impact • Encouraging R&D investment into lower-impact packaging technologies • Oversight of the company's development of a light-blocking technology compatible with highly recyclable clear PET bottles	The new technology allows brands to replace coloured PET bottles with highly recyclable clear PET, improving recyclability while still protecting products from light exposure. Innovations help reduce nutrient loss, flavour change, and other product integrity issues while supporting consumer-facing sustainability goals.

			• Backing the company's efforts to expand technical expertise in sustainable label production, including flexographic, rotogravure, and digital printing capabilities	The company remains positioned as a leading provider of sustainable packaging solutions with a continued commitment to circularity.
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