Implementation Statement

Introduction

This Implementation Statement (the “Statement”) has been prepared by the Trustee of the Morgan Pension Scheme (“the Scheme”). This statement covers the Scheme year from 1 April 2025 to 31 March 2026.

Under regulatory requirements, the Trustee is required to produce an Implementation Statement setting out:

a) How voting and engagement policies set out in the Statement of Investment Principles (“SIP”) in respect of the Scheme year from 1 April 2025 to 31 March 2026 have been followed; and

b) A description of any voting behaviour by or on behalf of the Scheme Trustee during the Scheme year.

From 1 October 2022, further Department of Work and Pensions (“DWP”) guidance on the reporting of stewardship activities through Implementation Statements came into effect. This Statement aligns with the latest guidance, and with the DWP’s updated stewardship expectation for the relevant period.

Overall, the Trustee is comfortable that the policies set out in the SIP have been properly adhered to over this period.

Changes to the SIP over the period

The were no changes to the SIP over the period. The SIP was last reviewed in March 2025.

The Scheme’s latest SIP can be found by clicking on the link below:

https://www.morganadvancedmaterials.com/media/fbneyvzb/mps-march-2025-sip.pdf

How the Trustee has implemented its investment policies

Governance:

The Trustee’s investment adviser changed from Redington Limited to Barnett Waddingham with effect from 1 February 2026. There have been no other changes to the Scheme’s governance structure over the year to 31 March 2026.

Investment Strategy and Risk Management:

Over the financial year, the Trustee has continued to target full funding on a gilts + 0.5% p.a. basis. Over the year, the Trustee’s investment strategy was largely unchanged (although some further information on less material changes are noted below), taking an appropriate level of investment risk relative to the liabilities.

- The Trustee completed a full redemption from the Amundi Multi Strategy Growth Fund in Q2 2025, with the proceeds being invested across the growth assets held on the Schroders platform.

- During the year, the quarterly sweep process remained in place, which assists the Scheme in meeting short-term cash requirements, funded from the LDI portfolio to the Trustee Bank Account. Due to an increase in the forecast requirement, the amount of the automatic sweeps was increased from July 2025, as approved by the Trustee.

In accordance with the SIP, on a quarterly basis the Trustee receives reports from its investment adviser on the performance of the Scheme’s investment managers against their relevant benchmarks using information provided by the investment managers, and also on the performance of the Scheme’s investment strategy and position against agreed objectives, including risk, return and liquidity metrics.

Stewardship, engagement and voting behaviour

The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset owner value over the long term.

Being cognisant of the DWP's updated guidance emphasising the need for asset owners to be more "active" in their approach to stewardship, the Trustee has updated its engagement policy in the SIP with a view to align with the new guidance, and the Scheme's chosen stewardship themes. The updated policy in the SIP states that:

"The Trustee expects investment managers to engage with issuers to maintain or enhance the long-term value of investments. The Trustee recognises that there is no 'one-size-fits-all' stewardship approach and instead encourages investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.

Where initial engagement has made little progress, the Trustee expects investment managers to escalate engagement accordingly."

The Trustee's investment adviser assesses a manager's ability to factor in Environmental, Social and Governance ("ESG") risks into the decision-making process and the ability of a manager to carry out effective stewardship to promote the long-term success of investments. Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers. The Trustee recognises that its ability to influence investment managers' stewardship activities will depend on the nature of the investments held. As the Scheme's assets are wholly invested in pooled funds – where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets – the Trustee has less scope to influence managers' stewardship activities.

The Trustee's investment adviser continues to regularly monitor existing managers, with financially material ESG considerations in mind. Regular updates regarding this are relayed to the Trustee.

All the Scheme's investment managers are signatories of the UK Stewardship Code. The code sets out a clear benchmark for stewardship as the responsible allocation, management, and oversight of capital to create long-term value. The managers have not flagged any non-compliance with the principles of the code, and the Trustee is comfortable they provide good quality and transparent reporting of their approaches to stewardship.

Significance of stewardship in appointment and monitoring of investment managers

The Scheme Trustee and the Joint Board meet with investment managers when required to discuss relevant matters, including sustainable investment, and voting and engagement aspects. Over the year, the Scheme has not appointed any new investment managers.

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. Regardless, engagement is also considered to be of importance for all the Scheme's investment managers. The Trustee has highlighted engagement examples from managers in the appendix.

As part of aligning with the DWP's stewardship expectations, the Trustee considered both how best to assess the engagement activities of the Scheme's managers and how best to engage with the managers where necessary.

The Trustee's expectation remains that the Scheme's investment managers integrate all material ESG factors into their investment approach and stewardship work, with a particular focus on the Scheme's chosen stewardship themes. The Trustee has selected the following themes as the stewardship priorities of the Scheme:

- Climate Change (environmental theme)
- Water use (environmental theme)
- Diversity, Equality and Inclusion (social theme)
- Safety (social theme)

Focussing on these key stewardship themes provides a way for the Trustee to understand the activity across its managers and is a basis for the Trustee to take greater ownership of stewardship matters by holding its managers to account. The Trustee's expectations can be summarised as:

- Effective processes for and delivery of stewardship activity, alignment with leading standards, and evidence of positive engagement outcomes relating to the key themes;
- Provision of tailored reporting on stewardship activities and outcomes; and
- Participation as appropriate in public policy debates and the development of best practices.

The Trustee's updated expectations (reflecting an increased focus on the Scheme's stewardship priorities), were communicated to the Scheme's managers in the previous year. An assessment as to whether the Scheme's investment managers are practising effective stewardship that is best aligned with the Trustee's long-term interests will be made through the material they provide to help complete the annual Implementation Statement. If the Trustee believes there are areas where managers' stewardship activities could be improved to better align with its expectations, it will seek an open discussion on how this could be achieved.

Having reviewed managers' engagement activities over the period, and in particular those relating to the Scheme's key stewardship themes, the Trustee is satisfied that its managers have followed its engagement policy, as contained in the SIP, over the reporting period.

Voting

As set out above, the Trustee delegates responsibility for the exercising 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. 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 Trustee meets its managers as and when it is deemed necessary, where the managers are required to present on these activities and the Trustee holds the managers accountable to the standards expected by the

Trustee. The Trustee communicated its voting preferences to its investment managers at the point at which the stewardship priorities were set.

The relevant Scheme managers provided details of their voting behaviour in line with the Pensions and Lifetime Savings Association's Vote Reporting Template. Their responses are summarised in the appendix to this document; information is sourced directly from the managers unless otherwise stated. In addition to voting information, examples of the Scheme's investment managers' engagement with debt issuers have been included. Please note, manager and company names have been anonymised throughout the document, where requested by the manager.

Under the updated DWP guidance, it is the Trustee's responsibility to define the significance of votes placed on its behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes. The Trustee has therefore defined significant votes as votes which meet one or more of the following criteria. Please note that the more of these criteria a vote meets, then the more significant the vote will be deemed:

- Votes relating to the key stewardship themes;
- Votes relating to an issuer to which the Scheme has a large £ exposure (defined as the top-10 largest holdings);
- Votes which may be inconsistent between investment managers; and
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

In line with the above, the Trustee has asked its voting managers to provide significant votes and of this list has selected, in particular, any which relate to the Scheme's key stewardship themes, which took place at one of the fund's largest holdings (proxying where the Scheme itself has most exposure) and which the managers themselves deem to be significant. The managers' voting statistics are summarised in the appendix.

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 the year to 31 March 2026 and are appropriate for the circumstances of the Scheme. The Trustee will continue to engage with the Scheme's managers to ensure they are practising effective stewardship that is best aligned with the Trustee's long-term interests.

Appendix

Voting Disclosures and Significant Votes

The use of voting rights is applicable where physical equities are held within the Man Progressive Diversified Risk Premia Fund ("Man PDRP"). The Amundi Multi Strategy Growth Fund was divested in Q2 2025. As the fund was not held for a significant portion of the reporting period, voting data for the fund was deemed immaterial and has been excluded from this report. This appendix details voting behaviour and significant votes undertaken by the relevant asset managers on behalf of the Scheme.

Summary of voting over the period

Voting Criteria	Man PDRP
No. of meetings eligible to vote during the period	517
No. of resolutions eligible to vote during the period	6,234
% of resolutions voted	97.3%
% of resolutions voted with management	91.3%*
% of resolutions voted against management	7.7%*
% of resolutions abstained	0.2%*
% of meetings with at least one vote against management	51.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Glass Lewis - bespoke policy
% of resolutions which you voted contrary to the recommendation of your proxy adviser?	5.7%

*Note: figures may not sum to 100% due to rounding.

*Total resolution breakdown does not add to 100% due to an undetermined manager recommendation, or mixed voting action.

Summary of Significant votes over the period

The following table provides a significant vote example for each relevant manager, relevant for the period 1 April 2025 to 31 March 2026. In practice, the managers vote on a wider range of topics than the example listed below.

The significant votes for Man PDRP are shown below

	Man PDRP
Company name	AIA Group Limited
Date of vote	23/05/2025
Summary of the resolution	Elect George YEO Yong-Boon
Manager's vote	Against
Outcome of the vote	Passed
Rationale for the voting decision	No Universal Declaration of Human Rights (UDHR) aligned Human Rights Policy.

Summary of engagement from the Scheme's managers over the year

As per the Scheme's SIP, the Trustee expects its investment managers to practice good stewardship and engagement. The Trustee expects the nature of engagement to vary between asset classes, and that it is not restricted to equity investments. The managers provided an overview of engagement activity, and the Trustee selected an example for each manager that they consider noteworthy.

To focus the examples of engagement to those that are most relevant to the Trustee, the examples from relevant managers were selected with a focus on the Scheme's chosen stewardship themes. Man Group and the LDI and Securitised Credit Manager have produced engagement examples at the firm-level only, rather than at fund-level.

Examples of engagement from the Scheme's managers over the year

Man Group

Company: Anonymised Manufacturing Company

Focus of the engagement: To strengthen the company's climate transition strategy, including setting Paris-aligned emissions targets and linking executive compensation to climate performance.

Details of the engagement: Since an initial engagement in early 2025, limited progress has been made on climate-related governance and transition planning within the company. Follow-up reviews found no meaningful advances in their climate transition strategy, meeting climate targets, or disclosure of credible interim milestones. Climate considerations remain absent from executive remuneration and the company provided limited clarity on how it intends to achieve its short-to-medium-term decarbonisation pathway. Despite identifying policy uncertainty as a key risk to its climate targets, the company was unable to demonstrate a clear approach to policy engagement or advocacy.

Outcome of the engagement: After two engagements spanning over a year, Man Group believe that the company has demonstrated insufficient progress on its climate transition strategy. Key gaps remain around climate target validation, progress against climate commitments, climate-linked remuneration, and engagement on climate policy.

Man Group will continue to monitor developments ahead of the 2026 AGM and may vote against directors if sufficient progress is not demonstrated, particularly on the absence of climate-linked remuneration.

LDI and Securitised Credit Manager

Company: Anonymised Utility Company

Focus of the engagement: To engage with the company on their climate transition strategy and how they are addressing physical risk.

Details of the engagement: The company concerned faces financially material risks and opportunities related to its capital allocation and decarbonisation strategy. The investment manager has engaged with the company over a number of years on climate transition issues, supporting its shift away from its thermal generation business. Recent engagement activity has focused on integrating physical risk assessment, asset resilience and adaptation planning into its long-term strategy and capital allocation decisions, particularly in the context of expanding grid infrastructure. The investment manager looked for clearer clarity on how physical risks are identified and managed across geographies and how resilience investments are reflected within its overall capital expenditure plans.

Outcome of the engagement: Material progress was achieved on lobbying and policy engagement. The company improved its disclosures and also confirmed it is proactively supporting stringent EU methane emissions regulations, addressing investor concerns on policy alignment. On just transition, the company strengthened the connection between its social targets and climate transition plan through its reporting. It also enhanced the monitoring of human rights risks in supply chains, with a new report planned for Q1 2026.

TwentyFour

Company: Flutter

Focus of the engagement: To undertake detailed ESG analysis on the company regarding their conduct, culture and ethics, including policies on tax, anti-bribery and lobbying.

Details of the engagement: An ESG review of Flutter (an online betting company) was conducted following TwentyFour's latest ESG Committee meeting. The Committee established a focus group to assess whether US gambling companies should continue to be held in portfolios given the laxer regulatory landscape in the US versus Europe. As part of this process, detailed ESG analysis was conducted on Flutter, the only US gambling exposure held across TwentyFour's funds.

The Multi Sector Bond team engaged with management at Flutter. In the Q3 2025 investor report, the company had announced it is set to launch a new prediction markets product which will include sports in states without access to regulated sports betting.

TwentyFour believe that Flutter is not looking towards lobbying for or promoting tighter regulation, and that there is little evidence to suggest this will change. The manager ascertains that, being a new industry in the US, the online gambling space is highly unregulated relative to UK/European markets, and there is evidence for this having already caused negative social effects.

TwentyFour are concerned these negative social effects continue to worsen as there does not appear to be appetite for appropriate regulation. They have significant concerns from a social welfare perspective and also a credit perspective should there be rushed aggressive regulation to combat these social consequences.

Outcome of the engagement: TwentyFour's ESG Committee determined that US gambling should be avoided until regulations change to protect the social welfare of users. The position will be sold opportunistically, subject to market conditions. The sector will remain under review as regulatory standards and industry practices evolve.