Engagement Policy Implementation Statement for the year ended 31 December 2025

Introduction

This implementation statement has been prepared by the Royal College of Physicians (1973) Staff Pension Scheme (the ‘Scheme’). The Scheme provides benefits calculated on a defined benefit (DB) basis for members.

This statement sets out how, and the extent to which, in the opinion of the Trustees, the policies (set out in the Statement of Investment Principles (the ‘SIP’)) on the exercise of rights (including voting rights) attaching to the investments and engagement activities have been followed during the year ending 31 December 2025. This statement also describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

Trustees’ overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 31 December 2025.

Review of the SIP

The Trustees’ policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

Policy in relation to the kinds of investments to be held

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Scheme may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, cash, property, private equity, hedge funds and pooled investment vehicles considered appropriate for tax-exempt approved occupational pension schemes. The Trustees consider all of the stated classes of investment to be suitable in the circumstances of the Scheme.

All investments made during the year have been in line with their investment powers

Investment strategy and objectives

Investment strategy

The investment strategy for the Scheme is based on an analysis of its liability profile, the required investment return and the returns expected from the various asset classes over the long-term. The Trustees review this investment strategy and the asset allocation as part of each triennial actuarial valuation. The Trustees may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

Policy in relation to the balance between various kinds of investments and the realisation of investments

The appointed investment managers hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market, each manager will maintain a diversified portfolio of securities.
The Trustees require the investment managers to be able to realise the Scheme’s investment in a reasonable timescale by reference to the market conditions existing at the time the disposal is required. Other than making disinvestments from the cash fund to pay benefits and to adjust hedging targets, the Trustees have not made any changes to the mix of investments.

Policy in relation to the expected return on investments

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach / maintain a fully funded status under the agreed assumptions.

Risk capacity and risk appetite

Policy in relation to risks

Although the Trustees acknowledge that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following risks:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Scheme's Sponsoring Employer to meet its obligations.

The key strategic risks were assessed during the year as part of the investment strategy review.

The Trustees monitor manager risks through the quarterly performance monitoring reports and cost disclosure documents provided by and discussed with the investment consultant.

Four monitoring reports were received during the year. These did not highlight any significant concerns over the level of risk being run within the Scheme.

Stewardship in relation to the Scheme assets

Policies in relation to investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The Trustees receive information on any trading costs incurred as part of asset transfer work within the Scheme, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs.

The investment managers invest the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their investment managers a fee which is a fixed percentage of assets under management, along with an additional annual fixed fee for one manager as the Scheme's invested assets held are under their minimum threshold.

The investment consultant has provided regular information on their views of the investment managers.

Investment manager monitoring and changes

During the year the Trustees received four quarterly reports from the investment consultant examining the performance of the pooled funds used.

There have been no changes to the Scheme's existing investment manager arrangements.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

Stewardship of investments

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives.

Stewardship - monitoring and engagement

The Trustees recognise that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees have not set out their own stewardship priorities but follow that of the investment managers.

If the Trustees find any investment manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees also delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustees seek to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
Legal & General Investment Management	Yes	Yes
M&G	Yes	Yes

As all of the investments are held in pooled vehicles, the Trustees do not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is shown in the appendix.

These policies are publicly available on each of the investment manager's websites.

The latest available information provided by the investment managers (with mandates that contain equities or bonds) is as follows:

Engagement	FTSE4Good Developed Equity Index - GBP Hedged	FTSE4Good Developed Equity Index	M&G Total Return Credit Fund
Period	01/01/2025-31/12/2025	01/01/2025-31/12/2025	01/01/2025-31/12/2025
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.
Number of companies engaged with over the year	474	474	10
Number of engagements over the year	904	904	15

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustees have been provided with details of what each investment manager considers to be the most significant votes. The Trustees have not influenced the manager’s definitions of significant votes but have reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustees have selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustees did not communicate with the manager in advance about the votes they considered to be the most significant.

Investment managers may use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast and the proportion of votes against management to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (with mandates that contain equities or bonds) is as follows:

Voting behaviour	LGIM FTSE4Good Developed Equity Index Fund - GBP Hedged	LGIM FTSE4Good Developed Equity Index Fund
Period	01/01/2025-31/12/2025	01/01/2025-31/12/2025
Number of meetings eligible to vote at	1,207	1,207
Number of resolutions eligible to vote on	16,886	16,886
Proportion of votes cast	99.9%	99.9%
Proportion of votes for management	81.8%	81.8%
Proportion of votes against management	17.9%	17.9%
Proportion of resolutions abstained from voting on	0.3%	0.3%

Trustees’ engagement

The Trustees have undertaken a review of each investment manager’s engagement policy including their policies in relation to financially material considerations.

The Trustees may also consider reports provided by other external ratings providers.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustees may consider whether to engage with the investment manager.

The Trustees have reviewed the investment managers’ policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the Unite Nations’ Principles for Responsible Investment and the Financial Reporting Council’s UK Stewardship Code 2020.

Appendix

Links to the engagement policies for each of the investment managers can be found here:

Investment manager	Engagement policy
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
M&G Investments	https://www.mandg.com/~/media/Files/M/MandG-Plc/documents/mandg-investments-policies/2023/mginv-engagement-policy-06-23.pdf

Information on the most significant votes LGIM participated in in respect of the funds used during the year ending 31 December 2025 is shown below (these stocks are held in both funds). The Trustees have not influenced the manager's definitions of significant votes, but have reviewed these and are satisfied that they are all reasonable and appropriate.

LGIM	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Oracle Corporation	Lam Research Corporation
Date of Vote	2025-12-05	2025-11-18	2025-11-04
Approximate size of LGIM FTSE4Good Developed Equity Index Fund – GBP Hedged fund's holding as at the date of the vote (as % of portfolio)	6.6%	0.8%	0.7%
Approximate size of LGIM FTSE4Good Developed l Equity Index Fund fund's holding as at the date of the vote (as % of portfolio)	6.6%	0.8%	0.7%
Summary of the resolution	Resolution 1f: Elect Director Satya Nadella	Resolution 1.5: Elect Director Bruce R. Chizen	Resolution 1e: Elect Director Michael R. Cannon
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Board balance - Independence: A vote against is applied to the (re-)election of a non-independent director due to lack of independence on the board. Audit Committee independence: A vote against is applied because the director is not independent and sits on a Board Committee that should be comprised solely of independent directors. Independence: A vote	Remuneration Committee independence: A vote against has been applied due to insufficient independence on the Committee. Diversity: A vote against is applied as L&G expects a company to have at least one-third of women on the board. Independence: A vote against is applied as L&G expects the Chair of the Nominations/Governance

LGIM	Vote 1	Vote 2	Vote 3
		against is applied as L&G expects the Chair of the Nominations/Governance Committee to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Diversity: A vote against is applied as L&G expects a company to have at least one-third of women on the board. Independence: A vote against is applied as L&G expects the Lead Director to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Board mandates: A vote against is applied because we have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions. Governance Committee - Accountability: WITHHOLD votes are warranted for incumbent Governance Committee members Awo Ablo and Bruce Chizen for the substantial pledging activity at the company and significant concerns regarding risk oversight.	Committee to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.
Outcome of the vote	Pass (94%)	Pass (76%)	Pass (81%)
Implications of the outcome	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	Thematic - Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	Thematic - Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

The Royal College of Physicians (1973) Staff Pension Scheme

Information on the most significant engagement case studies LGIM participated in during the year ending 31 December 2025 (latest available) is shown below.

LGIM Firm-Level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Rio Tinto Plc	Fortum OYJ	Anglo American Plc
Topic	Climate & Governance	Climate Impact Pledge	Climate; governance
Rationale	Rio Tinto is a global diversified mining and metals company. The mining and diversified metals sector produces minerals that are essential to the energy transition. As such, L&G believe that long-term, responsible investors, such as L&G, can support these companies as they decarbonise and realise the associated financial opportunities. In August 2024, L&G published their updated assessment framework for mining companies' climate transition plans, which sets out their expectations for the sector and has formed the framework for L&G's ongoing engagements with mining companies. UN SDG 13: Climate Action	In early 2022, the Nordic energy company Fortum committed to become carbon-neutral by 2050, and although the company had produced disclosures related to its plan to achieve this, L&G believed that it needed to go further in developing a resilient strategy that would support sustainable value creation. As a result, L&G became a co-lead investor of the Fortum engagement within the Climate Action 100+ initiative (CA100+). In March 2023, after a series of collaborative and constructive engagements, the company increased its climate change ambitions by: - Bringing forward its carbon neutrality target (across scopes 1, 2 and 3), to 2030 - Committing to exit all coal generation by the end of 2027 - Committing to set a 1.5°C-aligned emission reduction target verified by the Science Based Targets Initiative (SBTi) These commitments were undeniably ambitious and incredibly welcome. However, L&G wanted to continue their engagement with Fortum to understand: • How it would meet its emission reduction targets • How it would facilitate its exit from coal • How it was advocating for a policy environment that would support its own decarbonisation ambitions. UN SDG 13: Climate Action	L&G's engagement with Anglo American has been in-depth and focussed on strategic opportunities that have the potential to strengthen the company's position as a leader in the climate transition. Anglo American is also included in L&G's engagement-led investing strategy - an approach that seeks to support companies in creating long-term shareholder value while reducing emissions and advancing the energy transition. This strategy complements L&G's existing stewardship activities. Having previously been public about their views on the Company's proposed takeover by BHP Group, L&G have been equally transparent about their support for the proposed merger with Teck Resources, and the latter formed a substantial focus of L&G's engagement in 2025, along with related remuneration proposals. UN SDG 13: Climate Action
What the investment manager has done	Climate:	In 2025, L&G had 2 written engagements with Fortum. Levels of individual typically engaged with	In 2025, L&G undertook a series of six meetings and multiple email exchanges with Anglo American, led by both L&G's Investment

LGIM Firm-Level	Case Study 1	Case Study 2	Case Study 3
	L&G have been engaging in detailed and constructive discussions with Rio Tinto since voting against their previous Climate Action Plan in 2022. At the time, while recognising that the company had strengthened its operational emissions reduction targets by 2030, together with making a commitment for substantial capital allocation linked to the company's decarbonisation efforts, L&G were concerned by the absence of quantifiable targets for Scope 3 emissions, and the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. L&G's climate-related engagement since then has aimed to bridge the remaining gaps against their expectations, particularly regarding the company's approach to Scope 3 emissions and customer decarbonisation. In 2025, L&G had four meetings with the company and detailed email exchanges. Levels of individual typically engaged included the Chair. L&G also met with the Senior Independent Director. Engagement was led by the Investment Stewardship team. Governance: This year, a shareholder resolution was put on the AGM ballot that required the company to form a committee of independent directors (with an external shareholder representative in attendance) to review whether a unification of the dual-listed companies structure into an Australian-domiciled holding company is in the best interests of shareholders. The resolution further requires this committee to commission an independent expert report on this matter and publish a detailed report of the committee's findings.	include representatives of the Sustainability and Investor Relations Teams. In 2025, the SBTi approved Fortum's 1.5°C-aligned near- and long-term science-based emission reduction targets. Its targets are in fact more ambitious than those required for 1.5°C verification and include a commitment to reach net-zero GHG emissions across the value chain by 2040. The company also disclosed its transition plan, which included granular detail on how it would meet its direct and indirect emission reduction targets and exit coal on an asset-by-asset basis. Furthermore, in April 2025, the company published its most recent Climate Lobbying Review. The Company has taken L&G's feedback into consideration since launching its inaugural report in 2021. In L&G's view, a supportive policy environment is crucial to ensure that all sectors of the economy can transition smoothly to net-zero emissions by 2050, thereby helping promote an orderly transition, which L&G believe is in the interests of their clients' assets.	Stewardship and Climate Solutions teams. Engagements involved senior leadership, including the CEO, Head of Sustainability, and several board members. Anglo was identified as a strategically significant company within the sector, with a unique copper growth pipeline and a strong track record in project development. L&G's engagement was also informed by concerns that the Company's undervaluation could leave it vulnerable to a takeover, potentially impacting its culture and sustainability leadership. Through their engagement approach, L&G sought to ensure that any strategic shift would support long-term value creation, robust governance, and continued progress on climate and sustainability objectives. Throughout 2024 and 2025, L&G proactively engaged with the Company on strategic options, advocating for a significant portfolio restructuring to restore market confidence and unlock value. L&G were pleased to see the Company's subsequent announcements closely align with L&G's proposed action plan, culminating in the September 2025 announcement of the proposed merger with Teck Resources. L&G publicly supported the merger, recognising its potential to create an energy-transition leader with a strong sustainability focus and significant copper exposure, which is a critical metal for electrification and projected to see surging demand by the 2030s. At the December 2025 EGM to approve the merger, Anglo American also put amendments to its Long-Term Incentive Plan (LTIP) for shareholder approval. L&G constructively challenged the Company on these retrospective changes to in-flight LTIP awards, which would

LGIM Firm-Level	Case Study 1	Case Study 2	Case Study 3
	In response to this resolution, L&G met with the Chairman of the Company, and had several email exchanges to understand the Board's response to this resolution being filed. This was led by the Investment Stewardship team.		have guaranteed minimum vesting levels of its 2024 and 2025 awards subject to the merger proceeding. These changes were not aligned with L&G's remuneration policies. Despite understanding the rationale for incentivising management through the merger, L&G sought assurances on future performance-based incentives, which were not forthcoming. As a result, L&G voted against Resolution 2 (LTIP amendments) while supporting the merger itself. To ensure transparency and signal their position to the market, L&G pre-declared their votes ahead of the EGM.
Outcomes and next steps	Climate: Following what L&G view as substantive progress by Rio Tinto in this area, primarily through enhanced disclosure of its plans to decarbonise its value chains, as well as the clear and quantified actions set out to meet its emission reduction targets, L&G believe the company's enhanced strategy closely aligns with their framework, and should support its decarbonisation journey and the creation of long-term value as the climate transition unfolds. L&G therefore voted in support of the company's Climate Action Plan (Resolution 19), and pre-declared their voting intention. L&G will continue their engagement with the company on the implementation of this plan, and monitor their progress. Governance: Upon extensive engagement with the proponent of the resolution and the company, L&G came to the conclusion that, whilst L&G acknowledge the importance of a public and independent review into the possible unification of the dual-	By undertaking this review and providing detailed disclosures of its climate-related lobbying activities, as well as committing to align these with the Paris Agreement, Fortum highlights its dedication to addressing the global climate crisis and the benefit that a net-zero aligned policy could bring to the delivery of its strategy. L&G's experience of engaging with the company demonstrates that, while external factors play a part in influencing the trajectory of a company's transition, ambitious action to accelerate decarbonisation of carbon-intensive assets is possible with strong leadership. L&G believe this is important for peers and the rest of the market. L&G's engagement with Fortum has been comprehensive and grounded in integrity, and L&G believe that the company has made significant strides in its decarbonisation efforts. As a result, L&G decided to step back from their engagement with Fortum through both their co-lead position within the CA100+ initiative, and their Climate Impact Pledge.	Following L&G's pre-declaration, and in response to significant shareholder concern, the Company announced the withdrawal of the remuneration resolution (Resolution 2) ahead of the EGM. The proposed merger with Teck Resources was subsequently approved by shareholders at the EGM (99.17% votes FOR). To prompt broader discussion and consultation on remuneration practices in the extractives sector, the Investment Stewardship and Climate Solutions teams published a joint blog, inviting feedback from other asset managers and asset owners, which has resulted in conversations within the industry on best practice for executive pay in the sector. L&G continue to maintain a constructive relationship with the Company and will continue to engage on future remuneration plans (ahead of its pay policy renewal at the 2026 AGM), decarbonisation of operations, and opportunities to capture value from low-carbon materials.

LGIM Firm-Level	Case Study 1	Case Study 2	Case Study 3
	listed structure, the Board has already undertaken an extensive review of this issue. As such, L&G do not believe that increased disclosure on a matter that the Board has already reviewed in detail, and on which it has engaged extensively with its own shareholders, is a good use of Board resources and L&G therefore question the need for a further review. Accordingly, L&G voted against the resolution, in turn supporting management's recommendation.	In recognising the progress that Fortum has made in its decarbonisation efforts, L&G aim to signal to the market that meaningful progress and productive engagement is encouraged, recognised, and rewarded. L&G want to work with companies to bridge the gap that exists between their current plans and the benchmarks L&G hold them to. L&G have published detailed information about this decision and their rationale on their blog. L&G will continue to monitor Fortum's progress in actioning the plan it has set out, but look to refocus their engagement efforts on another demand-side company engagement.	