

2026

Stewardship Report



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FOREWORD

BY TREASURER
DEBORAH B. GOLDBERG



As a former business leader, I learned early in my career that the true value of a company cannot be captured on a balance sheet alone. Over the long term, businesses succeed or fail not only because of the assets they own or the revenue they generate, but because of how they treat their employees, how they engage with the communities in which they operate, and how effectively they adapt to a rapidly changing natural and economic environment. These factors are not peripheral to value creation - they are central to it.

At MassPRIM, our responsibility is to ensure that the PRIT Fund is positioned to generate strong, sustainable returns over decades. To do that well, we must look beyond traditional financial metrics and pay close attention to risks that arise from non-traditional sources. Identifying, understanding, and responding to these risks when they could materially impact the long-term performance of the Fund is not only part of our fiduciary duty—it is common sense for a long-term investor.

That is why, in 2022, I proposed the creation of the Stewardship & Sustainability Committee: a dedicated body to advise the PRIM Board and staff on leading practices for systematically addressing these risks across the portfolio.

Since its formation at the end of that year, the Committee has worked alongside with MassPRIM staff to make significant progress in developing a rigorous, research-based, and forward-looking stewardship framework. These efforts are intentionally designed to complement and strengthen MassPRIM's investment processes, all in service of long-term value creation for the PRIT Fund and the pensions it supports.

In a moment marked by political, regulatory, and economic volatility, having a disciplined and methodical approach to stewardship is more important than ever. Long-term investors must be clear-eyed about the risks and opportunities that will shape markets in the decades ahead. The work of the PRIM Board, the Stewardship & Sustainability Committee, and MassPRIM staff, positions the organization to meet this challenge—and reinforces our commitment to leadership, prudence, and resilience on behalf of the Commonwealth.

DEBORAH B. GOLDBERG

TREASURER AND RECEIVER GENERAL
PRIM BOARD CHAIR

WHY STEWARDSHIP MATTERS TO MASSPRIM

The Massachusetts Pension Reserves Investment Management Board (MassPRIM) serves as fiduciary for the approximately \$120 billion Pension Reserves Investment Trust (PRIT) Fund. As a fiduciary, MassPRIM acts in the best interests of the pension beneficiaries to prudently manage assets on their behalf. This responsibility forms the foundation of MassPRIM's investment mandate. MassPRIM exists to ensure that the Commonwealth of Massachusetts can meet its pension obligations to public employees while minimizing taxpayer burden.

MassPRIM pursues long-term value creation through diversified investment strategies, cost-effective operations and partnerships with high-quality investment management firms. The PRIT Fund's Investment Policy Statement sets out the investment objectives, risk parameters and governance framework that guide this work.

Achieving sustained long-term returns requires regularly evaluating non-traditional and emerging risks that have the potential to affect Fund performance. Complex forces—such as climate change, labor market disruptions and natural resource constraints are changing how companies compete, transforming their business models, and creating uncertainties that will unfold over the decades-long timeframe relevant to the PRIT Fund.

MassPRIM's Stewardship Program is MassPRIM's systematic response to these emerging risks and opportunities. The Program seeks to use a range of tools, including proxy voting, company and manager engagement, and strategic partnerships to protect and enhance long-term value creation.

MassPRIM's stewardship approach is structured around three core principles:

01

Enhance Risk/Return

Enhance the risk/return expectations of the PRIT Fund.

02

Create Measurable Impact

Create tangible impact by pursuing focused and measurable efforts.

03

Promote Leadership & Innovation

Promote thought leadership and explore opportunities for innovation.

These principles have guided every dimension of the Program—from priority identification and portfolio company engagement to manager oversight and program evaluation.

MassPRIM's formal Stewardship Program launched in 2023. This inaugural report documents the first complete implementation cycle, detailing the governance framework developed, the priorities identified, and progress made. MassPRIM remains committed to continuous improvement, innovation, and transparent reporting as the Stewardship Program matures.

Financial Foundation for Effective Stewardship

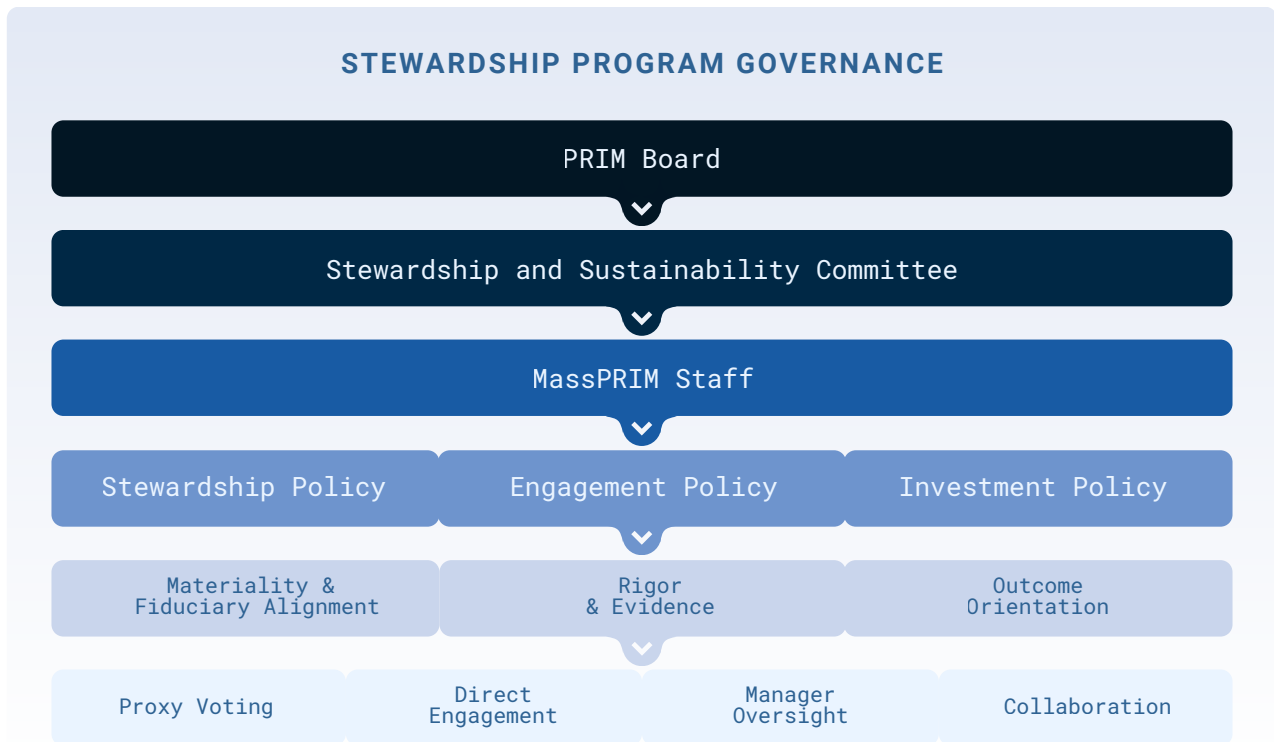
The PRIT Fund's stewardship program is built on a foundation of strong investment performance and cost-conscious operations. Over the ten years ending December 31, 2025, MassPRIM generated annualized net returns of 8.8%, while maintaining disciplined cost controls across a globally diversified portfolio. The PRIT Fund's total investment management costs were 52 basis points.

8.8%

**MassPRIM
Annualized
Net Returns**

MASSPRIM'S STEWARDSHIP GOVERNANCE AND APPROACH

A clear governance structure ensures that MassPRIM's Stewardship Program is accountable, outcome-oriented and aligned with fiduciary duties.



In February 2022, the MassPRIM Board established the Stewardship and Sustainability Committee to assist the Board in overseeing material risks from environmental, social and governance factors, and recommend relevant action to address such risks. From the outset, the Committee has focused on efforts that seek to add value to the Fund and enhance the work of investment teams. Board and Committee Chair, Treasurer Deborah Goldberg has noted that the goal of the effort was to implement “common sense investment practices for the long-term.”

In 2023, MassPRIM established a staff level Director of Stewardship position to support the Board and Committee’s efforts.

Over 2024, the MassPRIM Board adopted policies that articulated the rationale of the Fund’s stewardship efforts, as well as how stewardship would be implemented.

The [Stewardship Policy](#), adopted in January 2024, reinforces that materiality and fiduciary duty are the foundation for all stewardship efforts. Additionally, the Policy identified three

objectives that will guide the Stewardship Program: enhancing the risk-adjusted return profile of the PRIT Fund; achieving tangible impact by pursuing focused and measurable efforts; and promoting thought leadership and exploring opportunities for innovation.

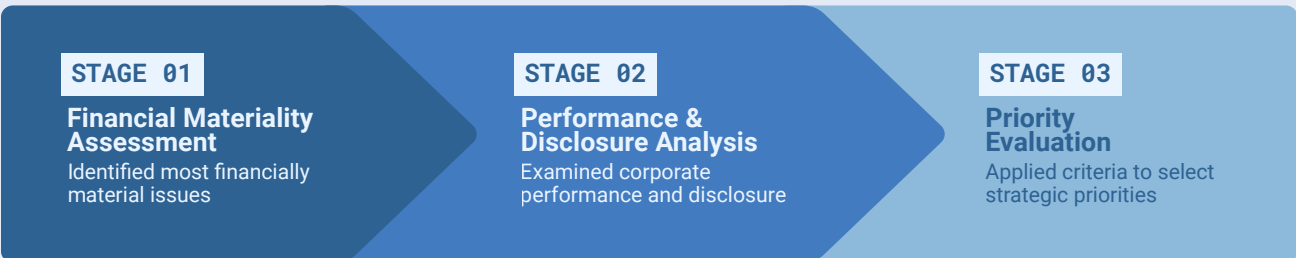
The [Engagement Policy](#), adopted in July 2024, lays out how these principles will be operationalized. This Policy establishes explicit criteria for prioritizing engagement activities, including relevance to long-term value creation; strategic focus; action and outcome orientation; and innovation. This Policy also identifies tools that MassPRIM can deploy in support of stewardship efforts, including proxy voting; partnerships with investor groups; dialogue with managers and portfolio companies; and policy engagement.

In December 2024, the Board formally integrated stewardship into MassPRIM’s [Investment Policy Statement](#) reinforcing MassPRIM’s recognition that prudent long-term asset management requires active engagement with the entities in which the PRIT Fund is invested.

IDENTIFYING STEWARDSHIP PRIORITIES

Clearly defined stewardship priorities are essential to MassPRIM's commitment to strategic focus and outcome orientation. In 2024, MassPRIM deployed a three-stage innovative, rigorous, and data-oriented approach to identify the areas of focus for its stewardship efforts.

Identifying Stewardship Priorities



In the **first stage**, staff partnered with a number of groups to conduct a materiality assessment of the PRIT Fund that was informed by financial models and industry and academic research on long-term value creation. The assessment focused on the Public Markets portfolio – approximately 60% of the Fund – as the asset classes with the most data availability for the systematic assessment that was run. The assessment generated a ranked analysis of environmental and social issues that presented the most significant financial implications for the PRIT Fund's long-term performance.

The **second stage** examined portfolio company performance on the top material issues identified. In this stage, staff collaborated with MSCI to analyze company-level data on corporate practices, implementation and transparency. The analysis identified areas where companies were not yet taking sufficient action to mitigate risk as potential sections where stewardship action would be most beneficial to the Fund's performance.

The **third stage** combined the findings from the previous stages with the prioritization criteria established in the Engagement Policy in order to pinpoint specific areas where focused efforts by MassPRIM would be most relevant, action-oriented and likely to generate relevant outcomes.

Stewardship Priorities

Building on this process, in December 2024, the MassPRIM Board approved four Stewardship Priorities for the Program's initial implementation cycle.

Each Stewardship Priority reflects academic and industry research on financial materiality, material portfolio exposure, and actionable engagement opportunities. The following sections detail the strategic rationale and implementation approach for each priority area.

PRIORITY 1

Climate Transition Planning

Encourage climate-aware strategic plans and business models.

PRIORITY 2

Fair Pay

Drive uptake of equitable and transparent pay practices.

PRIORITY 3

Sustainable Forestry

Support practices that reduce forest loss and promote resilience.

PRIORITY 4

Transparency

Encourage improved disclosure on stewardship priorities.

PROGRESS ON CLIMATE TRANSITION PLANNING

PRIORITY 1

Climate Transition Planning

Encourage climate-aware strategic plans and business models.

Goals

- Analyze climate risks and opportunities across portfolio
- Engage managers and companies on transition planning

Progress

- ✓ Conducted baseline conversations with all external managers
- ✓ Built model to assess portfolio climate transition risk
- ✓ Joined EDCI for private markets transparency
- ✓ Voted against directors in 107 high emitting companies for inadequate disclosure, transition planning

Climate change presents a range of risks—physical, transition, regulatory, and market-driven—that affect the short-term performance and long-term resilience of companies and other investments. These risks carry financial implications for long-term investors. MassPRIM has prioritized Climate Transition Planning to deepen the Fund’s understanding of how climate-related factors affect portfolio investments and to emphasize proactive planning to mitigate or adapt to identified risks.

In 2025, MassPRIM set a goal to analyze climate risks and opportunities across the portfolio and to engage managers and companies on climate transition planning. To operationalize this goal, MassPRIM developed an approach modeled after its existing risk measurement systems. The approach is designed to provide investment teams with the insight to evaluate risks systematically and pose more informed questions to investment managers.

As a first step, the Public Markets team initiated structured baseline conversations with all external managers to understand the extent to which climate considerations inform their investment processes. These conversations revealed a wide range of systems, capacities and approaches.

Building on this baseline, staff partnered with Goldman Sachs to develop a customized Climate Transition model to evaluate the risks companies face from climate change and the actions they are taking to position themselves for resilience and value creation. This model was applied to the Public Markets portfolio. Staff are now using the insights obtained to further engage Public Markets managers on the specifics of their approach to considering climate transition, including security selection and company engagement practices. These discussions will help identify firms demonstrating advanced climate-integration practices, as well as those where additional engagement is needed to understand and emphasize the importance of climate change as a long-term risk factor.

In Private Markets, staff engaged with managers to understand how they incorporate climate transition considerations into portfolio oversight and value creation strategies. Noting the limited availability of climate data from private companies as a barrier to informed decision making, MassPRIM joined the ESG Data Convergence Initiative (EDCI)—a partnership between private market general partners and limited partners that aims to standardize reporting on key environmental and social topics. MassPRIM will use this platform to encourage relevant GPs to disclose climate information that can inform future analysis of risk and opportunity.

Climate Transition Planning also informed proxy voting decisions. Between July 2024 and June 2025, the Fund voted against directors at 107 high-emitting companies with insufficient climate transition planning or disclosure. MassPRIM also supported 96 shareholder resolutions supporting corporate efforts on climate change risk mitigation and opposed 53 resolutions calling on companies to roll back their climate change efforts. More details are available in the Proxy Voting section.

ESG Data Convergence Initiative

The ESG Data Convergence Initiative is an industry collaboration between private market Limited Partners and General Partners to standardize and simplify the collection of sustainability data in private markets by creating a core set of comparable metrics for portfolio companies. The partnership includes over 500 GPs and LPs and includes data from over 9000 portfolio companies

[ESGDC.ORG](https://esgdc.org)



PROGRESS ON FAIR PAY

PRIORITY 2

Fair Pay

Drive uptake of equitable and transparent pay practices.

Goals

- Engage companies to encourage disclosure on pay practices, human capital
- Explore innovative business models that address pay inequities

Progress

- ✓ Redesigned proxy voting guidelines on executive compensation
- ✓ Engaged 50+ companies on pay equity, transparency, and retention
- ✓ Joined LP Advisory Council of Ownership Works
- ✓ Approved Responsible Workforce Management Policy

The policies and approaches companies use to manage their workforce impact long-term corporate performance. Companies with transparent and equitable pay structures and well-supported workforces tend to exhibit stronger productivity and talent retention, factors that directly influence earnings and risk profiles. MassPRIM prioritized Fair Pay to deepen understanding of workforce-related risks across portfolio companies and encourage equitable and transparent pay practices.

In 2025, MassPRIM set goals to encourage companies to establish processes for pay parity, advocate for enhanced transparency on human capital and pay practices and explore innovative business models that address pay inequities.

In February 2025, the PRIM Board updated MassPRIM's Custom Proxy Voting Guidelines related to executive compensation, incorporating a more robust focus on pay-for-performance alignment and stricter definitions of problematic pay practices. This resulted in a voting posture that discouraged compensation practices that are misaligned with long-term shareholder interests.

Between July 2024 and June 2025, MassPRIM also supported nine shareholder proposals encouraging the establishment of fair and equitable pay and responsible workforce practices and opposed six resolutions calling for the rollback of pay equity mechanisms.

In 2025, MassPRIM launched its most comprehensive human capital engagement effort to date, directly engaging companies across sectors where workforce issues are particularly material. These engagements focused on pay equity, wage transparency, worker retention, and the adequacy of human capital disclosures. The conversations communicated MassPRIM's view on the importance of responsible workforce practices and fair pay to portfolio companies. Staff will track and report on commitments to improved disclosure and practices obtained through these dialogues.

Fair pay and responsible workforce practices were also a focus of work with private equity managers. In 2025, MassPRIM joined the Limited Partner Advisory Council of Ownership Works, a non-profit organization pioneering workable models for shared ownership in private companies. Ownership Works partners with companies and investors with the goal of creating thriving workplaces through the power of shared ownership and shared wealth creation.

MassPRIM's participation is focused on building the business case for such approaches with a view to encouraging relevant private markets managers to adopt them.

In 2025, the PRIM Board approved the Responsible Workforce Management Policy aimed at MassPRIM's private equity investments to further systematize its due diligence on this priority. Under this Policy, staff will conduct focused assessments of the labor practices of prospective managers. When investments are approved, the investment managers will be provided with this Policy, and for existing managers, this Policy will be factored into ongoing manager engagements.

Ownership Works is a nonprofit organization that partners with companies and investors to provide all employees with the opportunity to build wealth at work.

They have seen broad-based employee ownership create meaningful wealth-building opportunities for employees, uplift families, reinvigorate corporate cultures, and improve business performance. Providing all employees with a stake in the value they help create is not just better business and smarter investing, it's also the right thing to do.

[OWNERSHIPWORKS.ORG](https://ownershipworks.org)



PROGRESS ON SUSTAINABLE FORESTRY

PRIORITY 3

Sustainable Forestry

Support practices that reduce forest loss and promote resilience.

Goals

- Analyze opportunities to support natural capital solutions
- Engage companies on action to reduce critical forest loss

Progress

- ✓ Conducted detailed deforestation risk analysis across Global Equity portfolio
- ✓ Joined CDP to support enhanced disclosure
- ✓ Assessed timberland portfolio resilience under ecological and market scenarios

Deforestation presents material risks to companies whose operations and supply chains are dependent on resilient and thriving forest ecosystems. MassPRIM prioritized Sustainable Forestry to understand and mitigate deforestation-related risks across the portfolio, leveraging insights from the Fund's timberland investments.

In 2025, MassPRIM set a goal to engage companies on action to reduce critical forest loss and explore emerging opportunities in forest resilience and natural capital management.

In 2025, staff worked with Climate & Company, a European think tank, to conduct detailed analysis of deforestation risk across the Public Markets portfolio, identifying companies where exposure to commodity driven deforestation represents a financially material risk. These companies now form a priority list for future engagement and monitoring, including through external managers.

In 2025, MassPRIM joined CDP, a global non-profit that operates an environmental disclosure system for companies to report on climate change, water scarcity, and deforestation. By joining CDP, MassPRIM gained access to an extensive database of corporate information on deforestation for further analysis.

Priority companies identified by Climate & Company that do not provide adequate disclosure will be encouraged to disclose using the CDP framework.

In 2024, MassPRIM added language to the Custom Proxy Voting Guidelines explicitly recognizing the materiality of natural capital related risks to certain companies and industries and calling for the implementation of formal risk mitigation systems. Between July 2024 and June 2025, the Fund supported 6 shareholder resolutions supporting corporate action to mitigate risk associated with deforestation and natural capital degradation.

MassPRIM continues to work closely with its timber consultant, IWC Group, to assess the resilience of the timberland portfolio under various ecological and market scenarios, identifying both risks from changing climate patterns and exploring potential value creation pathways through conservation strategies.

CDP (formerly the Carbon Disclosure Project) is a global organization that runs the world's leading environmental disclosure system, helping companies, cities, states, and regions report on their environmental impacts to drive transparency and action toward a sustainable economy. It provides a standardized framework for reporting and makes this data accessible to investors, policymakers, and the public, promoting accountability and informed decision-making.

PROGRESS ON TRANSPARENCY

PRIORITY 4

04 Transparency

Encourage improved disclosure on stewardship priorities.

Goals

- Engage companies on the importance of standardized, high-quality disclosure
- Advocate for disclosure regulations on climate change and human capital
- Join efforts to develop investor-relevant disclosure framework

Progress

- ✓ Update Custom Proxy Voting Guidelines to reinforce transparency on material issues
- ✓ Joined Human Capital Management Coalition to support workforce disclosures
- ✓ Joined CDP to support environmental disclosures
- ✓ Joined EDCI to advance private markets disclosure

Transparency is foundational to effective markets and prudent long-term investing. Without reliable, comparable, and decision-useful information, investors cannot accurately assess risk or evaluate corporate performance. MassPRIM prioritized Transparency to strengthen investor-relevant disclosure expectations across stewardship priorities and address information gaps in public and private markets.

In 2025, MassPRIM set goals to engage companies on the importance of standardized, high-quality disclosure; advocate for disclosure regulations on climate change and human capital; and join efforts to develop investor-relevant disclosure frameworks.

In 2024, MassPRIM updated its Custom Proxy Voting Guidelines to reinforce support for decision-relevant transparency on material issues using internationally recognized standards to allow for comparability. Between July 2024 and June 2025, the Fund supported 13 shareholder resolutions encouraging corporate transparency on material issues and opposed 5 resolutions calling for the rollback of existing transparency.

As noted in previous sections, manager and company engagements conducted over 2025 emphasized the importance of disclosure on Climate Transition Planning, Fair Pay, and Sustainable Forestry among public markets companies.

In 2025, MassPRIM joined the Human Capital Management Coalition, an investor group advocating for standardized human capital disclosure. This membership signals MassPRIM's support for standardized disclosure on key metrics that indicate the health of a company's workforce management practices.

The **Human Capital Management Coalition** (HCMC or Coalition) is a cooperative effort among a diverse group of asset owners to further elevate human capital management as a critical component in company performance. It is the only group run exclusively for the owners and providers of capital to engage the investment community, companies, and other market participants to understand and improve how human capital management contributes to the creation and protection of long-term shareholder value. The Coalition includes 35 institutional investors representing over \$10 trillion in assets.

As discussed in the Climate Transition Planning section, MassPRIM's membership in the EDCI reflects the need for greater transparency on environmental and social factors from private companies. Staff intend to encourage relevant private markets managers to report using this platform. Membership in the EDCI also provides an opportunity to advocate for increased transparency on metrics that reflect the Fund's stewardship priorities.

PROXY VOTING

Proxy voting is the process by which shareholders cast votes on corporate governance matters at company annual meetings. Proxy voting serves as a direct channel for communicating expectations on long-term value creation to portfolio company boards and management. Each year, MassPRIM votes on tens of thousands of ballot items at more than 7,000 companies worldwide, making it one of the Fund's most systematic and far-reaching stewardship tools.

MassPRIM's Board-approved Custom Proxy Voting Guidelines, which reflect the Fund's Stewardship Priorities, serve as the framework for communicating the Fund's expectations on behaviors for long-term value. Staff engage proxy advisory and voting services, supplemented by external research providers, to ensure Guidelines are operationalized through votes. Staff also regularly review voting recommendations to ensure fidelity with the Guidelines is maintained.

Proxy voting is not a static exercise. Between 2024 and 2025, MassPRIM engaged in extensive updates of its Custom Proxy Voting Guidelines to emphasize the rationale for voting decisions and note the connections to materiality and long-term value. The Custom Proxy Voting Guidelines are also regularly updated to reflect the latest research on systems and behaviors for long-term value creation. The Stewardship and Sustainability Committee and the MassPRIM Board regularly review the Fund's global proxy voting efforts to ensure consistency with the principles established in the Custom Proxy Voting Guidelines. In 2025, the Board approved a Proxy Voting Decision Making Policy that outlines the process staff will use when a ballot measure falls outside the stated scope of the Custom Proxy Voting Guidelines.

Between July 2024 and June 2025, MassPRIM cast votes on over 85,000 ballot items across more than 7,000 companies in the Global Equity portfolio.

2024-2025 Proxy Voting at a Glance

7,000+

Votes on
Companies Worldwide

85,000+

Ballot Items

Throughout this period, staff worked to ensure that voting reinforced MassPRIM's stewardship priorities and remained aligned with broader engagement activities. Despite MassPRIM's large assets under management and the scale of its voting program, the median ownership stake in individual companies is very small. MassPRIM has therefore determined that combining proxy voting with direct company engagement and manager dialogue creates the most effective mechanism for influencing meaningful change on stewardship priorities.

Staff are working to refine the proxy voting guidelines to communicate expectations more clearly and effectively. In 2026, MassPRIM will shift to a more succinct, principles-based framework that articulates the vision for long-term value creation in accessible language while maintaining the same underlying voting standards. This shift will emphasize behaviors and systems expected from companies rather than cataloging responses to specific resolution types, positioning the Fund to respond effectively as the proxy landscape evolves while ensuring voting on stewardship priorities remains consistent and clear.

LOOKING AHEAD

The work completed in 2024 and 2025 provides a strong foundation for deeper execution and broader impact in the next stewardship cycle. The coming year will focus on transitioning from developing systems and early implementation to sustained engagement, measurable outcome tracking, and enhanced integration across the Fund.

Key initiatives for 2026 include:



Strengthen manager assessments on Stewardship Priorities across public and private markets

The portfolio assessments and baseline engagements conducted in 2024-2025 have positioned staff to take a more systematic and outcomes-oriented approach to overseeing manager approaches on these topics.



Continue direct company engagement on fair pay and human capital management disclosure.

Experience gained in 2025 has yielded valuable insights that staff will incorporate into more targeted, outcome-oriented efforts.



Enhance the proxy voting approach.

Staff will use multiple sources of data to inform voting decisions and conduct rigorous reviews of voting records to ensure consistency with Board-approved Proxy Voting Guidelines, keeping pace with the rapidly evolving shareholder and proxy voting landscape.



Leverage partnerships that amplify stewardship priorities.

MassPRIM expects to deepen collaboration with CDP, EDCI, Ownership Works, and the Human Capital Management Coalition, while exploring engagement with additional organizations aligned with MassPRIM's priorities.



Enhance public transparency.

MassPRIM will continue providing timely updates, accessible reporting, and educational content for stakeholders and beneficiaries. The next edition of this annual report will reflect a more mature phase of the stewardship program, showcasing progress against defined goals and key performance indicators (KPIs)—the specific metrics used to measure success.

As MassPRIM enters 2026, it does so with clarity of purpose, a strong foundation, and a disciplined approach.

The focus now shifts to outcome-oriented implementation—engaging companies, enhancing manager oversight, refining governance tools, and continuously strengthening the PRIT Fund's long-term resilience.



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