

Engagement Policy Implementation Statement

Why have we produced this Statement?

The Trustee of the Plumbing & Mechanical Services (UK) Industry Pension Scheme has prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Scheme's Statement of Investment Principles (SIP).

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives and investment strategy.

It also explains how and why the Trustee delegates certain responsibilities to third parties and the risks the Scheme faces and the mitigated responses.

The Trustee last reviewed the SIP in August 2025. A copy of the SIP is available in the website: <https://www.plumbingpensions.co.uk/media/Documents/SIP%20August%202025.pdf>

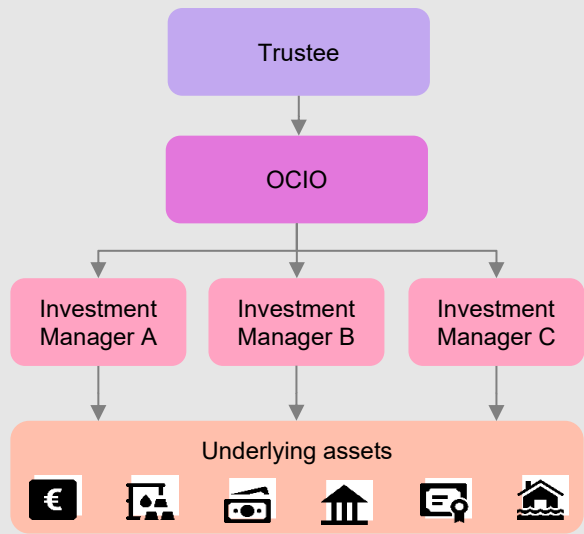
What is the purpose of this Statement?

1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe the voting rights attached the Scheme's assets have been exercised over the year.

What changes have we made to the SIP?

- WTW has been appointed as the Outsourced Chief Investment Officer (OCIO) to implement and manage the portfolio
- The target asset allocations and asset classes have been updated based on the current portfolio
- Minor rewording on LDI portfolio designed to hedge 100% of the target interest and inflation rate
- State Street has been appointed as the Scheme's custodian while JP Morgan still holds legacy accounts.

How are the Scheme's investments managed?



Trustee - The Trustee's key objective is to invest the assets prudently to ensure that the benefits promised to members are provided. The Trustee retains overall responsibility for the Scheme's investment strategy but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Outsourced Chief Investment Officer (WTW) – The Trustee employs an OCIO to implement the Trustee's investment strategy. The OCIO allocates the Scheme's assets between asset class and investment managers.

Investment managers – The OCIO appoints underlying investment managers either using a pooled vehicle or a segregated mandate, where these assets are held directly in the Scheme's name. The OCIO will look for best in class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate, e.g. shares in a company or government bonds.

Engagement Policy Implementation Statement (continued)

Why does the Trustee believe voting and engagement is important?

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments are made. The Trustee recognises that ultimately this protects the financial interests of the Scheme and its beneficiaries and can create long-term financial value. Further, the Trustee's view is that Environmental, Social and Governance ("ESG") factors (such as climate change) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks.

The Trustee has appointed an OCIO who shares this view and considers and integrates ESG factors, voting and engagement in its processes.

The Trustee will have periodic training on Responsible Investment to understand how ESG factors could impact the Scheme's assets and liabilities. As part of the ongoing monitoring of the Scheme's investment managers, the Trustee will use the information provided by WTW, where relevant and available, to monitor the level of integration of ESG on a quarterly basis.

What is the Trustee's voting and engagement policy?

The day-to-day integration of ESG considerations, voting and engagement are delegated to the investment managers.

The Trustee expects that the Scheme's investment managers will monitor for financially material risks within investments made and provide transparency on engagement with respect to mitigating these risks. The Trustee regularly reviews, through WTW, the suitability of the investment managers and considers broader stewardship matters and the exercise of voting rights by the appointed managers. If an appointed manager is found to be falling short of the standards the Trustee or WTW expects the Trustee or WTW will engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of its investment managers on an annual basis, covering both engagement and voting actions.

Further detail is provided in the Statement of Investment Principles.

What training has the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement. Over the year, the Trustee received training from the OCIO on sustainable investment matters and training on the ESG approach adopted within the equity portfolio.

Engagement Policy Implementation Statement (continued)

What are the OCIO’s policies?

Climate change and net zero goal

The OCIO has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. They believe the trajectory is important, so are also aiming to approximately halve emissions per amount invested by 2030.

Public policy and corporate engagement

The OCIO employs an external stewardship service provider, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2025 include:

- 859 companies engaged across regions on 3,849 issues and objectives
- 73 companies in their core programme featured engagements with the CEO or chair
- Making voting recommendations on 131,979 resolutions at 13,516 meetings, including 63% of meetings with one or more resolutions against management
- 55 consultation responses or a proactive equivalent made
- 181 discussions were held with relevant regulators and stakeholders

Industry initiatives

The OCIO participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:
<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>.

Engagement Policy Implementation Statement (continued)

How does the OCIO assess the investment managers?

Investment manager appointment - The OCIO considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. Over the course of 2025, the OCIO researched 80 sustainability-themed strategies and engaged with over 50 external asset managers across more than 90 products.

Investment manager termination - The OCIO engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The OCIO may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no investment managers were terminated on these grounds during the year.

Example of engagements carried out over the year

Illiquid credit manager

Environment – climate issue

Issue: The manager needs to improve the carbon emission data collection from managers.

Outcome: Meetings were held with the ESG and Investment Reporting teams to discuss current information requirements and opportunities to enhance engagement with underlying borrowers. The manager is in the third year of reviewing the annual monitoring questionnaire and evaluating existing data collection practices. The OCIO encouraged the manager to provide revenue information to support more accurate financed emissions estimates where direct emissions data is unavailable.

Opportunity fund manager

Environment – climate issue

Issue: The manager has not yet established a clear approach for reporting climate metrics due to the nature of the portfolio, where c.95% of loans are secured against vacant properties. As a result, existing frameworks such as Partnership for Carbon Accounting Financials (PCAF) and the GHG Protocol do not adequately capture financed emissions.

Outcome: The OCIO has engaged directly with the manager's team, including senior leadership, through ongoing discussions focused on identifying a suitable methodology for climate reporting. The OCIO will continue to monitor developments and collaborate with the manager, with the next step being alignment with the expected PCAF guidance update on mortgage methodologies.

Institutional sterling liquidity fund manager

Environment – climate issue

Issue: The OCIO is requesting the manager to provide greater data transparency on net zero alignment.

Outcome: The engagement is currently still underway. While a strong qualitative approach has been clearly demonstrated, additional quantitative evidence is required to support and substantiate this assessment. Success will be reflected in a higher completion rate for net zero alignment questions within Invest Connect questionnaires. The OCIO will check for the survey submission in next round to ensure data has been provided. The OCIO has offered calls to support them through the process as they fill it out.

Engagement Policy Implementation Statement (continued)

What are the voting statistics we provide?

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Scheme's equity investment managers.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes:

- The manager deems the vote to be notable for the scheme significant
- The size of the company holding related to the vote
- It was a vote against company management
- The vote provides representation of the stewardship activity across different types of investment manager and mandates
- The total number of votes identified and reported by the Trustee is at a proportionate level

The RAFI Fundamental Global Reduced Carbon Pathway Index Fund was redeemed in full over the year with residual balances reflecting amounts held back pending wind-up of the fund.

Engagement Policy Implementation Statement (continued)

How have our Investment Managers voted over the last 12 months?

Global Equity Diversified Index Sub-Fund

Pooled multi-asset growth index fund

How many votes has this manager cast?

Number of meetings at which the manager was eligible to vote:	903
Number of resolutions on which manager was eligible to vote:	10,377
Percentage of eligible votes cast:	100.0%
Of the votes cast, percentage of votes	
with management:	92.1%
against management:	5.6%
abstained from:	2.3%
% of meetings, where the manager voted and there was at least once against management:	41.3%
% of resolutions, where the manager voted and the vote was contrary to the recommendation of the proxy adviser? (if applicable)	N/A

What is this manager's voting policy?

The sustainability proxy voting and engagement policy defines client-led positions on four key sustainability priorities: climate change, nature, human rights, and diversity. For issues outside these priorities, the sustainability stewardship team applies the manager's global proxy voting and engagement policy alongside the sustainability policy. The policy represents the views of opt-in clients, not the manager or the Global Asset Stewardship team.

The sustainability stewardship team develops the policy based on client input, conducts engagements on behalf of opt-in clients, and votes proxies for clients who have elected to apply the policy. It sets out general expectations for companies' disclosure and oversight of sustainability risks and opportunities and may withhold support from directors where companies are misaligned. Shareholder proposals related to the four priorities are assessed case by case using specific voting criteria and principles outlined in the policy.

The Sustainability Service appoints Institutional Shareholder Services (ISS) as its primary proxy voting service provider to act as proxy voting agent, including vote execution and administrative services, provide research and analysis on proxy voting ballot items, and facilitate ballot splitting under the Sustainability Policy, which allows eligible investors to apply this policy to their pro rata holdings in relevant funds. In addition, all voting decisions and engagement activities for which the Sustainability Service has been given voting discretion are undertaken in accordance with the Sustainability Policy. As such, proxy advisory firms do not provide the Sustainability Stewardship Service with any vote recommendations, and all final vote decisions are made by the Sustainability Service.

Engagement Policy Implementation Statement (continued)

Which of these votes do we think were significant?

Company:	Apple Inc.
Resolution:	Operations in high-risk countries
Allocation in manager portfolio:	5.1%
Date of vote:	24 February 2026
How the manager voted:	"Against" the shareholder resolution, with management recommendation
Prior notice to management (if voting against management):	Not applicable
Manager rationale for vote:	This proposal does not merit support as the company's disclosures related to operations in high-risk countries are reasonable.
Trustee rationale for significance:	The manager considered this to be a notable resolution and size of the holding.
Outcome of the vote:	Resolution failed
Implications of the outcome:	Where appropriate the manager will contact the company to explain their voting rationale and conduct further engagement.

Company:	Tesla, Inc.
Resolution:	Elect Director
Allocation in manager portfolio:	0.2%
Date of vote:	6 November 2025
How the manager voted:	"Against" the management resolution
Prior notice to management (if voting against management):	Not applicable
Manager rationale for vote:	The nominee is a senior board member and the company does not meet minimum corporate governance standards for the market.
Trustee rationale for significance:	The manager considered this to be a notable resolution.
Outcome of the vote:	Resolution passed
Implications of the outcome:	Where appropriate the manager will contact the company to explain their voting rationale and conduct further engagement.

Engagement Policy Implementation Statement (continued)

Company:	Ciena Corporation
Resolution:	Elect Director
Allocation in manager portfolio:	0.1%
Date of vote:	26 March 2026
How the manager voted:	“Against” the management resolution
Prior notice to management (if voting against management):	Not applicable
Manager rationale for vote:	There are potential concerns with disclosure on board demographics. There are potential concerns with disclosure on workforce demographics.
Trustee rationale for significance:	The manager considered this to be a notable resolution.
Outcome of the vote:	Resolution passed
Implications of the outcome:	Where appropriate the manager will contact the company to explain their voting rationale and conduct further engagement.

Engagement Policy Implementation Statement (continued)

RAFI Fundamental Global Reduced Carbon Pathway Index Fund

A global equity index fund with a reduced carbon emissions focus

How many votes has this manager cast?

Number of meetings at which the manager was eligible to vote:	3,459
Number of resolutions on which manager was eligible to vote:	38,855
Percentage of eligible votes cast:	100.0%
Of the votes cast, percentage of votes	
with management:	79.1%
against management:	19.4%
abstained from:	1.5%
% of meetings, where the manager voted and there was at least once against management:	64.7%
% of resolutions, where the manager voted and the vote was contrary to the recommendation of the proxy adviser? (if applicable)	13.2%

What is this manager's voting policy?

The manager's voting decisions are guided by policies that are researched and fine-tuned every year. They incorporate specific market policies that allow for local nuances to align with best practices. Over many years the manager has developed a granular custom voting policy with specific voting instructions driven by their expectations. These instructions apply to all markets globally, with minimum best practice standards that the manager believes all companies should observe, irrespective of local regulations or practices. In addition, they have also set country-specific expectations for those markets in which we adopt a differentiated stance. All of the manager's custom voting policies are developed in accordance with their publicly disclosed position on good governance and sustainability-related criteria in their guideline documents and country-specific policies. The manager retains the ability in all markets to override any voting decisions that are based on their custom voting policy. This may happen when a company has provided additional insight that allows the manager to apply a qualitative overlay to their assessment.

The manager regularly monitors the votes cast on their behalf to ensure they are executed in accordance with their policy intentions. The manager also undertakes additional quality checks on short-notice vote instructions and rejected votes.

Proxy votes are casted according to the manager's instructions, guided by their voting policies and effected through an electronic voting platform called 'ProxyExchange', which is managed by Institutional Shareholder Services (ISS).

Engagement Policy Implementation Statement (continued)

Which of these votes do we think were significant?

Company:	China Construction Bank Corporation
Resolution:	Resolution 7: Elect Zhang Jinliang as director
Allocation in manager portfolio:	0.2%
Date of vote:	27 June 2025
How the manager voted:	"Against" the management resolution
Prior notice to management (if voting against management):	No
Manager rationale for vote:	A vote against is applied as the company is deemed not to have made sufficient progress against the climate expectations and red lines, as set out in the sector guides through the manager's dial-mover engagement programme.
Trustee rationale for significance:	The manager voted against the management resolution and director election.
Outcome of the vote:	Resolution passed
Implications of the outcome:	The manager's business will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Company:	Industrial and Commercial Bank of China Limited
Resolution:	Resolution 7: Elect Dong Yang as Director
Allocation in manager portfolio:	0.2%
Date of vote:	27 June 2025
How the manager voted:	"Against" the management resolution
Prior notice to management (if voting against management):	No
Manager rationale for vote:	A vote against is applied as the company is deemed not to have made sufficient progress against the climate expectations and red lines, as set out in the sector guides through the manager's dial-mover engagement programme.
Trustee rationale for significance:	The manager voted against the management resolution and director election.
Outcome of the vote:	Resolution passed
Implications of the outcome:	The manager's business will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Engagement Policy Implementation Statement (continued)

Company:	Sasol Ltd.
Resolution:	Resolution 3: approve climate change report
Allocation in manager portfolio:	0.02%
Date of vote:	14 November 2025
How the manager voted:	"Against" the shareholder resolution, against management recommendation
Prior notice to management (if voting against management):	No
Manager rationale for vote:	A vote against is applied as the manager expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the average global temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 greenhouse gas emissions (GHG) emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.
Trustee rationale for significance:	The manager voted against the management recommendation.
Outcome of the vote:	Resolution passed
Implications of the outcome:	The manager's business will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

In conclusion...

The Trustee is satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.