

Engagement Policy Implementation Statement (“EPIS”)

Plumbing & Mechanical Services (UK) Industry Pension Scheme (the “Scheme”)

Scheme Year End – 5 April 2025

The purpose of the EPIS is for us, the Trustee Directors of the Plumbing & Mechanical Services (UK) Industry Pension Scheme, to explain what we have done during the year ending 5 April 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of voting and engagement activity, and that the activities completed by our investment managers align with our stewardship expectations.

Not all underlying investment managers could provide all the requested engagement information. We will work with our investment adviser, Aon Investments Limited (“Aon”) and continue to engage with these investment managers to encourage improvements in their reporting.

How voting and engagement policies have been followed

The Scheme is invested in both pooled and segregated funds, where the responsibility for stewardship – including voting and engagement is delegated to the Scheme's investment managers.

We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose adequate evidence of voting and engagement activity.

More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring report being provided to the Directors by Aon. Aon's monitoring includes ESG (Economic, Social and Governance) ratings and highlights any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy, active ownership, proxy voting and/or stewardship policies.

Climate risk management / TCFD / Carbon reporting

The Scheme has been progressing throughout the year towards meeting the requirements as set out as part of the Task Force on Climate-related Financial Disclosures (TCFD) and has published its third-year report as part of this year's annual reporting process. The TCFD establishes a set of eleven clear, comparable, and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks.

The Scheme's stewardship policy can be found in the SIP:

<https://www.plumbingpensions.co.uk/media/Documents/SIP-Sept22-FINAL.pdf>

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided that we will continue to undertake regular, detailed ESG monitoring of our managers and will gain a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Equity managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for the Scheme's equity manager, LGIM for the year to 31 March 2025. The voting information provided is for the year to 31 March 2025 which broadly matches the Scheme year end.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Future World Developed Minimum Volatility Index Fund	10,221	99.1%	23.0%	0.5%
LGIM - RAFI Developed Reduced Carbon Pathway Equity Index Fund	20,970	99.5%	21.8%	0.5%

Source: Investment manager. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's equity manager, LGIM, uses proxy voting advisers.

Managers	Description of use of proxy voting adviser
LGIM	LGIM's Investment Stewardship team uses - Institutional Shareholder Services (ISS's) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Investment Manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked LGIM to provide a selection of what it considers to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material investment managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e., is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund / firm level
	Fund level	Firm level	
DTZ - Property Segregated Fund	52	3,000*	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights Governance - Strategy, Financial & Reporting
Insight - Global ABS Fund	40	1,922	Environment - Climate Change Strategy, Financial & Reporting - Strategy/Purpose; Financial Performance; Reporting Other - ESG Controversies
KKR - Diversified Core Infrastructure Fund	9 portfolio companies (out of 9) were surveyed within the Diversified Core Infrastructure Fund*	Not provided	While KKR engages extensively with portfolio companies, it does not track its engagement with them on any topic, including ESG related issues.
LGIM - Future World Developed Minimum Volatility Index Fund	665	4,399	Environment - Climate Change; Pollution, Waste Social - Human and Labour Rights; Human capital management Governance - Board effectiveness - Diversity; Remuneration Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose
LGIM - RAFI Developed Reduced Carbon Pathway Equity Index Fund	1,363	4,399	Environment - Climate Change Social - Human and Labour Rights Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose Other - Multiple Topics
PIMCO – Diversified Income Duration Hedged Fund	272	1,517	Environment - Climate Change Governance - Board, Management & Ownership Strategy, Financial & Reporting - Capital Allocation; Financial Performance; Strategy/Purpose
CBRE – Long Income Investment Fund			Not provided

Source: Investment Managers

*DTZ firm level and KKR engagement data is as at December 2023.

Appendix – Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM has provided complete engagement information. We note that the total number of engagements above refers specifically to the total number of interactions LGIM held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may cover multiple themes.
- Insight did not provide the themes engaged at the fund level (themes provided are at a firm-level) and noted that it does not track this data for securitised finance instruments.
- Engagement information we received from CBRE was limited. The manager noted that the firm and its property managers, on its behalf, engage with tenants on an ongoing basis and do not keep statistics on individual engagements.
- KKR did not provide the number of engagements at a firm-level. The manager also stated that it does not track its engagements with the portfolio companies and hence was unable to provide engagement themes. This is typical for alternative funds.

This report does not include commentary on the Scheme's investment in Liability Driven Investments, gilts or cash because of the limited materiality of stewardship to these asset classes. This report does not include commentary on the Scheme's AVC managers on the grounds of materiality.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's equity manager, LGIM. We consider a significant vote to be one which the investment manager considers significant. Investment managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in manager's own words:

LGIM - Future World Developed Minimum Volatility Index Fund	Company name	Illinois Tool Works Inc.
	Date of vote	3 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1
	Summary of the resolution	Resolution 5: Submit Severance Agreement to Shareholder Vote
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Shareholder rights: A vote FOR the proposal is warranted. While current severance arrangements are reasonable, the company does not disclose a policy prohibiting additional cash severance payments beyond a certain level or a mechanism that would require shareholder approval in order for excessive cash severance to be payable. The requested policy would ensure such shareholder protections.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with investee companies, publicly advocate LGIM's position on this issue and monitor company and market-level progress.

LGIM - RAFI Developed Reduced Carbon Pathway Equity Index Fund	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
	Company name	Glencore Plc
	Date of vote	29 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3
	Summary of the resolution	Resolution 12: Approve 2024-2026 Climate Action Transition Plan
	How you voted?	Vote against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate Change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM note the progress the company has made in terms of disclosure, LGIM remain concerned over the company's thermal coal activities, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with investee companies, publicly advocate LGIM's position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Source: Investment Manager.