



Plumbing & Mechanical Services (UK) Industry Pension Scheme

**Report & Financial Statements
for year ended 5 April 2025**

Scheme Registration No. 10116577

Plumbing & Mechanical Services (UK) Industry Pension Scheme

Year ended 5 April 2025

Contents	Page
Management and Advisors	1
Chairman's Introduction	2
Trustee's Report	
Governance of the Scheme	3
Investment Report	9
Report on Actuarial Liabilities	15
Statement of Trustee's Responsibilities	17
Independent Auditor's Report	18
Actuary's Certification of Schedule of Contributions	22
Fund Account	23
Statement of Net Assets (Available for Benefits)	24
Notes to the Financial Statements	25
Additional Information	44
Engagement Policy Implementation Statement	45

Management and Advisors

Scheme Registration Number

10116577

Trustee

Plumbing Pensions (U.K.) Limited

Trustee Directors:

Independent Directors

KB Independent Trustees Ltd, represented by Jon Bridger (Chairman)

Andy McKinnell Limited, represented by Andy McKinnell

The Trustee Corporation Limited, represented by Vivien Cockerill

Employer Nominated Directors

Craig Chalmers

Trojan Resources Limited, represented by Garry Forster

Union Nominated Directors

John Allott

Scott Foley

Trustee Secretary & Chief Executive

Stephen Graham (appointed 1 July 2024)

Kate Yates FIA (resigned 30 June 2024)

Scheme Actuary

Nicola MacKay FIA, Towers Watson Ltd, a WTW company

Independent Auditor

Grant Thornton UK LLP

Banker

Bank of Scotland

Covenant Advisor

Interpath Ltd

Custodian of Assets

JP Morgan Chase Bank

State Street Bank and Trust Company

(appointed 8 May 2025)

Investment Consultant

Aon Investments Limited

Barnett Waddingham (appointed 29 July 2024)

Chief Outsourced Investment Officer

Willis Towers Watson (appointed 14 April 2025)

Annuity Provider

Legal & General Assurance Society Ltd

Investment Managers

Baillie Gifford

BlackRock Investment Management (UK) Ltd

CBRE Global Investors

DTZ Investments

Insight Investment Funds Management Ltd

Kohlberg Kravis Roberts & Co

Legal & General (Pensions Management) Limited

Macquarie Infrastructure & Real Assets (Europe) Ltd

PIMCO Europe Ltd

Schroder Investment Management Ltd

Legal Advisors

Linklaters LLP

Pinsent Masons LLP

CMS

LLP (appointed 26 March 2025)

Scheme Administrator

Plumbing Pensions (UK) Administration Limited

Bellevue House

22 Hopetoun Street

Edinburgh EH7 4GH

If you require further information about this report please contact:

Trustee Secretary

Plumbing Pensions (U.K.) Limited

Bellevue House

22 Hopetoun Street

Edinburgh EH7 4GH

Email:

info@plumbingpensions.co.uk

Website: www.plumbingpensions.co.uk

Chairman's Introduction

I am pleased to present the Annual Report and Financial Statements for the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the "Scheme") for the year ended 5 April 2025.

During the year the Trustee Board was delighted to appoint Stephen Graham as our new Chief Executive replacing Kate Yates who left Plumbing Pensions in June 2024. Kate left with our very best wishes for her future career and our heartfelt thanks for all she had achieved during her 9 years at Plumbing Pensions. Kate will be a hard act to follow but we are very confident that Stephen will be up to the challenge and he has made an excellent start in his new role.

The Scheme remains well funded and in a strong financial position. The 2024 actuarial update showed a very slight improvement in the funding position with the 'Technical Provisions' deficit dropping from £9m as at 5 April 2023 to £3m as at 5 April 2024. The 2025 actuarial update will be carried out as soon as these Financial Statements have been signed and preparations are already underway for next year's actuarial valuation due with an effective date of 5 April 2026.

The Trustee Board's main activity during the last twelve months has been the implementation of a new investment governance structure. We have almost completed the restructuring of the Scheme's assets which will give the Scheme more opportunities for higher returns without taking excessive risk.

As always the Plumbing Pensions administration team has been very busy during the year making sure that everyone's pensions are paid on time and setting up new pension payments for members reaching retirement. The team has also been working on a number of special projects including the implementation of GMP equalisation and preparing the Scheme for connection with the Pensions Dashboard which is a new Government initiative affecting all UK pension schemes. Finally, the administration team are also working on a new member portal with testing due to start later this year. More information on all of these projects will be included in next year's Annual Report.



Jon Bridger, KB Independent Trustees Ltd
Chair of the Trustee Company

Date: 29/9/2025

Trustee's Report

Governance of the Scheme

How the Scheme is run

The Plumbing & Mechanical Services (UK) Industry Pension Scheme (the "Scheme") was established in 1975 and is registered under the Finance Act 2004. It offers career average defined benefits on retirement and death to employees in the plumbing and mechanical services industry in the United Kingdom. The industrywide nature of the Scheme allowed employees to change employers while remaining in the same pension scheme.

The Scheme is managed by the Trustee Company, Plumbing Pensions (U.K.) Limited, on behalf of members and administered through the wholly owned administration company, Plumbing Pensions (UK) Administration Limited, in accordance with the terms of the Scheme Rules and relevant legislation. Details of the Trustee Directors are given on page 1. The Trustee Company is a 'not for profit' company, limited by guarantee. The guarantee is provided by the Employer Company, Plumbing Pensions Employers Limited, and Unite the Union. The Trustee Company does not pay dividends and it only incurs and recharges costs associated with the day to day running of the Scheme.

Trust law, the Pensions Acts and the Companies Acts govern the activities of the Trustee Company as a corporate trustee. The Trustee Company has overall fiduciary responsibility for the effective operation of the Scheme including administration of benefits, collection of contributions (if required), payment of pensions and other benefits and the investment and safe custody of the Scheme's assets. The Trustee must act fairly in the interests of all members, beneficiaries and employers.

The Scheme is a registered pension scheme under section 153 of Part 4, Chapter 2 of the Finance Act 2004 and is therefore exempt from Income Tax and Capital Gains Tax.

To help the Trustee, there is a secure online web-portal which provides one easily accessible place for information relevant to their Trustee role, such as key Scheme documents, training materials and meeting papers.

Appointment and nomination of Directors of the Trustee Company

Directors of the Trustee Company are appointed as follows: two Directors are appointed by the Employer Company, two Directors are appointed by Unite the Union and the Trustee Company appoints three independent professional Directors, one of whom has been nominated by the Board to be the independent Chair.

The Scheme is a relevant centralised scheme and therefore exempt from Member Nominated Director requirements.

Trustee Board

The Board has authority for all aspects of management and strategy of the Scheme including funding, investment, audit, administration and communications. The Board meets regularly throughout the year. The Board has a three-year business plan to ensure it meets its statutory obligations and operates the Scheme effectively.

The Board provided regular reports of meetings to its members during the year; the Employer Company and Unite the Union. None of the Trustee Directors acted on behalf of the Employer Company or Unite the Union in relation to the Scheme during Board meetings.

Changes to the Trustee Board

There were no changes to the Trustee Board during the year.

Trustee's Report (continued)

Governance of the Scheme (continued)

Trustee Board Meetings

During the year, five Board meetings were held. The table below shows the Trustee Directors' attendance.

	Board meetings attended	Board meetings eligible to attend
Mr Jon Bridger – Chair (Independent)	5	5
Mr John Allott	5	5
Mr Craig Chalmers	5	5
Ms Vivien Cockerill (Independent)	5	5
Mr Scott Foley	5	5
Mr Garry Forster	5	5
Mr Andy McKinnell (Independent)	5	5

Committees

The Trustee Board has delegated some powers and responsibilities to the following Committees:

- **Audit, Risk and Governance Committee** – approves budgets, monitors expenditure, oversees the audit process and the preparation of the annual report and financial statements, monitors risk, governance, employer Section 75 debt and exercises member benefit discretions. The Committee consists of an independent professional Director, a Director nominated by the Employer Company and a Director nominated by Unite the Union.
- **Investment, Funding & Covenant Committee** – makes recommendations to the Board on investment and funding strategies, cashflow management and risk budget, monitors employer covenant, appoints and monitors the strategic investment advisor, delegated investment implementation manager and custodian and monitors the AVC arrangement. The Committee consists of an independent professional Director, a Director nominated by the Employer Company and a Director nominated by Unite the Union.
- **Data Committee** - High Court judgements made at the end of 2018 and at the end of 2020 ruled that UK pension schemes must equalise the Guaranteed Minimum Pension ("GMP") benefits paid to men and women since 17 May 1990. The Data Committee provides oversight, support, guidance and strategic direction for the Board on the GMP reconciliation, rectification and equalisation project and other associated data work. The Committee consists of the Chairman, two Trustee Directors, the actuary and two employees from the Executive Team. The Committee also allows observers to attend from Unite the Union and Plumbing Pensions Employers Ltd.

The actuarial valuation as at 5 April 2023, which is summarised on page 15, includes a reserve of £25m in the technical provisions for the estimated cost of GMP equalisation, which does not include any allowance for past transfer payments. As disclosed in note 30, no provision has been included in the financial statements in respect of past payments as the liability due to date cannot yet be reliably estimated. The equalisation of individual GMP benefits is complex and work is underway to identify and update members who may be impacted.

- **Nomination & Remuneration Committee** – responsible for the appointment of the Trustee Company's independent professional Directors and the Administration Company's non-executive Directors, sets the remuneration for the Directors of the Trustee and Administration Company and the remuneration and employment terms of the Chief Executive.

Each Committee's key responsibilities, delegated powers and composition are outlined in a Terms of Reference document, which are reviewed annually. Each Committee meets regularly and submits reports from each meeting to the Board.

Trustee's Report (continued)

Governance of the Scheme (continued)

Trustee Training

The Pensions Act 2004 requires pension trustees to have sufficient knowledge and understanding to carry out their role effectively. The Trustee recognises the importance of good and timely training to ensure the Scheme is well managed.

All the Trustee Directors have the knowledge and skills to carry out the role effectively. On appointment, new Directors receive induction training and access to the Board portal containing key information about the Scheme. Ongoing training sessions are arranged as part of the programme of Directors' meetings, which includes an annual Trustee training event. Records of training are kept for each Trustee Director.

Trustee Directors receive a quarterly update of current issues relating to pensions and details of relevant training opportunities. All the Trustee Directors have completed the e-learning Trustee Toolkit developed by the Pensions Regulator.

During the year, training sessions were held for the Trustee on the following topics: superfunds and trustee considerations, end game options, data rectification, investment governance models, investment building blocks and Liability Driven Investments.

Conflicts of Interest

A conflicts of interest policy is in place to help the Trustee identify, manage and monitor any conflicts of interest (actual or potential) which may arise in relation to the Scheme.

On appointment, each Trustee Director completes a declaration of their conflicts of interest and these are recorded in a conflict of interest register which is reviewed quarterly and approved at least annually by the Trustee Board. Conflicts of interest is an agenda item at the beginning of each Trustee meeting to ensure that conflicts are noted, properly identified and managed as they arise.

Risk Register

The Trustee has overall responsibility for internal control and risk management. It is committed to identifying, evaluating and managing risk and to implementing and maintaining control procedures to reduce significant risks to an acceptable level taking note of the guidance within the Pension Regulator's Code of Practice on Internal Controls. The risk register provides a framework for managing risk on a day-to-day basis and is reviewed regularly by management and quarterly by the Trustee.

Member Disputes

The Scheme has a two stage internal disputes resolution procedure (IDRP) for members. The first stage is determined by the Chief Executive. If the complainant is not satisfied with the way their complaint has been handled or the decision, an appeal may be made to a sub-committee of the Trustee Board to consider the matter.

Employer Disputes

The Scheme also has a two stage IDRP for participating employers. The first stage is determined by the Chief Executive. If the complainant is not happy with the way their complaint has been handled or the decision, an appeal may be made to a sub-committee of the Trustee Board.

Trustee's Report (continued)

Governance of the Scheme (continued)

Membership

The Scheme closed to new employers in March 2014 but remained open until 30 June 2019 to new members from existing participating employers and for new employers linked to existing participating employers, for example following a business restructure. Since 1 July 2019, the Scheme has been closed for future service, which means members no longer build up future benefit accrual and employers do not build up further pension liabilities in the Scheme.

	Deferred Members	Pensioners	Beneficiaries	Total
At 5 April 2024	16,703	10,847	2,870	30,420
Adjustments	-	(14)	92	78
Retirements	(586)	586	-	-
New dependants	-	-	188	188
Members leaving with full commutations	(63)	(11)	(107)	(181)
Deaths	(58)	(376)	(154)	(588)
Transfers out	(9)	-	-	(9)
At 5 April 2025	15,987	11,032	2,889	29,908

Adjustments relate to timing differences when member reports are prepared.

The Scheme has a bulk annuity policy held with Legal & General Assurance Society Ltd to insure the benefits of 8,815 pensioners and dependants as at 5 April 2025 (2024: 9,228).

As at 5 April 2025, there were 323 employers including 12 employers who were in a deferred debt arrangement when the Scheme closed to future accrual on 30 June 2019 (2024: 323 employers). Over the year to 5 April 2025, 4 employers entered insolvency, 13 employers were granted a Flexible Apportionment Arrangement and, as a consequence, 9 new employers were admitted to the Scheme. 1 employer voluntarily notified the Scheme to trigger a debt.

Membership data

The Scheme takes protecting member data very seriously. During the year the Scheme continued to work with its external managed IT support services provider and an independent cyber security expert to monitor the data controls, systems and protections in place and review the cyber incident response plan. The Scheme retained its 'IASME Gold' and 'CE Plus' accreditation.

The Scheme administrator continues to reconcile the Guaranteed Minimum Pension (GMP) data the Scheme holds against records held by HM Revenue & Customs (HMRC) and review the administration data held to verify that the members' pension credits are present and correct. These are the initial steps in a wider project to equalise GMPs for men and women.

Contributions

There were no normal contributions due to the Scheme during the year as the Scheme has closed to benefit accrual, and no deficit funding contributions were due under the Schedules of Contributions in force during the year.

Trustee's Report (continued)

Governance of the Scheme (continued)

Pension increases

Pensions in payment increases are granted each 5 April, with increases being paid from 1 May. The increase rate depends on when the members' benefits were accrued:

- There is no obligation to provide increases in respect of benefits accrued before 6 April 1997 (other than the statutory requirement to increase GMP pensions).
- For benefits accrued between 6 April 1997 and 5 April 2005, the lesser of 5% and the rise in Consumer Price Inflation (CPI) is awarded.
- For benefits accrued after 5 April 2005 the lesser of 2.5% and the rise in CPI is awarded.

The pension increase paid from 1 May 2024 in respect of benefits accrued between 6 April 1997 and 5 April 2005 was 5.0% and the pension increase paid in respect of post 6 April 2005 benefits accrued was 2.5%. No increase was paid in respect of benefits accrued before 6 April 1997.

For members who have not yet retired, each member's pension credit is revalued annually. Revaluation for pension built up before 6 April 2004 increases in line with national average earnings. Pension built up from 6 April 2004 increase in line with Retail Price Inflation (RPI) with the exception of any period of service on the 2017 Benefit Scale, when the revaluation rate is in line with CPI.

The revaluation rates applied from 6 April 2024 were as follows:

7.0% for pension credit built up before 6 April 2004
 8.9% for pension credit built up after 6 April 2004 (excludes the 2017 Benefit Scale)
 6.7% for pension credit built up after 6 April 2017 on the 2017 Benefit Scale

None of the increases were discretionary.

Transfer values

Members who leave service or who opt out of the Scheme can choose to transfer the value of their benefits to an approved pension arrangement. The Scheme confirms that all transfer values are calculated and verified in the way prescribed by regulations under the Pensions Act 1995. Transfer values are calculated using a tool supplied by the Actuary and allow for the full value of a member's preserved benefits. No allowance is made for discretionary increases or bonuses.

Administration

Plumbing Pensions (UK) Administration Limited is the Scheme's Administration Company. Staff involved in running the Scheme are employed by the Administration Company. The Scheme bears all costs associated with running the Administration Company.

Financial statements

The financial statements included in this annual report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under section 41 (1) and (6) of that Act.

Section 75 employer debt

Section 75 employer debt legislation is a complex piece of pensions law which requires employers withdrawing from the Scheme to pay an exit charge called a Section 75 employer debt, which can be significant.

The Trustee has no choice and must pursue employers for payment of their Section 75 debts because member benefits would be put at risk if it did not do so. The Scheme closed to new benefit accrual in 2019, which means an employer debt is now only triggered if an employer tells the Trustee it wishes to trigger its debt, a solvent employer passes a resolution to voluntarily wind up, an employer suffers an insolvency event or the Scheme winds up.

Trustee's Report (continued)

Governance of the Scheme (continued)

Section 75 employer debt (continued)

Since 2019, the Scheme has issued debt notices to employers that have triggered a Section 75 employer debt where the Trustee considers it economic to pursue such a debt. The Trustee does not calculate or pursue an employer debt where the cost to do so is considered disproportionate from a financial perspective. In many cases, employers that receive a debt notice decide to use one of the legislative easements that allow them to defer a debt, transfer the pension liability to another participating employer or pay the debt in stages. For other employers, the debts are unaffordable and a decision has been made to cease trading. The Trustee recognises the significant distress issuing employer debt notices has caused, particularly to small family run firms and unincorporated employers, and will continue to support any employer who is concerned about their pension liability to the Scheme.

Trustee's Report (continued)

Investment Report

Scheme investment strategy

The Trustee takes an integrated approach to the management of risk and return in the Scheme. The investment of the Scheme's assets is set to be consistent with funding a defined level of benefits within an acceptable level of risk, having regard to the affordability of the Scheme to employers and the funding requirements in the Scheme Rules and relevant legislation.

For the year ended 5 April 2025, the long-term investment strategy and actual asset allocation for the uninsured assets (excluding the bulk annuity policy) is set out below:

Asset class	Strategy Weighting %	Actual Allocation %
Public equities	4.0	5.6
Property	3.0	8.1
Illiquid assets	3.0	6.8
Credit	20.0	25.3
Liability Driven Investment	65.0	43.9
Inflation protecting illiquid assets	5.0	7.0
Cash	-	3.3
Total	100.0	100.0

The value of the Liability Driven Investment fell as a result of the gilts crisis at the end of 2022. The Trustee Directors made a conscious decision to maintain the subsequent underweight position on the Liability Driven Investment pending the completion of the actuarial valuation and investment strategy review.

The Scheme gains the vast majority of its public equity exposure through a passive approach managed by Legal & General Investment Management ("LGIM"). In addition, there is a small residual portfolio of equities managed by Baillie Gifford & Co which are gradually being sold.

The Scheme continued to hedge its interest rate and inflation rate exposure through its Bespoke Pooled Liability Driven investment ("LDI") solution also managed by LGIM. LGIM continued to follow their robust collateral framework over the period, maintaining a sufficient collateral headroom position throughout. The continued increase in long term interest rates over the Scheme year has resulted in the LDI portfolio remaining underweight to its strategic allocation.

The Scheme aims to diversify its risks and seek additional returns through its investment in the two credit mandates managed by Insight Investments ("Insight") and Pacific Investment Management Company, LLC ("PIMCO").

As agreed previously as part of the strategy review, the Scheme's property manager, DTZ, sold a number of properties over the reporting period. CBRE Global Investors ("CBRE") continued to manage a pooled fund of long dated property assets with the aim of generating attractive, inflation linked income for the Scheme.

The Scheme previously decided to replace the closed-end European infrastructure fund, managed by Macquarie, with a global diversified core infrastructure fund managed by Kohlberg Kravis Roberts & Co (KKR).

BlackRock Investment Management (UK) Ltd are the cash manager for the Scheme; investing in a money market fund provides the Scheme with greater protection versus holding cash in the Trustee bank account and is interest bearing.

Trustee's Report (continued)

Investment Report (continued)

Scheme investment strategy (continued)

As at 5 April 2025, the value of the uninsured assets was £890m (2024: £966m). The approximate value of the bulk annuity policy was £290m (2024: £320m). Total Scheme assets were £1,180m (2024: £1,286m).

Statement of Investment Principles

The Scheme has a Statement of Investment Principles, as required by the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005. The Statement sets out in general terms the policy of the Trustee on a number of investment issues and is available on request from the Trustee Secretary and through the Plumbing Pensions website. The Statement is reviewed regularly and was last updated in September 2022. It has been updated to reflect changes to the investment strategy which have occurred post year end. The Engagement Policy Implementation Statement, referred to in the Statement of Investment Principles explains the extent to which the Trustee has followed its engagement policy and describes the voting behaviour by, or on behalf of, the Trustee during the Scheme year and the use of the services of a proxy voter during that year.

Financially material considerations

The Trustee Directors acknowledge that an understanding of financially material considerations including 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.

As part of their delegated responsibilities, the Trustee Directors expect the Scheme's investment managers to take into account governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal ethical or moral judgments to these issues but should consider the sustainability of business models that are influenced by them.

The Trustee Directors are taking the following steps to monitor and assess ESG related risks and opportunities:

- The Trustee Directors will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Scheme's assets and liabilities.
- As part of ongoing monitoring of the Scheme's investment managers, the Trustee Directors will use ESG ratings information provided by Aon, where relevant and available, to monitor the level of the Scheme's investment managers' integration of ESG on a quarterly basis.
- Regarding the risk that ESG factors including climate change negatively impact the value of investments held if not understood and evaluated properly; the Trustee Directors consider this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.
- The Trustee Directors comply with the requirements as set out by the Task Force on Climate-related Financial Disclosures (TCFD) and the TCFD report is available on the scheme website. The report can be accessed using the following link www.plumbingpensions.co.uk/investments

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy, the Trustee Directors do not explicitly take into account the views of members and beneficiaries, in relation to ethical views, social and environmental impact matters and present and future quality of life matters (defined as "non-financial factors").

Trustee's Report (continued)

Investment Report (continued)

Stewardship – Voting and Engagement

The Trustee Directors recognise the importance of their 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 reside. The Trustee Directors recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries and can create long-term financial value.

It is the expectation of the Directors that the Scheme's investment managers will actively monitor for financially material risks within investments made and provide transparency on engagement with respect to mitigating these risks as appropriate. The transparency offered for engagements should include what the investment manager sets out to do and why.

The Trustee Directors regularly review the suitability of the Scheme's investment managers and take advice from the Investment Adviser regarding any changes. Where applicable, this advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee Directors expect, the Trustee Directors undertake to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee Directors review the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions. The Trustee Directors will review the alignment of the Trustee Directors' policies to those of the Scheme's investment managers and ensure the managers, or other third parties, use their influence as major institutional investors to carry out the Trustee Directors' rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good governance, accountability, and positive change.

The Trustee Directors will engage with the investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.

The Trustee Directors may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and governance, the capital structure, and management of actual or potential conflicts of interest. Where such a concern is identified, the Trustee Directors will engage with the Investment Adviser to consider the methods by which, and the circumstances under which, they would monitor and engage an investment manager and other stakeholders.

Arrangements with investment managers

The Trustee Directors monitor the Scheme's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee Directors' policies.

The Trustee Directors' Investment Adviser regularly reviews the Scheme's investments, and the Trustee Directors use conclusions drawn from this assessment on a quarterly basis to determine whether the fund and investment manager remain suitable.

The above monitoring includes the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee Directors receive at least quarterly reports and verbal updates from the Investment Adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee Directors focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives, and assess the investment managers over the long-term.

Trustee's Report (continued)

Investment Report (continued)

Arrangements with investment managers (continued)

In line with the required actions from the Pensions Regulator, on an annual basis the Trustee Directors will produce an Engagement Policy Implementation Statement ("EPIS"). A copy of the latest EPIS is included on page 44 and forms part of this Report.

The Trustee Directors share the policies with the Scheme's investment managers, and request that the investment managers review and confirm whether their approach is in alignment with the Board's policies.

Before appointment of a new investment manager, the Board reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Board's policies. Where possible, the Trustee Directors will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Scheme invests in a collective vehicle, then the Board will express their expectations to the investment managers by other means (such as through a side letter, in writing or verbally at Board meetings).

The Board believes that having appropriate governing documentation, setting clear expectations to the investment managers (where possible), and regular monitoring of investment managers' performance and investment strategy, is sufficient to incentivise the investment managers to make decisions that align with the Trustee Directors' policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Board's policies, expectations, or the other considerations set out above, the Trustee Directors will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment for all investment managers will be reviewed periodically, and at least every three years. Where the Scheme holds closed ended vehicles, the duration may be defined by the nature of the underlying investments.

Cost monitoring

The Trustee Directors are aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee Directors recognise that in addition to annual management charges, there are a number of other costs incurred by the investment managers that can increase the overall cost incurred by their investments.

The Trustee Directors collect annual cost transparency reports covering all underlying investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Board to understand exactly what it is paying investment managers. The Trustee Directors work with the Investment Adviser and investment managers to understand these costs in more detail where required.

The Trustee Directors are aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with their underlying investments through the information provided by the investment managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Scheme's Investment Adviser.

The Trustee Directors accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across different types of investment mandates. A high level of transaction costs is acceptable if consistent with the type of investment mandate and historic trends. Where the Trustee Directors' monitoring identifies a lack of consistency, the mandate will be reviewed. The Trustee Directors are supported in cost transparency monitoring activity by the Investment Adviser.

Trustee’s Report (continued)

Investment Report (continued)

Arrangements with investment managers (continued)

The Trustee Directors assess the performance of their investment managers on a quarterly basis and the remuneration of their investment managers on at least an annual basis via collecting cost data in line with the CTI templates.

Investment Performance to 31 March 2025

The Trustee monitors investment performance against the Scheme’s strategic investment objectives. Investment reports are prepared quarterly for the Trustee.

The table below shows the Scheme’s investment returns for the periods to 31 March 2025.

1 year (% p.a.)		3 years (% p.a.)		Since inception (01.07.95) (% p.a.)	
Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
-9.0	-13.4	-18.1	-21.1	4.8	3.9

Source: JPMorgan. Gross of fees.

Note: Performance is stated excluding insured part of the portfolio due to unavailability of historic data.

During the year, the Bank of England (BoE) reduced its policy interest rate three times by 25bps each to 4.50%, with rate cuts coming in July 2024, November 2024 and February 2025. Over the one year period, the long term (20 year) interest rates (known as gilt yields) have risen from 4.4% to 5.3%.

Over the year the rise in gilt yields has driven a reduction in the Scheme’s Technical Provisions liabilities.

A significant proportion of the Scheme’s uninsured assets are invested in LDI which is designed to move in the same way as the Technical Provision liabilities when gilt yields and inflation expectations change. This ensures a smooth funding level and reduces the risk (and potential impact) of significant deficits arising. Therefore, the LDI assets fell in value over the year, in tandem with the liabilities, which explains the overall negative performance of the Scheme’s assets.

Over 12 months the assets outperformed the benchmark due to the overweight position to growth assets.

Global equities generated positive returns over the last twelve months with the Scheme’s LGIM equities, held in pooled funds, in aggregate returning c.5.1%. Inflation remained rangebound across developed nations, with the global economy proving to be more resilient than previously anticipated. Trade and geopolitical tensions remained elevated over the past 12 months.

Credit markets performed positively over the past 12 months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, narrowed slightly by 6bps to 102bps. The index rose 2.4% over the year. The Insight and PIMCO funds rose by 7.7% and 7.1% respectively over the past 12 months. One of the reasons for the outperformance is that these funds are not sensitive to changes in UK gilt yields.

The MSCI UK property index returned 8.5% over the year. The income return was 5.9%, and the capital values rose by 2.5%. The DTZ portfolio rose by 9.1%. over the year while the CBRE portfolio rose by 4.5%.

The insured assets also move in the same manner as the Technical Provisions liabilities.

Trustee's Report (continued)

Investment Report (continued)

Investment Custodian

The Scheme's segregated assets (excluding property and insurance policies) are registered in the name of the Scheme or are held in safe-keeping with an independent professional custodian, appointed by the Trustee. For the Scheme's pooled fund investments, the Scheme's chosen investment managers appoint a custodian to hold the underlying assets of the fund. For investments which are in the form of insurance policies, the master policy documents are held by the Trustee.

The Trustee's policy is to separate management and custody, to minimise the risk of misuse of Scheme assets. The custodian is responsible for the safe keeping of share certificates and other documents relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments. Documents relating to the Scheme's UK property portfolio are held by the Scheme's property lawyers and are registered in the Scheme's name.

There is a floating charge over the unitised funds managed by LGIM. The purpose of this being to offer protection to investors in the event of a failure by the investment manager.

The Trustee reviews the custodian arrangements from time to time.

Additional Voluntary Contribution (AVC) Investments

Employee members could pay AVCs to secure extra benefits at retirement until the Scheme closed on 30 June 2019. The AVC arrangement offers money purchase benefits and is managed by Legal & General. AVCs are attached to specific members who receive an annual statement of AVCs held.

Post year end changes

The Scheme's investment governance model has changed, which has been implemented since the Scheme year end. The investment asset classes, and individual fund manager selection has been outsourced to WTW under an approach known as an outsourced chief investment officer (OCIO) model. The Trustee sets investment guidelines for WTW to work within. This change has led to more asset classes being added, and changes to some of the funds invested in. The strategic target has been adjusted as part of the changes in line with the target agreed between the Trustee and the Employer Company following the 2023 valuation.

Trustee's Report (continued)

Report on Actuarial Liabilities

A full actuarial valuation of the Scheme is undertaken at least once every three years based on a range of assumptions including future inflation, pension increases, revaluation increases, investment returns and life expectancy. The main purposes of the actuarial valuation are to review the financial position of the Scheme relative to its statutory funding objective and to determine the appropriate level of contributions (if required). The actuarial valuation is performed on an ongoing basis, which assumes that the Scheme continues to run as it does currently.

The most recently completed formal actuarial valuation was carried out as at 5 April 2023. The 2023 valuation concluded that the Scheme's assets of £1,430m were slightly lower than the Scheme's technical provisions of £1,439m equating to a shortfall of £9m and a funding level of 99%.

A summary of the key assumptions used to calculate the technical provisions as at 5 April 2023 is set out below. The liabilities relating to a significant proportion of the Scheme's pensioner and dependant members are secured with Legal & General via a bulk annuity "buy-in" policy. The value of liabilities for benefits covered by the "buy-in" insurance policy is equal to the asset value of the buy-in policy at the valuation date.

Financial Assumptions		Single equivalent rate ¹ (% pa)
Discount rate	Willis Towers Watson's GBP zero coupon gilt nominal yield curve plus 0.5%pa at all durations	4.2
Recovery plan investment return	Discount rate plus 0.3%pa	4.5
RPI inflation	Willis Towers Watson's gilt-based RPI inflation curve	3.5
CPI inflation	RPI with a reduction of 1.%pa to 2030 & 0%pa thereafter	3.1
Increases pre-retirement:		
- Credits accrued before 6 April 2004	In line with the CPI inflation curve plus 0.5%pa	3.6
- Credits accrued after 5 April 2004	In line with the RPI inflation curve	3.5
- Credits accrued on the 2017 Benefits Scale	In line with the CPI inflation curve	3.1
Increases post-retirement:		
- Credits accrued before 6 April 1997 ²	Nil	Nil
- Credits accrued between 6 April 1997 and 5 April 2005	CPI inflation curve capped at 5% in each year, allowing for volatility using the Black model ³	3.0
- Credits accrued after 5 April 2005	CPI inflation curve capped at 2.5% in each year, allowing for volatility using the Black model	2.1
At 5 April 2023 a reserve of £25m has been included in the technical provisions for the estimated cost of GMP equalisation. No allowance has been made regarding the review of past transfer payments.		
Demographic Assumptions		
Mortality base tables	SAPS 'S3' heavy for males & SAPS 'S3' Dependant for females with Scheme appropriate multipliers	
Future improvements in longevity	CMI 2022 core projections with a 1.5%pa long-term trend, default core smoothing parameter & no initial addition parameter	

¹ Curve-based assumptions expressed as single equivalent rates based on the Scheme's projected cash flows

² Guaranteed Minimum Pensions receive statutory increases in payment.

³ The Black model is a recognised mathematical formula used to approximate financial market movements. It is used here to model the level of inflation over future years as restricted by the Scheme's caps and floors, in order to determine a suitable pension increase assumption.

Trustee's Report (continued)

Report on Actuarial Liabilities (continued)

The technical provisions for the Scheme are calculated as the capital value of the prospective obligated benefits arising from service completed before that date, including allowance for prospective non-discretionary increases both before and whilst benefits are in payment. This method of calculating technical provisions is known as the projected unit credit method. This approach is broadly in line with previous years but adjusted for market conditions.

As there were insufficient assets to cover the Scheme's technical provisions at the valuation date, the Trustee and the Employers agreed a recovery plan to eliminate the shortfall by 5 April 2026 through the assumed outperformance of the Scheme's assets relative to the assumed prudent returns in the valuation. Deficit recovery contributions from the employers are not required as part of this recovery plan.

A Schedule of Contributions was certified by the Scheme Actuary on 27 June 2024 on this basis.

As part of the 2023 formal actuarial valuation, the Trustee updated the Scheme's Statement of Funding Principles (SFP). The SFP sets out the Scheme's funding objectives and the methods and assumptions used to assess the Scheme's Technical Provisions. The SFP is available on request from the Trustee Secretary.

The results of the formal 5 April 2023 actuarial valuation are available on the Scheme's website.

The Trustee monitors the Scheme's funding position between formal actuarial valuations and receives annual funding reports from the Actuary in years when a formal actuarial valuation is not carried out. The Scheme Actuary prepared an Actuarial Report as at 5 April 2024, which showed that the funding level had remained stable at around 99% with the funding shortfall reduced from £9 million to £3 million. The next formal actuarial valuation is due as at 5 April 2026.

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring that, those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies which will be applied consistently. It must make any estimates and judgements on a prudent and reasonable basis. The financial statements for the Scheme are prepared with the Scheme treated as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedules of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Act 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustee is also responsible for the maintenance and integrity of the financial information of the scheme included on the Scheme's website www.plumbingpensions.co.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

The Trustee's Report, including the EPIS, was approved and signed on behalf of the Board of Directors of Plumbing Pensions (U.K.) Limited acting as sole Trustee of the Scheme.

Jon Bridger

KB Independent Trustees Limited, represented by Jon Bridger

Vivien Cockerill

The Trustee Corporation Limited, represented by Vivien Cockerill

Date: 29/9/2025

Independent Auditor's Report to the Trustee of the Plumbing & Mechanical Services (UK) Industry Pension Scheme

Opinion

We have audited the financial statements of the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the 'Scheme') for the year ended 5 April 2025, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties such as uncertain interest and inflation rates, and volatile global equity and bond markets, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustee.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Trustee of the Plumbing & Mechanical Services (UK) Industry Pension Scheme (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustee for the financial statements

As explained more fully in the Statement of Trustee's responsibilities set out on page 17, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP");
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, such as the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) and those laws and regulations under which the Scheme operates;

Independent Auditor's Report to the Trustee of the Plumbing & Mechanical Services (UK) Industry Pension Scheme (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the Trustee and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee;
- We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets and the valuation of property and bulk annuity insurance policy assets using a method not permitted under the SORP. Our audit procedures included:
 - Journal entry testing, with a focus on large journals and those journals with unusual account combinations or posted to suspense accounts.
 - Use of our internal experts to challenge the reasonableness of the investment property and bulk annuity insurance policy asset valuations at the year end produced by the Trustee's valuation experts.
 - Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
 - Knowledge of the industry in which the Scheme operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Trustee of the Plumbing & Mechanical Services (UK) Industry Pension Scheme (continued)

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 29/9/2025

Actuary's Certification of Schedule of Contributions

1. Adequacy of Rates of Contributions

I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected, on 5 April 2023, to be met by the end of the period specified in the recovery plan dated 24 June 2024.

2. Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 24 June 2024.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were wound up.

Nicola MacKay
Scheme Actuary
Fellow of the Institute and Faculty of Actuaries

27 June 2024

Towers Watson Limited
2 Lochrin Square
96 Fountainbridge
Edinburgh EH3 9QA UK

Plumbing and Mechanical Services (UK) Industry Pension Scheme

Fund Account

for the year ended 5 April 2025

	Notes	2025 £'000	2024 £'000
Contributions and benefits			
Employer contributions		3,333	23,958
Total contributions	4	3,333	23,958
Other income	5	93	360
		<u>3,426</u>	<u>24,318</u>
Benefits payable	6	(60,572)	(60,526)
Payments to and on account of leavers	7	(288)	(503)
Administrative expenses	8	(4,548)	(4,582)
		<u>(65,408)</u>	<u>(65,611)</u>
Net withdrawals from dealings with members		<u>(61,982)</u>	<u>(41,293)</u>
Returns on investments			
Investment income	9	53,759	51,281
Change in market value of investments	11	(96,964)	(154,812)
Investment management expenses	13	(1,419)	(1,531)
Net returns on investments		<u>(44,624)</u>	<u>(105,062)</u>
Net decrease in the fund during the year		(106,606)	(146,355)
Opening net assets of the Scheme		<u>1,286,375</u>	<u>1,432,730</u>
Closing net assets of the Scheme		<u>1,179,769</u>	<u>1,286,375</u>

The notes on pages 25 to 43 form part of these financial statements.

Plumbing and Mechanical Services (UK) Industry Pension Scheme

Statement of Net Assets (Available for Benefits)

As at 5 April 2025

	Notes	2025 £'000	2024 £'000
Fixed assets	10	1,340	1,379
Investment assets			
Equities		115	245
Bonds		121,692	115,665
Property	14	69,800	80,590
Pooled investment vehicles	15	689,890	759,569
Derivatives	17	3,201	10,474
Insurance policies	18	290,600	320,300
AVC investments	19	2,542	2,693
Cash deposits	20	14,244	14,618
Other investment assets	20	12,427	8,570
		1,204,511	1,312,724
Investment liabilities			
Derivatives	17	(763)	(467)
Other investment liabilities	20	(53,707)	(51,256)
		(54,470)	(51,723)
Total net investments	11	1,150,041	1,261,001
Current assets			
Bank	25	10,309	3,060
Amounts falling due within one year	25	8,267	4,602
Amounts falling due after one year	25	12,174	18,719
Total current assets		30,750	26,381
Current liabilities	26	(2,362)	(2,386)
Total net assets		1,179,769	1,286,375

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes account of obligations, is dealt with in the Report on Actuarial Liabilities on pages 15 and 16 of the annual report, and these financial statements should be read in conjunction with it.

The notes on pages 25 to 43 form part of these financial statements.

These financial statements were approved by the Board of Directors of Plumbing Pensions (U.K.) Limited acting as sole Trustee of the Scheme on

Signed on behalf of the Trustee:-

20/9/25

Jon Bridger

KB Independent Trustees Limited, represented by Jon Bridger

Vivien Cockerill

The Trustee Corporation Limited, represented by Vivien Cockerill

Notes to the Financial Statements

For the year ended 5 April 2025

1. Identification of the financial statements

Plumbing and Mechanical Services (UK) Industry Pension Scheme (the 'Scheme') is established as a trust under English law. The address for enquiries to the Scheme is: Trustee Secretary, Plumbing Pensions (U.K.) Limited, Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH.

2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with FRS 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidelines set out in the Statement of Recommended Practice (SORP) (revised June 2018).

Going concern

The financial statements are prepared on a going concern basis. The Trustee continues to monitor investments closely and is advised by the Scheme investment managers, actuarial and other advisers and has confidence the investments held are sufficiently liquid and robust to deliver members benefits in full and meet all of the Scheme running costs. On this basis, the Trustee is satisfied that the going concern basis for the preparation of the financial statements remains appropriate.

3. Accounting policies

The principal accounting policies are set out below. Unless otherwise stated, they have been applied consistently year on year.

(a) Contributions

Section 75 employer debt contributions are accounted for when a reasonable estimate of the amount receivable can be determined and adjusted for the Trustee's estimate of the recoverable amount.

(b) Benefits and payments to and on account of leavers

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised. Where there is no member choice, benefits are accounted for on the date of retirement or leaving.

Transfers to other schemes are at values determined by the Scheme's Consulting Actuaries and are accounted for on the date the trustees of the receiving scheme accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.

(c) Administrative and other expenses

Certain administrative and investment management fees are borne by the Scheme, as disclosed in notes 8 and 13. All other costs and expenses of managing and administering the Scheme are met initially by Plumbing Pensions (UK) Administration Limited, a company which manages the Scheme. In accordance with FRS 102, The Trustee is not required to prepare consolidated financial statements and has not chosen to do so. Plumbing Pensions (UK) Administration Limited generates neither a profit nor a loss and holds no assets, except for cash to meet costs, therefore has a fair value of nil.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

3. Accounting policies (continued)

(c) Administrative and other expenses (continued)

The loss incurred by Plumbing Pensions (UK) Administration Limited is met by an invoice raised to the Scheme for administration services provided.

Expenditure chargeable against the Scheme is recognised on an accruals basis.

(d) Investment income and expenditure

Dividends from equities is accounted for on the “ex-dividend” date.

Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds.

Rental income is received monthly in advance and is accounted for on an accruals basis over the period of the lease.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income on a cash basis.

Receipts from insurance policies held by the Scheme to fund benefits payable to Scheme members are included in investment income on an accruals basis to match the relevant benefits.

Income from cash and short-term deposits is accounted for on an accruals basis.

Investment income includes withholding taxes which are accrued on the same basis as investment income. Any irrecoverable withholding taxes are deducted from investment income.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. For pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

(e) Tangible Fixed Assets and Depreciation

Tangible fixed assets represent property occupied by the Scheme and are stated at cost (or deemed cost) less accumulated depreciation and any impairment loss. Depreciation is provided on a straight line basis over 40 years. The net book value is reviewed annually with a formal valuation performed every 5 years.

(f) Investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used. Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements.

The methods of determining fair value for the principal classes of investments are:

- (i) Equities, bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price at the reporting date. Accrued interest is excluded from the market value of bonds but is included in investment income receivable. Unsettled transactions at the year end are reported in other investment balances.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

3. Accounting policies (continued)

(f) Investments (continued)

- (ii) Unquoted securities are included at the fair value provided by the investment manager which has been estimated using appropriate valuation techniques.
- (iii) Investment property is externally valued in line with RICS standards at the year end date by qualified chartered surveyors, CBRE.
- (iv) Unitised pooled investment vehicles have been valued at the latest available bid or single price provided by the manager before the year end. Shares in other pooled arrangements have been valued at the latest available net asset value, determined in accordance with fair value principles, provided by the pooled investment manager.
- (v) Derivatives - Swaps are valued at the net present value of future cashflows arising therefrom. Forward foreign exchange contracts are valued as the gain or loss arising from closing out the contracts at the reporting date be entering into an equal and opposite contract at that date. Exchange traded futures are valued by the difference between exchange settlement prices and inception prices. Options and swaptions are valued by the investment manager using generally accepted pricing models, where inputs are based on market data at the year-end date.
- (vi) Cash received under repurchase purchase contracts is recognised as an investment payable in the financial statements. Securities received as collateral are not recognised as a Scheme asset.
- (vii) The bulk annuity insurance policy is valued by the insurer at the amount of the related obligation, determined by taking into account member numbers, expected payments due and changes in prevailing financial conditions.
- (viii) AVC investments are valued at market value by the AVC provider.

(g) Currency

The functional and presentational currency of the Scheme is sterling. Investment income from foreign investment is converted into its sterling equivalent at the rate ruling at the date of receipt. Investments in foreign currencies are translated into their sterling equivalents at the rates ruling at the year end. Differences arising on valuation are accounted for in the change in market value of investments.

(h) Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The main areas of estimation are in relation to the bulk annuity policy held in the name of the Trustee and property. Further details are included in notes 14 and 18.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

4. Contributions receivable

	2025 £'000	2024 £'000
Employer contributions:		
S75 debts	3,333	23,958

The Scheme closed to future accrual on 30 June 2019, so no normal contributions are due to the Scheme. No deficit funding contributions were due under the Schedules of Contributions in force during the year.

5. Other income

	2025 £'000	2024 £'000
Rental income	92	85
Insurance claim reimbursement	1	275
	<u>93</u>	<u>360</u>

Rental income relates to property reported as a tangible fixed asset in note 10. The insurance claim relates to the reimbursement of professional fees incurred in respect of the recovery of Section 75 debts.

6. Benefits payable

	2025 £'000	2024 £'000
Pensions	45,942	44,145
Commutations and lump sum retirement benefits	13,991	15,854
Lump sum death benefits	639	527
	<u>60,572</u>	<u>60,526</u>

7. Payments to and on account of leavers

	2025 £'000	2024 £'000
Refunds to members leaving service	-	1
Individual transfers to other schemes	288	502
	<u>288</u>	<u>503</u>

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

8. Administrative expenses

	2025 £'000	2024 £'000
Recharge from Plumbing Pensions (UK) Administration Limited	3,424	3,513
Recharge from Plumbing Pensions (UK) Employers Limited	220	212
Pension Protection Fund and Pension Regulator Levies	142	154
Audit fees	83	84
Professional fees	190	266
Trustee and management fees	435	299
Depreciation on fixed assets (note 10)	39	40
Sundries and bank charges	15	14
	<u>4,548</u>	<u>4,582</u>

9. Investment income

	2025 £'000	2024 £'000
Dividends from equities	21	6
Income from bonds	4,274	3,502
Net income from property	4,200	3,467
Income from pooled investment vehicles	13,249	12,449
Income from derivatives	2,985	1,548
Annuity income	29,017	29,798
Net interest on cash and other investment balances	13	511
	<u>53,759</u>	<u>51,281</u>

Net income from properties is stated after deducting £1,496k (2024: £1,150k) of property related expenses and of this amount, £201k relates to bad debt provisions (2024: £163k).

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

10. Tangible fixed assets

	Property £'000
Cost	
At 6 April 2024	1,966
At 5 April 2025	<u>1,966</u>
Depreciation	
At 6 April 2024	(587)
Charge for the year	<u>(39)</u>
At 5 April 2025	<u>(626)</u>
Net Book Value	
At 5 April 2025	<u>1,340</u>
At 5 April 2024	<u>1,379</u>

A valuation of the property occupied by the Scheme was performed as at 5 April 2023 by Ryden LLP, a RICS Regulated firm. Property valuations are to be performed every 5 years.

11. Investment reconciliation

	Market value At 6 April 2024 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	Market Value At 5 April 2025 £'000
Equities	245	-	(81)	(49)	115
Bonds	115,665	733,903	(727,165)	(711)	121,692
Property	80,590	1,488	(15,050)	2,772	69,800
Pooled investment					
Vehicles	759,569	12,417	(13,450)	(68,646)	689,890
Derivatives – net	10,007	23,093	(29,010)	(1,652)	2,438
Insurance policies	320,300	-	-	(29,700)	290,600
AVC investment	2,693	-	(244)	93	2,542
	<u>1,289,069</u>	<u>770,901</u>	<u>(785,000)</u>	<u>(97,893)</u>	<u>1,177,077</u>
Cash and other investment balances	<u>(28,068)</u>			<u>929</u>	<u>(27,036)</u>
	<u>1,261,001</u>			<u>(96,964)</u>	<u>1,150,041</u>

Cash and other investment balances include spot currency contracts. Spot currency contracts are reported separately to forward foreign currency contracts, which are reported in derivatives, as spot contracts are immediate transactions, normally settled within two days of the trade date.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

12. Investment transaction costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the investment reconciliation, note 11. Direct transaction costs incurred are analysed as follows:

	Property £'000	Other £'000	2025 Total £'000	2024 Total £'000
Fees	129	-	129	-
Commission	-	4	4	5
2025 Total	<u>129</u>	<u>4</u>	<u>133</u>	
2024 Total	<u>-</u>	<u>5</u>		<u>5</u>

In addition to the direct transaction costs disclosed above, indirect costs are incurred on the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs.

13. Investment management expenses

	2025 £'000	2024 £'000
Investment management	789	983
Custody	79	80
Investment consultancy	406	341
Performance reporting	145	127
	<u>1,419</u>	<u>1,531</u>

14. Property

The properties in the investment portfolio were professionally valued at the year end by CBRE, commercial real estate advisers.

	2025 £'000	2024 £'000
Freehold	64,650	72,900
Long leasehold	5,150	7,690
	<u>69,800</u>	<u>80,590</u>

Included within other investment balances in note 20 is £942k (2024: £1,391k) in respect of lease incentives associated with these property investments. The lease incentives are released to income over the period of the associated leases.

The Scheme holds a number of retail, industrial and office properties. The Trustee recognises that at least 3-6 months would be necessary to achieve a disposal dependent on market conditions. The properties are stated at open market value determined by CBRE Limited, a member firm of the Royal Institution of Chartered Surveyors, which is independent of the Trustee. Valuations were performed in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards UK PS 1.1 'Valuation for Financial Statements'. The principal assumptions on which the valuations were based were rental income from current tenants, the remaining term of current leases and market rents by area for the locations in which the properties were based. The tenants are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge with the terms of their leases.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

15. Pooled investment vehicles

Type of fund	2025 £'000	2024 £'000
Equity	48,235	48,941
Bond	19,765	21,470
Money market	15,629	15,212
Asset backed securities	109,081	107,249
LDI Bespoke (note 16)	378,419	447,390
Infrastructure	58,605	58,899
Property	60,156	60,408
	<u>689,890</u>	<u>759,569</u>

16. Sole investor fund

The Scheme invests in the Legal & General LDI Bespoke Fund (note 15) of which it is the sole investor. A breakdown of the underlying investment classes held within the fund are shown below.

	2025 £'000	2024 £'000
UK government bonds	426,412	392,502
UK government bonds – short sold	(97,686)	(153,048)
UK index-linked government bonds	594,818	672,100
UK index-linked government bonds – short sold	(75,599)	(78,048)
Liquidity fund	4,200	2,981
Amounts payable under repurchase agreements	(640,430)	(614,376)
Amounts receivable under reverse repurchase agreements	170,055	228,843
Interest receivable	11,751	9,422
Interest payable	(15,312)	(12,986)
Cash and accruals	210	-
	<u>378,419</u>	<u>447,390</u>

Bonds with a fair value of £616,502k have been delivered subject to repurchase contracts and therefore continue to be recognised in the bonds above (2024: £609,727k). Cash received from the counterparties is recognised as amounts payable in the table above. There are 34 repurchase agreements, with maturity dates up to March 2026 (2024: 32 with maturity dates up to January 2026).

Bonds with a fair value of £173,285k received in respect of reverse repurchase agreements are not recognised in the bonds above (2024: £231,096k). Cash delivered to the counterparties is recognised as amounts receivable in the table above. There are 8 reverse repurchase agreements, with maturity dates up to January 2026 (2024: 7 reverse repurchase agreements, with maturity dates up to January 2026).

In addition, bonds with a fair value of £38,626k have been delivered as collateral in respect of repurchase agreements, and £296k held as additional margin collateral in respect of reverse repurchase agreements. (2024: bonds with a fair value of £23,048k were delivered as additional margin collateral in respect of repurchase agreements, and £6,162k held.)

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

17. Derivatives

The Trustee has authorised the use of derivative financial instruments by their investment manager as part of the investment strategy as follows:

Swaps – The Trustee aims to match the liability driven element of the investment portfolio with the Scheme's long term liabilities, particularly in relation to the sensitivities to interest rate movements. Swaptions are also used so that the Trust has the right but not the obligation to enter into an underlying swap.

Forward foreign exchange – The Trustee invests in overseas markets and assets denominated in foreign currency to construct a suitably diversified investment portfolio.

Futures – where cash is held for short term liquidity, the Trustee has entered into index-based contracts of equivalent economic value to avoid being 'out of the market'.

2025	Asset £'000	Liability £'000	Total £'000
Over-the-counter contracts			
Swaps	2,614	(246)	2,368
Forward foreign exchange	216	(482)	(266)
Options	-	(7)	(7)
Swaptions	-	(23)	(23)
Exchange traded			
Futures	371	(5)	366
	<u>3,201</u>	<u>(763)</u>	<u>2,438</u>
2024	Asset £'000	Liability £'000	Total £'000
Over-the-counter contracts			
Swaps	10,431	(216)	10,215
Forward foreign exchange	28	(203)	(175)
Exchange traded			
Futures	15	(48)	(33)
	<u>10,474</u>	<u>(467)</u>	<u>10,007</u>

Collateral arrangements are in place for unrealised gain or losses on derivatives comprising of bonds and cash. Broker owned collateral is held in an allocated account with counterparties' custodians and is not included within Scheme assets. At the year end, collateral pledged to counterparties by the Scheme in respect of derivative contracts is £888k (2024: £90k) and collateral held by the Scheme from counter parties was £139k (2024: £119k).

Initial and variation margins held on futures and centrally cleared derivatives at the year end amount to £5,460k (2024: £5,223k).

The total net collateral and margins held at the year end is £4,711k (2024: £5,252k).

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

17. Derivatives (continued)

Swaps

	Expiry	Notional Amounts £'000	Asset Value £'000	Liability Value £'000
Interest rate swaps	1-31 years	157,820	2,303	(197)
Credit default swaps	1-7 years	15,471	311	(49)
		<u>173,291</u>	<u>2,614</u>	<u>(246)</u>

Forward foreign exchange

Expiry	Currency paid	Value of currency paid £'000	Currency received	Value of currency received £'000	Asset Value £'000	Liability Value £'000
1-5 months	USD	1,096	TRY	1,113	29	(11)
2-3 months	USD	1,186	CNY	1,194	8	-
1 month	USD	106,097	GBP	106,146	102	(52)
1 month	USD	356	JPY	368	12	-
3 months	USD	976	PLN	970	-	(6)
1 month	USD	230	ZAR	221	-	(10)
1 month	AUD	786	USD	821	35	-
1 month	CAD	898	USD	897	-	(1)
1 month	CHF	864	USD	839	-	(26)
2-5 months	CNY	2,566	USD	2,540	-	(27)
1 month	CZK	15	USD	14	-	(1)
1 month	EUR	18,991	USD	18,648	-	(343)
1-5 months	ILS	599	USD	614	15	-
3 months	MXN	196	USD	197	1	-
1 month	NZD	34	USD	35	1	-
1 month	SEK	84	USD	84	-	-
2-3 months	TRY	357	USD	352	-	(5)
1 month	ZAR	376	USD	389	13	-
					<u>216</u>	<u>(482)</u>

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

17. Derivatives (continued)

Options

	Notional Amounts £'000	Expiry	Asset Value £'000	Liability Value £'000
Call option – US Treasury notes	400	Within 1 month	-	(3)
Call option – Foreign exchange	100	Within 5 months	-	(2)
Put option – US Treasury notes	400	Within 1 month	-	(1)
Put option – Foreign exchange	100	Within 5 months	-	(1)
	<u>1,000</u>		<u>-</u>	<u>(7)</u>

Swaptions

	Notional Amounts £'000	Expiry	Asset Value £'000	Liability Value £'000
Call Swaption	1,600	Within 3 months	-	(16)
Put Swaption	4,300	Within 4 months	-	(7)
	<u>5,900</u>		<u>-</u>	<u>(23)</u>

Futures

	Notional Amounts £'000	Expiry	Asset Value £'000	Liability Value £'000
Bond futures bought	35,800	Within 3 months	371	(1)
Bond futures sold	(200)	Within 3 months	-	(4)
	<u>35,600</u>		<u>371</u>	<u>(5)</u>

18. Insurance policies

The Trustee holds a bulk annuity insurance policy with Legal & General Assurance Society Ltd which provides annuity income to cover pensions for 8,815 pensioners as at 5 April 2025 (2024: 9,228). The annuity provider cannot provide the principal assumptions adopted in valuing the bulk purchase annuity because this information is commercially sensitive.

	2025 £'000	2024 £'000
Bulk annuity insurance policy	<u>290,600</u>	<u>320,300</u>

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

19. AVC investments

The Trustee holds assets invested separately from the main fund in the form of managed funds to secure additional benefits on a money purchase basis for those members who previously elected to pay Additional Voluntary Contributions (AVCs). These funds are allocated to members and are not available to the Trustee to fund Scheme benefits. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2025 £'000	2024 £'000
Legal & General	2,542	2,693

20. Cash and other investment balances

	2025 £'000	2024 £'000
Cash deposits		
Sterling	9,646	12,082
Non-sterling	4,598	2,536
Total cash deposits	14,244	14,618

Other investment assets

Short term bills and notes	395	9
Lease incentives	942	1,391
Amounts due from brokers	2,899	4,153
Accrued investment income and tax recoverable	2,644	2,957
Unsettled transactions	5,547	60
Total other investment assets	12,427	8,570

Other investment liabilities

Amounts payable under repurchase agreements	-	(246)
Callable notes	(2,016)	-
Amounts due to brokers	(10,246)	(14,616)
Unsettled transactions	(41,445)	(36,394)
Total other investment liabilities	(53,707)	(51,256)

Total cash and other investment balances	(27,036)	(28,068)
---	-----------------	-----------------

21. Repurchase agreements

There are no repurchase agreements in place at 5 April 2025. There was one repurchase agreement in place at 5 April 2024, with a maturity date of 16 April 2024. Bonds with a fair value of £258k which had been delivered by the Scheme in respect of repurchase agreements continued to be recognised in the financial statements. Cash received from counterparties was recognised as amounts payable in note 20.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

22. Fair value hierarchy

The fair value of financial instruments has been determined using the following fair value hierarchy:

- Level 1 unadjusted quoted prices in an active market for identical instruments that the entity can access at the measurement date.
- Level 2 inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3 inputs which are unobservable for the instrument i.e. for which market data is unavailable.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

5 April 2025	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equities	-	-	115	115
Bonds	-	120,503	1,189	121,692
Property	-	-	69,800	69,800
Pooled investment vehicles	-	192,711	497,179	689,890
Derivatives-net	367	2,071	-	2,438
Insurance policies	-	-	290,600	290,600
AVC investments	-	2,542	-	2,542
Cash deposits	14,244	-	-	14,244
Other investment balances	(39,263)	(2,017)	-	(41,280)
	<u>(24,652)</u>	<u>315,810</u>	<u>858,883</u>	<u>1,150,041</u>

5 April 2024	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equities	-	-	245	245
Bonds	-	115,510	155	115,665
Property	-	-	80,590	80,590
Pooled investment vehicles	-	192,872	566,697	759,569
Derivatives-net	(33)	10,040	-	10,007
Insurance policies	-	-	320,300	320,300
AVC investments	-	2,693	-	2,693
Cash deposits	14,618	-	-	14,618
Other investment balances	(42,441)	(245)	-	(42,686)
	<u>(27,856)</u>	<u>320,870</u>	<u>967,987</u>	<u>1,261,001</u>

Investments reported under Level 3 are included at fair value based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

23. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk: This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: This comprises currency risk, interest rate risk and other price risk:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes in following the investment strategy which is set out in the Scheme's Statement of Investment Principles and on page 9 of the Trustee's Report. The Trustee determines its investment strategy after taking advice from its Investment Advisor, and manages investment risks, including credit risk and market risk, within agreed risk limits which are set considering the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee through regular reviews of the investment portfolio.

In the below table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/ not at all.

Category	Credit Risk	Currency	Market risk Interest rate	Other price
Equities	●	●	○	●
Bonds				
Index linked / Fixed income	●	○	●	○
Asset backed securities	●	●	●	●
Property	●	○	○	●
Pooled investment vehicles				
Direct	●	●	○	●
Indirect	●	●	●	●
Derivatives - net	●	●	●	●
Insurance policies	●	○	●	●
Cash	●	●	●	○

Source: JP Morgan, Investment Managers, Aon

Note: Direct and indirect pooled investment vehicles include the Macquarie European Infrastructure Fund, KKR DCIF, CBRE Long Income Fund, Insight Global Asset Backed Securities Fund and LDI Bespoke Pooled Fund held with Legal & General Investment Management.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

23. Investment risks (continued)

Further information on the Trustee's overall approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Credit risk

The Scheme is subject to credit risk because it directly invests in bonds, over-the-counter ('OTC') derivatives, has cash balances and enters into repurchase agreements.

Analysis of direct credit risk

	2025 £'000	2024 £'000
Bonds		
Corporate	44,202	44,372
Government	21,813	17,479
Asset backed securities	55,677	53,814
Derivatives		
Swaps	2,368	10,215
Forward foreign exchange	(266)	(175)
Cash and other investment balances		
Cash deposits	14,244	14,618
Repurchase agreements	-	(246)
Total	138,038	140,077

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Credit risk arising on asset backed securities is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC contracts is reduced by collateral arrangements, see note 17.

Credit risk on repurchase agreements is mitigated through collateral arrangements as disclosed in note 21. Cash is held within financial institutions which are at least investment grade credit listed.

The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

23. Investment risks (continued)

Pooled investment vehicles are unrated. Direct credit risk exposure is mitigated through appropriate structuring of the pooled arrangements, with assets segregated from the assets of the manager in accordance with applicable regulations, such as Financial Conduct Authority client asset rules and regulation by the Prudential Regulation Authority. The Trustee carries out due diligence upon the appointment of new pooled investment managers. The Investment Advisor monitors any changes to the operating environment of the pooled managers on an ongoing basis.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025 £'000	2024 £'000
Unit linked insurance policies	426,667	496,345
Property Authorised Investment Fund	60,156	60,408
Qualifying Investor Alternative Investment Funds	109,082	107,249
Undertakings for the Collective Investment in Transferrable Securities	35,381	36,668
Open ended fund	57,751	55,882
Limited partnerships	853	3,017
	<u>689,890</u>	<u>759,569</u>

Indirect credit risk arises in relation to underlying investments of the pooled investment vehicles, see analysis in notes 15 and 16. The Trustee has considered this risk when determining the strategic asset allocation. Credit risk on repurchase agreements held within the sole investor fund is mitigated through collateral arrangements within that fund, as disclosed in note 16.

Investment in the majority of the Scheme's pooled funds is held with Legal and General Assurance (Pensions Management) Limited ("PMC") by way of an insurance policy. The PMC has appointed Legal & General Investment Management Limited ("LGIM") to act as the investment manager to the PMC. LGIM manage the assets which are owned by the PMC which writes only a small enough amount of pure life insurance to qualify as a life company and this is more than covered by its capital and reserves. The assets underlying the policy, therefore, are effectively ring-fenced.

The bulk annuity policy with Legal and General Assurance Society ("LGAS") £290,600k (2024: £320,300k) is subject to direct credit risk. However, the credit risk of the policy is considered to be small due to the financial security of LGAS and the capital reserving requirements of insurers set by the Prudential Regulation Authority.

Property of £69,800k (2024: £80,590k) is subject to the risk of the underlying tenant defaulting, hence preventing the receipt of cashflows. This risk is partially mitigated through the ownership of the building which enables the property to be let to a different tenant or an alternative use to be employed should such a default occur. The appointed property manager also regularly considers tenant quality and determines safeguards to put in place.

Currency risk

As shown in the table on page 38, the Scheme is subject to currency risk through some of the Scheme's investments held in overseas markets through pooled investment vehicles (indirect exposure) and segregated equity and credit mandates. This exposure is mitigated through the diversified nature of the funds and risk controls within those funds.

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

23. Investment risks (continued)

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in LDI, credit, property assets invested through pooled funds, bonds and swaps. The LDI assets held were set in the context of the Scheme's liabilities and are therefore expected to have similar characteristics to the Scheme's liabilities (excluding longevity). The credit and property assets are sensitive to long term interest rates as it affects their valuation but are expected to provide a long-term return in excess of the Scheme's liabilities.

The buy-in also contains interest rate risk but was undertaken in direct reference to the Scheme's pensioner liabilities as set out in the policy with LGAS.

Other price risk

Other price risk arises principally in relation to the return seeking assets which include directly held equities, equities held in pooled vehicles and investment properties. In particular, there is the price risk that arises from difficulties in accurately valuing illiquid assets such as those in the DTZ, CBRE and KKR portfolios. This is because transaction volumes tend to reduce and there is greater uncertainty with respect to pricing. The Trustee understands this risk and the purpose of accepting this risk is to ensure that, when considered as a whole, the assets of the Scheme form a suitability diversified portfolio in terms of the type of risk taken and the sources of expected return. Additionally, before each appointment, the Trustee receives advice from the Scheme's Investment Advisor on the suitability and risks to the Scheme of both the asset class and fund manager being appointed.

24. Concentration of investments

Investments relating to UK Gilts accounting for more than 5% of the net assets of the Scheme have not been disclosed as the Scheme has taken advantage of the exemption provided under the Audited Accounts Regulations not to disclose such investment holdings. Other investments accounting for more than 5% of the net assets of the Scheme were:

	2025		2024	
	£'000	%	£'000	%
L&G TLDS Bespoke Fund	378,419	32.1	447,390	34.8
L&G Bulk Annuity Insurance	290,600	24.6	320,300	24.9
IIFIG Global ABS Fund	109,082	9.2	107,249	8.3
DTZ Investment Management	69,800	5.9	80,590	6.3

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

25. Current assets

	2025 £'000	2024 £'000
Cash at bank	10,309	3,060
Amounts falling due within one year:		
S75 debtors	7,715	3,966
Rental income due	-	50
Insurance claim due	-	275
Plumbing Pensions (UK) Administration Limited	552	311
	8,267	4,602
Amounts falling due after one year:		
S75 debtors	12,174	18,719
	30,750	26,381

26. Current liabilities

	2025 £'000	2024 £'000
Plumbing Pensions (UK) Employers Limited	5	48
Accrued investment management fees	288	220
Accrued custodian fees	40	28
Accrued performance fees	75	56
Accrued professional fees	295	252
Accrued Trustee and management fees	90	91
VAT	25	61
Tax and social security	622	510
Benefits payable	922	1,120
	2,362	2,386

27. Employer related investment

There were no employer related investments during the current or prior year.

28. Related party transactions

Mr J Allott, a Director of the Trustee company, is a deferred member of the Scheme.

Trustee and management fees of £435k were payable from the Scheme during the year as disclosed in note 8 (2024: £299k), with £90k accrued at the year end as disclosed in note 26 (2024: £91k).

Transactions with Plumbing Pensions (UK) Administration Limited during the year are disclosed in note 8 and these recharges are not at arms-length but are in the normal course of business. At the Scheme year end, £552k was due from Plumbing Pensions (UK) Administration Limited in respect of recharges paid in advance (2024: £311k). This amount is included within current assets, note 25.

Transactions with Plumbing Pensions Employers Limited, are disclosed in note 8 and these recharges are also not at arms-length but are in the normal course of business. At the Scheme year end, £5k was due to Plumbing Pensions Employers Limited (2024: £48k due to). This amount is included within current liabilities, note 26 (2024: current liabilities, note 24).

Notes to the Financial Statements (continued)

For the year ended 5 April 2025

29. Contingent asset

In addition to the Section 75 debtors reported in note 25, there are further possible Section 75 debts due to the Scheme at the year end. These debts are either subject to certification from the Scheme actuary, or in discussions with the relevant employers regarding payments. The outcome of these discussions is not known at the date the Annual Report was approved.

30. GMP equalisation

On 26 October 2018 the High Court ruled on the Lloyds case that GMP equalisation is required. The Scheme actuary has carried out analysis to estimate the expected increase in the technical provisions as a result of this requirement, and a reserve has been included in Actuarial Valuation as at 5 April 2023. The Trustee regards this as a prudent approach based on the information currently available. No allowance has been made in the valuation to reflect the subsequent Lloyds judgment from November 2020 regarding the review of past transfer payments from the Scheme.

Of the reserve of £25m included in the 2023 Actuarial valuation, the Scheme actuary has estimated the amount in respect of past payments to be in the region of £3m. However, the approach adopted to calculate this estimate is approximate in nature and the actual back-payments and adjustment to future payments required is likely to be different from the figures provided. The actual liability impact of GMP equalisation (and the split between retrospective and prospective payments) will only be known once full GMP equalisation calculations have been carried out. Given that the liability is not expected to be material to the financial statements, no provision has been included in these financial statements.

31. Capital commitments

There were no capital commitments at the current or prior year end date.

Additional Information

Where to go for help

Trustee Secretary

Bellevue House
22 Hopetoun Street
Edinburgh EH7 4GH

T: 0131 556 9090

E: info@plumbingpensions.co.uk

W: www.plumbingpensions.co.uk

MoneyHelper is a government backed service that provides free and impartial information and guidance on money and pension matters.

T: 0800 011 3797

W: www.moneyhelper.org.uk

The Pensions Ombudsman can help with a pensions complaint or dispute.

T: 0800 917 4487

W: www.pensions-ombudsman.org.uk

E: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator (tPR) regulates UK workplace pension schemes.

T: 0345 600 0707

W: www.thepensionsregulator.gov.uk

E: customersupport@tpr.gov.uk

The Pensions Tracing Service helps members trace pension benefits from previous employments.

T: 0800 731 0175

W: www.gov.uk/find-pension-contact-details

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.

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

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.

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.

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.

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.