



Plumbing & Mechanical Services (UK) Industry Pension Scheme

**Report & Financial Statements
for year ended 5 April 2026**

Scheme Registration No. 10116577

Plumbing & Mechanical Services (UK) Industry Pension Scheme

Year ended 5 April 2026

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Management and Advisors

Scheme Registration Number
10116577

Trustee
Plumbing Pensions (U.K.) Limited

Trustee Directors:

Trustee Secretary & Chief Executive
Stephen Graham

Independent Directors
KB Independent Trustees Ltd, represented by Jon Bridger (Chair)
Andy McKinnell Limited, represented by Andy McKinnell
The Trustee Corporation Limited, represented by Vivien Cockerill

Employer Nominated Directors
Craig Chalmers
Carom Limited, represented by Rory Murphy (appointed
28 May 2026)
Trojan Resources Limited, represented by Garry Forster
(resigned 28 May 2026)

Union Nominated Directors
John Allott
Scott Foley

Scheme Actuary
Laura Martin FFA, Towers Watson Ltd, a WTW company
(appointed 26 March 2026)
Nicola MacKay FIA, Towers Watson Ltd, a WTW company
(resigned 26 March 2026)

Independent Auditor
Grant Thornton UK LLP

Covenant Advisor
Interpath Ltd

Banker
Bank of Scotland

Investment Consultants
Aon Investments Limited

Custodian of Assets
State Street Bank and Trust Company (appointed 8 May
2025)
JP Morgan Chase Bank

Annuity Provider
Legal & General Assurance Society Ltd

Outsourced Chief Investment Officer (OCIO)
Willis Towers Watson (appointed 14 April 2025)

Legal Advisors
Linklaters LLP
Pinsent Masons LLP

Investment Managers
Baillie Gifford
BlackRock Investment Management (UK) Ltd (until 31
August 2025)
CBRE Global Investors
DTZ Investments
Insight Investment Funds Management Ltd
Kohlberg Kravis Roberts & Co
Leadenhall Capital Partners (from June 2025)
Legal & General (Pensions Management) Limited
Macquarie Infrastructure & Real Assets (Europe) Ltd
PIMCO Europe Ltd
State Street Investment Management (from June 2025)
Towers Watson Investment Management (from June 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:

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Plumbing Pensions (U.K.) Limited
Bellevue House
22 Hopetoun Street
Edinburgh EH7 4GH

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Chair'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 2026.

Overall, the Scheme has had a steady and constructive year, with the Trustee Board continuing to focus on the effective management of the Scheme and on ensuring that appropriate arrangements are in place to protect members' benefits. While there have been no major developments to report, a number of important areas of work have progressed during the year.

During the year the Trustee implemented a new governance structure relating to the investment of the Scheme's assets. With the help of its advisers, the Trustee continues to set the overall return objective (currently targeting an investment return of 1.5% per annum higher than the investment return on Government bonds) together with the key risk parameters. However, the day-to-day investment decisions including the type of assets (equities, bonds, etc) and the most appropriate investment managers and fund structure for the investment of these assets has been delegated to Willis Towers Watson.

2026 is an important year for the Scheme as the triennial actuarial valuation will be carried out this year. The most recent funding update at 5 April 2025 estimated that the Scheme had a deficit of approximately £26 million on the Trustee's 'Technical Provisions' basis. This is an extremely small deficit in the context of a £1.5billion pension scheme. The current valuation is now underway and will provide a detailed assessment of the Scheme's current financial position and the progress made since the previous valuation. I look forward to reporting on the results of this valuation in next year's Annual Report.

Good administration remains an important priority for the Trustee. The Plumbing Pensions Administration Company has continued to invest in its administration systems and software, with the aim of improving both the efficiency of the administration function and the experience of members. The Trustee will continue to work with the Administration Company to ensure that members receive a high standard of service and clear and timely communications.

Considerable work has also continued on a number of important data projects. In particular, the Trustee has continued to make progress with the Scheme's GMP equalisation work, alongside its wider programme of data improvement and validation. Maintaining accurate and complete member data is fundamental to the effective administration of the Scheme and remains an important area of focus for the Trustee.

The Trustee has also strengthened its approach to assessing the effectiveness of its governance arrangements. During the year, a formal framework was introduced to assess the effectiveness of the Scheme's governance arrangements, and the Trustee undertook a risk assessment of the systems and policies supporting its governance framework. This provides the Trustee with a structured basis for identifying areas for further improvement and ensuring that its governance arrangements remain appropriate as the Scheme evolves.

The Trustee Board continues to keep the Scheme's financial position, risks and objectives under regular review. Looking ahead, the completion of this year's actuarial valuation, together with the continued development of the Scheme's long term objectives, will remain key areas of focus.

I would like to thank my fellow Trustees and the Scheme's advisers and service providers for their continued commitment and support during the year. Their collective work helps to ensure that the Scheme continues to be managed effectively in the interests of its members.

Jon Bridger

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

Date: 25/9/2026

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.

The Trustee has appointed professional advisors and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee has written agreements in place with each of them.

During the year, Nicola MacKay resigned from their position as Scheme Actuary. In their statement on leaving office, they noted no circumstances connected with their resignation which, in their opinion, significantly affects the interests of the members or prospective members of, or beneficiaries under, the Scheme. Their colleague Laura Martin was appointed as Scheme Actuary in their place.

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.

Trustee's Report (continued)

Governance of the Scheme (continued)

Changes to the Trustee Board

There were no changes to the Trustee Board during the year. Subsequent to the year end, Trojan Resources Limited, represented by Garry Forster, resigned from the board of trustee directors and Carom Limited was appointed, represented by Rory Murphy.

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	4	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. The Committee also allows observers to attend from Unite the Union and Plumbing Pensions Employers Ltd.
- **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 data work. The Committee consists of the Chair, two Trustee Directors, and is supported by the Executive team and advisors.

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.

Trustee's Report (continued)

Governance of the Scheme (continued)

Committees (continued)

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 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.

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.

Governance

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 Trustee documented its governance within the Effective System of Governance framework and produced its first Own Risk Assessment to look at the effectiveness of the system. The Risk Management Function is led by the Audit, Risk and Governance Committee. The Trustee additionally maintains a risk register which 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 2025	15,987	11,032	2,889	29,908
Adjustments	(1)	4	-	3
Retirements	(646)	646	-	-
New dependants	-	-	291	291
Members leaving with full commutations	(54)	(6)	(123)	(183)
Deaths	(68)	(404)	(140)	(612)
Transfers out	(15)	-	-	(15)
Suspensions	-	(25)	(6)	(31)
At 5 April 2026	15,203	11,247	2,911	29,361

Adjustments relate to prior year movements that were not captured in the opening statistics.

The Scheme has a bulk annuity policy held with Legal & General Assurance Society Ltd to insure the benefits of 8,407 pensioners and dependents as at 5 April 2026 (2025: 8,815).

As at 5 April 2026, there were 315 employers including 12 employers who were in a deferred debt arrangement when the Scheme closed to future accrual on 30 June 2019 (2025: 319 employers). As at 5 April 2025, the Report and Financial Statements stated that there were 323 statutory employers; this has been restated here as 319 employers. This change reflects an update in reporting methodology, whereby a single legal entity recorded as multiple divisions within the Scheme's records is now counted as one employer. Over the year to 5 April 2026, 3 employers entered insolvency, 3 employers were granted a Flexible Apportionment Arrangement (of which 1 was statutory at 5 April 2025) and, as a consequence, 3 new employers were admitted to the Scheme. 3 employers 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 level 3' 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.

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 Schedule 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.

Rates effective from 5 April 2025

The pension increase paid from 1 May 2025 in respect of benefits accrued between 6 April 1997 and 5 April 2005 was 1.7% and the pension increase paid in respect of post 5 April 2005 benefits accrued was 1.7%. 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 5 April 2025 were as follows:

7.6% for pension credit built up before 6 April 2004
 2.7% for pension credit built up after 5 April 2004 (excludes the 2017 Benefit Scale)
 1.7% for pension credit built up after 5 April 2017 on the 2017 Benefit Scale
 None of the increases were discretionary.

Rates effective post year end from 5 April 2026

The pension increase paid from 1 May 2026 in respect of benefits accrued between 6 April 1997 and 5 April 2005 was 3.8% and the pension increase paid in respect of post 5 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 5 April 2026 were as follows:

4.5% for pension credit built up before 6 April 2004
 4.5% for pension credit built up after 5 April 2004 (excludes the 2017 Benefit Scale)
 3.8% for pension credit built up after 5 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.

Trustee's Report (continued)

Governance of the Scheme (continued)

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.

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.

During the year the Scheme's investment governance model changed. The investment asset classes, and individual fund manager selection has been outsourced to Willis Towers Watson (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 to the Trustee and the Employer Company following the 2023 valuation.

For the year ended 5 April 2026, the asset allocation for the uninsured assets (excluding the bulk annuity policy) is set out below:

Asset class	Target Ranges %	Actual Allocation %
Equities	0-15	13.4
Alternative Credit	0-20	10.1
Real Assets	0-20	20.0
Liquid Diversifiers	0-5	3.0
Downside Protection Strategies	0-10	1.5
Dynamic Asset Allocation	0-5	1.4
Investment Grade Credit	0-50	9.1
High quality government bonds, liability hedging instruments, cash and cash equivalents	25-100	41.5
Total	100	100.0

For the year ended 5 April 2025, the asset allocation for the uninsured assets (excluding the bulk annuity policy) was as set out below:

Asset class	Strategy Weighting %	Actual Allocation %
Public equities	4	5.6
Property	3	8.1
Illiquid assets	3	6.8
Credit	20	25.3
Liability Driven Investment	65	43.9
Inflation protecting illiquid assets	5	7.0
Cash	-	3.3
Total	100	100.0

Trustee's Report (continued)

Investment Report (continued)

Scheme investment strategy (continued)

The revised investment strategy is designed to improve diversification and enhance the expected return of the portfolio whilst maintaining an appropriate level of liability hedging. The Trustee also increased the level of expected return targets by the portfolio.

The Scheme's public equity exposure was restructured during the year, with assets previously managed by Legal & General Investment Management ("LGIM") transitioning to State Street Investment Management ("SSGA"). The Trustee also introduced new allocations to diversified strategies, including insurance linked securities, downside risk hedging and dynamic asset allocation, to diversify the sources of return and improve portfolio resilience.

The Scheme continued to seek additional returns through its credit investments. During the year, a significant proportion of the Scheme's alternative credit assets were transitioned into the Towers Watson Alternative Credit Fund.

The Scheme's liability hedging arrangements were also updated during the year, with the Liability Driven Investment ("LDI") portfolio transitioning from LGIM to Insight Investment. The Scheme's cashflow matching credit assets were transferred alongside the LDI assets as part of the transition.

The Scheme continued to invest in property and infrastructure assets during the year. Property assets managed by DTZ and infrastructure assets with Macquarie generated sale proceeds, which were used to support the implementation of the revised investment strategy.

As at 5 April 2026, the value of the uninsured assets was £886m (2025: £889m). The approximate value of the bulk annuity policy was £269m (2025: £291m). Total Scheme assets were £1,155m (2025: £1,180m).

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 www.plumbingpensions.co.uk/investments. The Statement is reviewed regularly and was last updated in August 2025. 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.

Trustee's Report (continued)

Investment Report (continued)

Financially material considerations (continued)

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 WTW, 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; WTW consider this risk when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Climate change governance reporting

The Trustee Directors have prepared a climate change governance reporting statement as required by The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The latest statement can be accessed on the Scheme's website 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").

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 delegate to WTW the responsibility to 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.

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.

WTW in line with the Trustee Directors ESG requirements 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.

Trustee's Report (continued)

Investment Report (continued)

Stewardship – Voting and Engagement (continued)

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 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 WTW 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.

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 45 and forms part of this Report.

The Trustee Directors share the policies, as set out in the Statement of Investment Principles, 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.

Except in circumstances where WTW appoint managers, 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.

Trustee’s Report (continued)

Investment Report (continued)

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.

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 2026

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

The investment strategy agreed by the Trustee Directors is targeted to deliver an expected return of the Liability Proxy return +1.0% per annum (equivalent to Gilts +1.5% p.a.) at an appropriate level of risk.

The table below shows the Scheme’s investment returns for the periods to 31 March 2026.

Since inception (01.07.95) (% p.a.)		1 year (% p.a.)		3 years (% p.a.)	
Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
2.1	1.6	4.0	3.2	(4.4)	(6.9)

Source: WTW
Note: Performance is stated excluding insured part of the portfolio.

In August 2025, the base rate was reduced again to 4.00%, reflecting ongoing caution in the face of rising service-sector prices and fiscal uncertainty. This was followed by another 0.25% cut in December, bringing the rate to 3.75%, where it remained through the end of the year.

During the first quarter of 2026, the BoE held steady rates. While no policy changes were made, the accompanying statement adopted a more hawkish tone, signalling a move away from an easing bias toward a stance of readiness to act if required.

Trustee's Report (continued)

Investment Report (continued)

Investment Performance to 31 March 2026 (continued)

Over the period since the inception of the OCIO portfolio on 1 July 2025, the Scheme's assets generated positive returns despite increased market volatility towards the end of the period. Strong performance from the Scheme's return-seeking assets during the second half of 2025 was partially offset by weaker market conditions during the first quarter of 2026, when geopolitical tensions in the Middle East contributed to falling equity markets, widening credit spreads and rising gilt yields. The Scheme's liability hedging arrangements continued to broadly track movements in the Technical Provisions liabilities, helping to reduce funding level volatility.

Global equity markets generated positive returns over the period, supported by resilient economic growth, expectations of monetary policy easing and continued enthusiasm surrounding artificial intelligence-related investment themes. The Scheme's global equity allocation, managed by State Street Investment Management ("SSgA"), was the strongest contributor to performance, returning 13.7% since inception and outperforming its benchmark.

Credit markets also performed positively over the period. The Towers Watson Alternative Credit Fund returned 3.8% since inception, outperforming its benchmark, with positive contributions from a range of underlying credit strategies. The Scheme's allocation to insurance linked securities, managed by Leadenhall, also performed strongly, returning 6.3% since inception.

The Scheme's property and infrastructure investments produced mixed results. The KKR infrastructure fund returned 5.0% since OCIO inception, while the DTZ and CBRE property portfolios returned 0.8% and 1.2% respectively. The remaining holding in the Macquarie European Infrastructure Fund detracted from returns following a significant write-down associated with a disposal during the period.

Overall, the OCIO portfolio returned 2.1% since inception to 31 March 2026, compared with a liability based benchmark return of 1.6%, representing outperformance of 0.5%. Return-seeking assets returned 5.3% over the same period and continued to be the main driver of overall portfolio performance.

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

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. 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.

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.

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 2025, which showed that the funding level had decreased slightly from 99% to 98%, with the funding shortfall at £26 million.

The next formal actuarial valuation, due as at 5 April 2026, is currently in progress.

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 schedule 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: 25/9/2026

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 2026, 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 2026, 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 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: 25/9/2026

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 2026

	Notes	2026 £'000	2025 £'000
Contributions and benefits			
Employer contributions		1,283	3,333
Total contributions	4	1,283	3,333
Other income	5	107	93
		<u>1,390</u>	<u>3,426</u>
Benefits payable	6	(61,400)	(60,572)
Payments to and on account of leavers	7	(485)	(288)
Administrative expenses	8	(5,088)	(4,548)
		<u>(66,973)</u>	<u>(65,408)</u>
Net withdrawals from dealings with members		(65,583)	(61,982)
Returns on investments			
Investment income	9	44,011	53,759
Change in market value of investments	11	(1,571)	(96,964)
Investment management expenses	13	(1,872)	(1,419)
Net returns on investments		40,568	(44,624)
Net decrease in the fund during the year		(25,015)	(106,606)
Opening net assets of the Scheme		1,179,769	1,286,375
Closing net assets of the Scheme		1,154,754	1,179,769

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 2026

	Notes	2026 £'000	2025 £'000
Fixed assets	10	986	1,340
Investment assets			
Equities		35	115
Bonds		939,003	121,692
Property	14	52,350	69,800
Pooled investment vehicles	15	391,498	689,890
Derivatives	17	198	3,201
Insurance policies	18	269,300	290,600
AVC investments	19	2,688	2,542
Reverse repurchase agreements	20	17,078	-
Cash deposits	21	3,987	14,244
Other investment assets	21	9,363	12,427
		<u>1,685,500</u>	<u>1,204,511</u>
Investment liabilities			
Derivatives	17	(1,680)	(763)
Repurchase agreements	20	(548,810)	-
Other investment liabilities	21	(4,078)	(53,707)
		<u>(554,568)</u>	<u>(54,470)</u>
Total net investments	11	1,130,932	1,150,041
Current assets			
Bank	25	11,762	10,309
Amounts falling due within one year	25	8,572	8,267
Amounts falling due after one year	25	4,187	12,174
Total current assets		24,521	30,750
Current liabilities	26	(1,685)	(2,362)
Total net assets		1,154,754	1,179,769

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 25/9/2026.

Signed on behalf of the Trustee:-

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 2026

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 OCIO, actuary 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 2026

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.

Interest income on reverse repurchase agreements and interest expense on repurchase agreements is accounted for on an accruals basis, in line with the terms of the respective contracts.

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.

Investment management expenses and any rebates are accounted for on an accruals basis, gross of irrecoverable Value Added Tax, and shown separately within investment returns, or included in the unit movement or price movement of the invested asset.

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.

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

3. Accounting policies (continued)

(f) Investments (continued)

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.
- (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) Unithised 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) 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.
- (vii) AVC investments are valued at market value by the AVC provider.
- (viii) The Scheme continues to recognise and value assets delivered out under repurchase contracts to reflect its ongoing interest in those securities. Cash received from repurchase contracts is recognised as an investment asset, and an investment liability is recognised for the value of the repurchase obligation.

Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Scheme assets. Where bonds received as collateral under the reverse repurchase agreements have been resold (short sold bonds) an obligation to return the bond to the respective owner is recognised at the fair value of the associated bond.

(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.

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

3. Accounting policies (continued)

(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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are in relation to the valuation of the Scheme's investments, and in particular, those classified in level 2 and 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments is included within (f) above and within notes 14, 18, 22 and 23.

4. Contributions receivable

	2026 £'000	2025 £'000
Employer contributions:		
S75 debts	1,283	3,333

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 Schedule of Contributions in force during the year.

5. Other income

	2026 £'000	2025 £'000
Rental income	104	92
Sundry	3	1
	107	93

Rental income relates to property reported as a tangible fixed asset in note 10.

6. Benefits payable

	2026 £'000	2025 £'000
Pensions	47,410	45,942
Commutations and lump sum retirement benefits	13,364	13,991
Lump sum death benefits	626	639
	61,400	60,572

7. Payments to and on account of leavers

	2026 £'000	2025 £'000
Refunds to members leaving service	1	-
Individual transfers to other schemes	484	288
	485	288

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

8. Administrative expenses

	2026 £'000	2025 £'000
Recharge from Plumbing Pensions (UK) Administration Limited	3,667	3,424
Recharge from Plumbing Pensions (UK) Employers Limited	243	220
Pension Protection Fund and Pension Regulator Levies	169	142
Audit fees	85	83
Professional fees	45	190
Trustee and management fees	520	435
Depreciation and impairment on fixed assets (note 10)	354	39
Sundries and bank charges	5	15
	<u>5,088</u>	<u>4,548</u>

9. Investment income

	2026 £'000	2025 £'000
Dividends from equities	1	21
Income from bonds	9,298	4,274
Net income from property	1,680	4,200
Income from pooled investment vehicles	12,159	13,249
Income from derivatives	552	2,985
Annuity income	28,343	29,017
Interest income on reverse repurchase agreements	529	-
Interest expense on repurchase agreements	(8,724)	-
Net interest on cash and other investment balances	173	13
	<u>44,011</u>	<u>53,759</u>

Net income from properties is stated after deducting £941k (2025: £1,496k) of property related expenses and of this amount, £33k relates to bad debt provisions (2025: £201k).

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

10. Tangible fixed assets

	Property £'000
Cost	
At 6 April 2025	1,966
At 5 April 2026	<u>1,966</u>
Depreciation	
At 6 April 2025	(626)
Charge for the year	(33)
Impairment	(321)
At 5 April 2026	<u>(980)</u>
Net Book Value	
At 5 April 2026	<u>986</u>
At 5 April 2025	<u>1,340</u>

A valuation of the property occupied by the Scheme was performed as at 1 July 2025 by CBRE Limited, a RICS Regulated firm. This resulted in an impairment loss during the year of £321k. Property valuations are to be performed every 5 years.

11. Investment reconciliation

	Market value At 6 April 2025 £'000	Purchases at cost and derivative payments £'000	Sale proceeds and derivative receipts £'000	Change in market value £'000	Market Value At 5 April 2026 £'000
Equities	115	1	(86)	5	35
Bonds	121,692	1,219,361	(402,397)	347	939,003
Property	69,800	5,286	(24,444)	1,708	52,350
Pooled investment					
Vehicles	689,890	613,099	(923,106)	11,615	391,498
Derivatives – net	2,438	8,024	(15,937)	3,993	(1,482)
Insurance policies	290,600	-	-	(21,300)	269,300
AVC investment	2,542	-	(211)	357	2,688
	<u>1,177,077</u>	<u>1,845,771</u>	<u>(1,366,181)</u>	<u>(3,275)</u>	<u>1,653,392</u>
Reverse repurchase agreements	-			-	17,078
Repurchase agreements	-			-	(548,810)
Cash and other investment balances	(27,036)			1,704	9,272
	<u>1,150,041</u>			<u>(1,571)</u>	<u>1,130,932</u>

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

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	2026 Total £'000	2025 Total £'000
Fees	306	28	334	129
Commission	-	4	4	4
2026 Total	<u>306</u>	<u>32</u>	<u>338</u>	
2025 Total	<u>129</u>	<u>4</u>		<u>133</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

	2026 £'000	2025 £'000
Investment management	1,009	789
OCIO fees	381	-
Custody	38	79
Investment consultancy	386	406
Performance reporting	58	145
	<u>1,872</u>	<u>1,419</u>

14. Property

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

	2026 £'000	2025 £'000
Freehold	52,350	64,650
Long leasehold	-	5,150
	<u>52,350</u>	<u>69,800</u>

Included within other investment balances in note 21 is £520k (2025: £942k) 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 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. The valuation has been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”) current as the Valuation Date. 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 2026

15. Pooled investment vehicles

Type of fund	2026 £'000	2025 £'000
Equity	115,678	48,235
Bond	-	19,765
Alternative credit	86,408	-
Dynamic asset allocations	12,209	-
Downside risk hedge	13,043	-
Money market	-	15,629
Asset backed securities	-	109,081
LDI Bespoke (note 16)	-	378,419
Core private markets	58,947	58,605
Secure income asset	59,085	60,156
Liquid diversifiers	25,572	-
Liquidity	20,556	-
	<u>391,498</u>	<u>689,890</u>

16. Sole investor fund

In the previous year and at the start of this year, the Scheme invested in the Legal & General LDI Bespoke Fund (note 15) in which it was the sole investor. This was fully disinvested during November 2025. A breakdown of the underlying investment classes that were held within the fund is shown below.

	2026 £'000	2025 £'000
UK government bonds	-	426,412
UK government bonds – short sold	-	(97,686)
UK index-linked government bonds	-	594,818
UK index-linked government bonds – short sold	-	(75,599)
Liquidity fund	-	4,200
Amounts payable under repurchase agreements	-	(640,430)
Amounts receivable under reverse repurchase agreements	-	170,055
Interest receivable	-	11,751
Interest payable	-	(15,312)
Cash and accruals	-	210
	<u>-</u>	<u>378,419</u>

At 5 April 2025, bonds with a fair value of £616,502k had been delivered subject to repurchase contracts and therefore continued to be recognised in the bonds above. Cash received from the counterparties is recognised as amounts payable in the table above. There were 34 repurchase agreements at 5 April 2025, with maturity dates up to March 2026.

At 5 April 2025 bonds with a fair value of £173,285k received in respect of reverse repurchase agreements were not recognised in the bonds above. Cash delivered to the counterparties is recognised as amounts receivable in the table above. There were 8 reverse repurchase agreements at 5 April 2025, with maturity dates up to January 2026.

In addition, bonds with a fair value of £38,626k had been delivered as collateral in respect of repurchase agreements, and £296k held as additional margin collateral in respect of reverse repurchase agreements.

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

17. Derivatives

Objectives and policies for holding 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 may enter into index-based contracts of equivalent economic value to avoid being 'out of the market'.

2026	Asset £'000	Liability £'000	Total £'000
Over-the-counter contracts			
Swaps	122	(1,022)	(900)
Forward foreign exchange	76	(658)	(582)
	<u>198</u>	<u>(1,680)</u>	<u>(1,482)</u>
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>

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 £1,342k (2025: £888k) and collateral held by the Scheme from counter parties was £70k (2025: £139k).

Initial and variation margins held on futures and centrally cleared derivatives at the prior year end amounted to £5,460k.

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

17. Derivatives (continued)

Swaps

	Expiry	Notional Amounts £'000	Asset Value £'000	Liability Value £'000
Interest rate swaps	6-24 years	59,210	122	(1,022)

The notional principal represents the amount used to determine the swapped receipts and payments.

Forward foreign exchange

	Expiry	Nominal value £'000	Asset Value £'000	Liability Value £'000
Sell USD for GBP	1-2 months	36,398	-	(658)
Sell GBP for USD	1 month	9,550	76	-
			76	(658)

The nominal value represents the sterling value of the foreign currency amount of the contract translated at the year-end spot rate.

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 8,407 pensioners as at 5 April 2026 (2025: 8,815). The annuity provider cannot provide the principal assumptions adopted in valuing the bulk purchase annuity because this information is commercially sensitive.

	2026 £'000	2025 £'000
Bulk annuity insurance policy	269,300	290,600

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

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:

	2026 £'000	2025 £'000
Legal & General	2,688	2,542

20. Repurchase and reverse repurchase agreements

In order to manage the Scheme's economic exposure to interest rates and inflation and to assist with the efficient hedging of interest rate and inflation risk, the Trustees have put in place a liability hedging and secured lending programme using repurchase agreements and reverse repurchase agreements. Repurchase agreements are instruments comprising the sale of investment assets (bonds) with an agreement to repurchase them at a specified later date and at a fixed price. Reverse repurchase agreements are instruments comprising the purchase of investment assets (bonds) with an agreement to resell them at a specified later date and at a fixed price. The Scheme receives cash consideration on the sale of investment assets (bonds) and pays interest on the amount received. The Scheme pays cash consideration on the purchase of investment assets (bonds) and receives interest on the amount paid.

	2026 £'000	2025 £'000
Reverse repurchase agreements	17,078	-
Repurchase agreements	(548,810)	-
	<u>(531,732)</u>	<u>-</u>

Bonds with a fair value of £547m have been delivered subject to repurchase contracts and therefore continued to be recognised in the financial statements. Cash received from the counterparties is recognised as amounts payable in the table above. The Scheme has pledged collateral in the form of bonds with a fair value of £10m in respect of these repurchase agreements

Bonds with a fair value of £17m received in respect of reverse repurchase agreements are not recognised in the financial statements. Cash delivered to the counterparties is recognised as amounts receivable in the table above. The Scheme has received collateral in the form of bonds with a fair value of £1m in respect of these reverse repurchase agreements.

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

21. Cash and other investment balances

	2026 £'000	2025 £'000
Cash deposits		
Sterling	3,236	9,646
Non-sterling	751	4,598
Total cash deposits	<u>3,987</u>	<u>14,244</u>
Other investment assets		
Short term bills and notes	-	395
Lease incentives	520	942
Amounts due from brokers	-	2,899
Accrued investment income and tax recoverable	8,835	2,644
Unsettled transactions	8	5,547
Total other investment assets	<u>9,363</u>	<u>12,427</u>
Other investment liabilities		
Callable notes	-	(2,016)
Amounts due to brokers	-	(10,246)
Accrued interest expense	(4,048)	-
Unsettled transactions	(30)	(41,445)
Total other investment liabilities	<u>(4,078)</u>	<u>(53,707)</u>
Total cash and other investment balances	<u>9,272</u>	<u>(27,036)</u>

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

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 2026	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equities	-	-	35	35
Bonds	-	938,886	117	939,003
Property	-	-	52,350	52,350
Pooled investment vehicles	-	273,466	118,032	391,498
Derivatives-net	-	(1,482)	-	(1,482)
Insurance policies	-	-	269,300	269,300
AVC investments	-	2,688	-	2,688
Repurchase and reverse repurchase agreements	-	(531,732)	-	(531,732)
Cash deposits	3,987	-	-	3,987
Other investment balances	9,333	(4,048)	-	5,285
	<u>13,320</u>	<u>677,778</u>	<u>439,834</u>	<u>1,130,932</u>
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>

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 2026

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	●	◐	●	○
Property	◐	○	○	●
Pooled investment vehicles				
Direct	◐	◐	○	◐
Indirect	●	●	●	●
Derivatives	◐	◐	◐	◐
Insurance policies	●	○	●	◐
Repurchase and reverse repurchase agreements	◐	○	●	○
Cash and other investment balances	●	◐	◐	○

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

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

	2026 £'000	2025 £'000
Bonds	939,003	121,692
Derivatives		
Swaps	(900)	2,368
Forward foreign exchange	(582)	(266)
Reverse repurchase agreements	17,078	-
Repurchase agreements	(548,810)	-
Cash deposits	3,987	14,244
Total	<u>409,776</u>	<u>138,038</u>

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 20. 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 2026

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:

	2026 £'000	2025 £'000
Unit linked insurance policies	115,678	426,667
Open ended investment companies	216,873	60,156
Qualifying Investor Alternative Investment Funds	-	109,081
Undertakings for the Collective Investment in Transferrable Securities	-	35,381
Limited partnerships	58,947	58,605
	<u>391,498</u>	<u>689,890</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, which was held at the end of last year, was 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") valued at £269,300k (2025: £290,600k) 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 £52,350k (2025: £69,800k) 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 2026

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 in the current or prior year were:

	2026		2025	
	£'000	%	£'000	%
L&G TLDS bespoke fund	-	-	378,419	32.1
L&G bulk annuity insurance policy	269,300	23.3	290,600	24.6
SSGA global equity diversified index fund	115,409	10.0	-	-
IIFIG global ABS fund	-	-	109,082	9.2
TW alternative credit fund	86,408	7.5	-	-
KKR global diversified core infrastructure fund	58,894	5.1	57,751	4.9
CBRE long dated property fund	59,085	5.1	60,156	5.1
DTZ property	52,350	4.5	69,800	5.9

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

25. Current assets

	2026 £'000	2025 £'000
Cash at bank	11,762	10,309
Amounts falling due within one year:		
S75 debtors	7,986	7,715
Plumbing Pensions (UK) Administration Limited	488	552
VAT	98	-
	8,572	8,267
Amounts falling due after one year:		
S75 debtors	4,187	12,174
	24,521	30,750

26. Current liabilities

	2026 £'000	2025 £'000
Benefits payable	384	922
Tax deducted from benefits	708	622
Plumbing Pensions (UK) Employers Limited	33	5
Accrued administrative fees	98	295
Accrued investment management fees	310	403
Accrued Trustee and management fees	152	90
VAT	-	25
	1,685	2,362

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 £520k were payable from the Scheme during the year as disclosed in note 8 (2025: £435k), with £152k accrued at the year end as disclosed in note 26 (2025: £90k).

Transactions with Plumbing Pensions (UK) Administration Limited during the year are disclosed in note 8. At the Scheme year end, £488k was due from Plumbing Pensions (UK) Administration Limited in respect of recharges paid in advance (2025: £552k). This amount is included within current assets, note 25.

Transactions with Plumbing Pensions Employers Limited, are disclosed in note 8. At the Scheme year end, £33k was due to Plumbing Pensions Employers Limited (2025: £5k). This amount is included within current liabilities, note 26.

Notes to the Financial Statements (continued)

For the year ended 5 April 2026

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.

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 no reliable estimate is presently available, and it 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

Why have we produced this Statement?

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

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

What is the Statement of Investment Principles (SIP)?

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

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

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

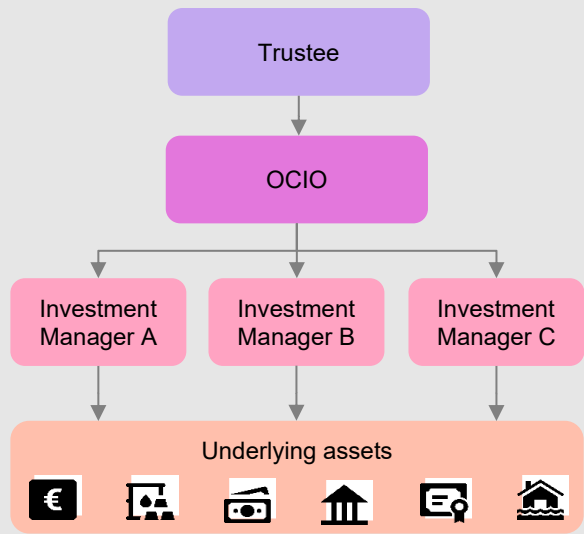
What is the purpose of this Statement?

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

What changes have we made to the SIP?

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

How are the Scheme’s investments managed?



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

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

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

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

Engagement Policy Implementation Statement (continued)

Why does the Trustee believe voting and engagement is important?

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

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

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

What is the Trustee's voting and engagement policy?

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

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

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

Further detail is provided in the Statement of Investment Principles.

What training has the Trustee received over the year?

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

Engagement Policy Implementation Statement (continued)

What are the OCIO's policies?

Climate change and net zero goal

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

Public policy and corporate engagement

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

Some highlights from 2025 include:

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

Industry initiatives

The OCIO participated in a range of industry initiatives over the year to seek to exercise good stewardship practices. Please refer to their latest UK Stewardship Code for more information:

<https://www.wtwco.com/en-gb/solutions/services/sustainable-investment>.

Engagement Policy Implementation Statement (continued)

How does the OCIO assess the investment managers?

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

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

Example of engagements carried out over the year

Illiquid credit manager

Environment – climate issue

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

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

Opportunity fund manager

Environment – climate issue

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

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

Institutional sterling liquidity fund manager

Environment – climate issue

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

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

Engagement Policy Implementation Statement (continued)

What are the voting statistics we provide?

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

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

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

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

Engagement Policy Implementation Statement (continued)

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

Global Equity Diversified Index Sub-Fund

Pooled multi-asset growth index fund

How many votes has this manager cast?

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

What is this manager's voting policy?

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

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

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

Engagement Policy Implementation Statement (continued)

Which of these votes do we think were significant?

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

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

Engagement Policy Implementation Statement (continued)

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

Engagement Policy Implementation Statement (continued)

RAFI Fundamental Global Reduced Carbon Pathway Index Fund

A global equity index fund with a reduced carbon emissions focus

How many votes has this manager cast?

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

What is this manager's voting policy?

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

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

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

Engagement Policy Implementation Statement (continued)

Which of these votes do we think were significant?

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

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

Engagement Policy Implementation Statement (continued)

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

In conclusion...

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