Purmo Group UK Pension Scheme

31 March 2026

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as Environmental, Social and Governance ('ESG') factors become increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

This Implementation Statement is to provide evidence that the Purmo Group UK Pension Scheme (the 'Scheme') continues to follow and act on the principles outlined in the Statement of Investment Principles ('the SIP'). The Scheme's current SIP is dated June 2024.

The Implementation Statement details:

- actions the Scheme has taken to manage financially material risks and implement the key policies in its SIP;
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate;
- voting behaviour covering the reporting year up to 31 March 2026 for and on behalf of the Scheme including the most significant votes cast.

Summary of key actions undertaken over the Scheme reporting year

During the Scheme's reporting period, the Scheme was notified of the closure of the BlackRock Liability-Driven Investment ('LDI') fund range in which it was invested. Following a review of its LDI arrangements, the Scheme transitioned its LDI holdings to Legal & General ('L&G') while maintaining the existing hedge target of 95% of interest rates and inflation on a Technical Provisions basis. The remainder of the Scheme's strategic asset allocation remained unchanged.

Implementation Statement

This report demonstrates that the Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Managing risks and policy actions

A non-exhaustive list of risks and financially-material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach.

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.	The Scheme has an achievable agreed expected return and aims to achieve this by investing across a diversified range of asset classes.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.	There have been no changes to the policy over the reporting year. The long-term objective and journey plan is discussed when reviewing and refreshing the Scheme's investment strategy.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support.	There have been no changes to the policy over the reporting year. The covenant strength is discussed when reviewing and refreshing the Scheme's investment strategy.

Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 95% of these risks with the use of Liability Driven Investment, whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.	During the reporting period, the Scheme carried out an LDI review following the closure of the BlackRock LDI fund range. This included modelling and implementing a replacement LDI portfolio with L&G to ensure the existing 95% hedge target was maintained.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members' benefits as they fall due (including transfer values), and to meet regulatory guidance around providing collateral to the LDI manager.	The collateral management policy was updated during the year, with the BlackRock Sterling Liquidity Fund remaining the Scheme's primary source of LDI collateral.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	There have been no changes to the policy over the reporting period. The Scheme is invested in various funds across asset classes, therefore diversifying this risk.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To select investment managers on the platform who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	There have been no changes to the policy over the reporting period. The Scheme invests in pooled credit funds which invest across a variety of geographies and sectors, diversifying the underlying credit risk.

Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Formalised a responsible investment ("RI") policy / framework 2. Implementation of the RI policy / framework via the investment process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG-specific reporting 5. Signatory to the UN PRI The Trustee monitors the managers on an ongoing basis.	There have been no changes to the policy over the reporting year.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk.	There have been no changes to the policy over the reporting year.
Non-financial	Any factor, save for the above, that is not expected to have a financial impact on the Scheme's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	There have been no changes to the policy over the reporting year.

Changes to the SIP

The SIP remained unchanged throughout the reporting period.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a risk as it potentially could have a material impact on investment risk and return outcomes. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. This section details how the Scheme's ESG policy is implemented.

The assets of the Scheme are invested in pooled vehicles through the Mobius Life Platform and the Trustee accepts that pooled investments will be governed by the individual policies of the investment manager. These policies are reviewed as part of the consideration of pooled investments. As such, the Trustee has given their investment managers full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee is increasingly considering how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring the existing investment managers. The Trustee will consider the ESG ratings provided by their Investment Advisor and/or platform provider on how the investment manager embeds ESG factors into its investment process. A change in ESG rating (or lack of ESG rating) does not mean that the fund will be removed or replaced automatically.

Voting (for equity and multi-asset only)

The Trustee has reviewed the voting activity undertaken on its behalf and is satisfied that, overall, voting was carried out in line with the Scheme's voting policies as set out in the Statement of Investment Principles.

The Scheme's investment managers have taken ownership of the voting process and have provided details on their voting behaviour using industry standard templates and guidance. The table below includes a summary of the activity covering the reporting year up to 31 March 2026.

The investment managers have provided examples of votes they deem to be significant, and the Trustee has shown the votes relating to the greatest exposure within the Scheme's investment.

The Trustee has not used a proxy voter over the period to 31 March 2026; however their investment managers have used a proxy voter in line with their voting policies.

BlackRock – Dynamic Diversified Growth Fund

Total eligible resolutions	% Votes for	% Votes against	% Votes abstained / withhold
7,379	c.95%	c.4%	c.1%

Significant Votes									
Name of issuer	Meeting date	Holding size	Summary of resolution	Topic of vote	Vote instruction	Vote rationale	Decision shared with issuer ahead of vote (if against management)	Vote outcome	Implication of outcome
SIG Plc	1 May 2025	N/A	Re-election of a Director	Diversity	Against	A vote against has been applied for failure to adequately account for diversity on the board.	BlackRock does not disclose their vote intentions in advance of shareholder meetings.	Pass	BlackRock value the opportunity to listen to company leadership, which enhances their understanding of the business models, ensuring that BlackRock's proxy voting decisions are based on a comprehensive view of a company.
CommScope Holding Company, Inc.	8 May 2025	N/A	Election of a Director	Diversity	Against	A vote against has been applied for failure to adequately account for diversity on the board.		Pass	
Next Plc	15 May 2025	N/A	Approve ShareAction Resolution	Environmental & Social	Against	A vote against has been applied as the request was not clearly defined, too prescriptive and unduly constraining on the company.		Fail	

<table>
<tr><td>Shell Plc</td><td>20 May 2025</td><td>N/A</td><td>Proposal request on Liquefied Natural Gas and climate alignment</td><td>Environmental</td><td>Against</td><td>A vote against has been applied as the proposal is considered overly prescriptive and not in the best interests of shareholders.</td><td rowspan="3">BlackRock does not disclose their vote intentions in advance of shareholder meetings.</td><td>Fail</td><td rowspan="3">BlackRock value the opportunity to listen to company leadership, which enhances their understanding of the business models, ensuring that BlackRock's proxy voting decisions are based on a comprehensive view of a company.</td></tr>
<tr><td>Emerald Resources NL</td><td>28 November 2025</td><td>N/A</td><td>Election of a Director</td><td>Diversity</td><td>For</td><td>N/A</td><td>Pass</td></tr>
<tr><td>LG Chem Ltd.</td><td>31 March 2026</td><td>N/A</td><td>Article Amendment of Incorporation (Advisory Shareholder Resolutions)</td><td>Governance</td><td>For</td><td>A vote for has been applied as the proposal is considered to be in the best interests of shareholders.</td><td>N/A</td></tr>
</table>

www.isio.com