



Drake & Scull Retirement Benefits Plan ("the Plan") Implementation Statement Report

October 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes 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 Report

This implementation report is to provide evidence that the Plan continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

[Legislation | EMCOR UK](#)

Changes to the SIP in the reporting year to 31 March 2025 are detailed on the following pages.

This Implementation Report details:

- actions the Plan 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 Plan 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 they invest in;
- voting behaviour covering the reporting year up to 31 March 2025 for and on behalf of the Plan including the most significant votes cast by the Plan or on its behalf.

This report demonstrates that the Drake & Scull Retirement Benefits Plan has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change, over the year to 31 March 2025.

Summary of key actions undertaken over the Plan reporting year

- Following discussions in Q2 2024, the Trustee agreed to move from a pooled LDI mandate with BlackRock to a segregated mandate. After reviewing a manager selection prepared by Isio, the Trustee decided to appoint Schroders as the new LDI manager.
- The Trustees decided to increase the hedge ratio from c.70% to c.80% in April 2024, as an interim step towards a higher hedge ratio to be implemented in the broader segregated LDI mandate project.
- The Trustee also decided to invest in Asset Backed Securities ("ABS") funds, to be used as Tier 2 collateral to support the LDI mandate. The Trustee agreed to invest in the Schroder AAA Flexible ABS Fund ("SAAAF") and the Schroder ISF Securitised Credit Fund ("SISZL").

- Following Isio's rating downgrade of the BlackRock LLP Fund from 'Meets Criteria' to 'Partially Meets Criteria', the Trustee decided to pursue a full redemption from the fund on the 28 June 2024. The proceeds from the redemption landed in the Trustee Bank Account ('TBA') on the 8 January 2025, which were used to increase the hedge ratio for interest rate risk only from 80% to 90%.
- As at 25 February 2025, the new segregated mandate with Schroders was fully implemented, targeting a higher hedge level at 100% of technical provisions liabilities.
- From 31 March 2025 the target expected return was set to gilts + 1.90% p.a. in line with the agreed de-risking schedule.
- The Trustees completed a Sustainable Integration Assessment (formerly known as an ESG Impact Assessment) of the Investment Managers, which highlighted key areas for investment managers to improve in order to better align with the Trustees' agreed ESG beliefs. The Trustees' investment consultant continues to monitor the investment managers from an ESG perspective and provide annual updates.

Implementation Statement

This report demonstrates that The Drake & Scull Retirement Benefits Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.100% of interest rate and c.100% of inflation risk on the 2024 Technical Provisions basis.	The Trustees decided to increase the hedge ratio from c.70% to c.80% in April 2024 as an interim increase. This was followed by an increase to 90% of interest rate risk only in January 2025. When the Schroders segregated LDI mandate was fully implemented in February 2025, the target hedge ratio was increased to 100% of interest rate and inflation risks.
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 provide collateral to the LDI mandate. The Trustees use the Plan's Diversified Credit allocation (the daily trading M&G Total Return Credit Investment Fund) for liquidity management purposes, and receive regular, ongoing advice from their investment advisers on whether the level of liquidity in the Plan's portfolio remains appropriate.	Following the decision to move from a pooled a LDI mandate to a segregated mandate, the Trustee decided to invest in the Schroders ABS funds alongside to function as tier 2 collateral. This was completed in February 2025.
Collateral adequacy	The risk of being unable to provide additional collateral to the LDI mandate within a required timeframe, to support a given level of leverage.	The Trustees have selected Schroders as the LDI manager. The Schroder AAA Flexible ABS Fund and the Schroder ISF Securitised Credit Fund make up the Liquidity Support Portfolio. All disinvestments from the Liquidity Support Portfolio shall be taken from the Funds in the following order of preference for LDI capital waterfall purposes.	Over the reporting period the Trustees decided to implement a segregated LDI mandate with Schroders as the chosen manager. Schroders sets a minimum collateral requirement to be held within its LDI portfolio, taking into account regulatory guidance and its own risk management framework.

		- Schroder AAA Flexible ABS Fund - Schroder ISF Securitised Credit Fund The Trustees will review their collateral adequacy policy no less frequently than annually, or as soon as possible in the event of significant market movements.	
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.	No changes to the policy were made over the year.
Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default.	No changes to the policy were made over the year.
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 Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: - Responsible Investment ('RI') Policy / Framework - Implemented via Investment Process - A track record of using engagement and any voting rights to manage ESG factors - ESG specific reporting - UN PRI Signatory - UK Stewardship Code signatory The Trustees monitor the managers on an ongoing basis.	No changes to the policy were made over the year; further detail of application provided later in this report.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Currency risk is mitigated for the Plan's pooled fund holdings by investing via Sterling-hedged share classes, with any underlying exposure to non-Sterling currencies being active positions taken by the investment managers for the purpose of return generation.	No changes to the policy were made over the year.

Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	No changes to the policy were made over the year.

Changes to the SIP

Over the period to 31 March 2025 the Trustees made the following changes to the SIP:

Policies amended in the SIP		
Date updated: Signed in June 2025		
Risk	Definition	Policy amended
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.100% of interest rate and c.100% of inflation risk on the 2024 Technical Provisions basis.
Collateral adequacy	The risk of being unable to provide additional collateral to the LDI mandate within a required timeframe, to support a given level of leverage.	- The Trustees have selected Schroders as the LDI manager. Schroders sets a minimum collateral requirement to be held within its LDI funds, taking into account regulatory guidance and its own risk management framework. To determine the level of liquid capital they consider sufficient, the manager calculates the expected change in value of relevant exposures within the portfolio, resulting from potential adverse changes in market conditions. The Trustee targets an overall level of collateral (including LDI and ABS funds) over and above the minimum thresholds recommended by Schroders. - The Schroder AAA Flexible ABS and SISF Securitised Credit Funds form the Liquidity Support Portfolio. Schroders have discretion to transfer assets from the Liquidity Support Portfolio to the LDI Portfolio when they consider that liquidity is lower than desirable. - Order of preference for disinvestments from the Liquidity Support Portfolio: Schroder AAA Flexible ABS Fund SISF Securitised Credit Fund I

- The Trustees will review their collateral adequacy policy no less frequently than annually, or as soon as possible in the event of significant market movements.

Investment Mandates amended in the SIP

Date updated: Signed in June 2025

Schroder Investment Management Limited ("Schroders")	• The SIP was updated to reflect the investment into Schroders LDI, Schroder AAA Flexible Asset backed Securities Fund and Schroder International Selection Securitised Credit Fund.
BlackRock Investment Management (UK) Limited ("BlackRock")	• The BlackRock LDI Portfolio and BlackRock Lond Lease Property Fund were removed from the SIP as the Plan disinvested from these funds over the reporting year.

Investment Objective changes

Date updated: Signed in June 2025

Plan's current target and asset allocation	• The Plan's current target was updated from 2.25% to 1.9% p.a. above the return on a liability matching portfolio of UK Government bonds. This reflects the Plan's new investment strategy. • The asset allocation was also updated to remove the allocation to Long Lease Property and to include Asset Backed Securities.
Fee Structure	• The SIP was also updated to include the fees for the Schroders funds,

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regard to ESG as a financially material risk. This page details how the Plan's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Plan's managers' ESG policies and procedures. The next page details Isio's view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The Trustees monitor and engage with the Plan's investment managers and other stakeholders on a variety of issues. The below table outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements.

Implementing the Current ESG Policy

Risk / Policy	Definition	Policy	Action
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 Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory The Trustees monitor the managers on an ongoing basis.	ESG actions undertaken: The Trustees review the manager's ESG policies on an annual basis through a Progress report. This report summarises the managers' progress on addressing the actions raised within the ESG Manager Summary report.

Areas of assessment and ESG beliefs

These are the implicit Trustees' investment beliefs which we have derived from the criterion used by Isio to assess the investment managers' ESG policies:

Risk Management	1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustees. 2. The Trustees believe that ESG integration leads to better risk adjusted outcomes and want a positive ESG tilt to the investment strategy.
Approach / Framework	3. The Trustees want to understand how asset managers integrate ESG within their investment process and in their stewardship activities. 4. The Trustees believe that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will allocate to these sectors. 5. The Trustees will consider the ESG values and priority areas of the stakeholders and sponsor and use these to set ESG targets.
Voting & Engagement	6. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors. 7. The Trustees believe that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance. 8. The Trustees want to understand the impact of voting & engagement activity within their investment mandates.
Reporting & Monitoring	9. ESG factors are dynamic and continually evolving, therefore the Trustees will receive training as required to develop their knowledge. 10. The Trustees will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.
Collaboration	11. Asset managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices as well as sign up and comply with common codes such as UNPRI and TCFD. 12. The Trustees should seek to sign up to a recognised ESG framework to collaborate with other investors on key issues.

ESG summary and engagement with the investment managers

The Funds below are funds that the Plan was invested in as at 31 March 2025.

Manager, fund	ESG Summary	Actions identified
Apollo Total Return Fund	The Apollo Total Return Fund received a "Meets Traditional Criteria" rating. Apollo have a well-resourced and dedicated sustainability team and platform. They have published firm-level ESG and engagement policies, as well as a high-level engagement priorities and escalation approach. On a fund-level, a scorecard is used to apply their ESG risk framework consistently and a detailed quarterly ESG report is produced for the Fund. However, the Fund has no direct ESG, objectives, nor a formal exclusions list.	Isio has proposed the following actions: The manager should consider ESG objectives for the fund, including formalising an exclusions policy. The manager should consider increasing engagement coverage. Apollo should look to improve GHG emissions data coverage for TCFD reporting.
Partners Group PMCS 2016	PG consistently shows a firm-wide commitment to ESG, underpinned by robust teams and practices. Their investment approach integrates a thorough screening procedure, adhering to recognised industry guidance like the TCFD and UN Global Impact. PG has a well-resourced central sustainability investments team, and a strong commitment to reaching net zero emissions by 2030. They have a robust investment approach and use a proprietary scorecard during their due diligence process when assessing each asset's ESG risk. Partners Group reports on ESG metrics annually, however, compared to their counterparts, PG's reporting falls short.	Isio has proposed the following actions: The manager could begin regular reporting on fund-level temperature pathway alignment and emissions data. Partners Group should consider engaging with a meaningful number of the underlying issuers and improve the reporting of these engagements.
M&G Total Return Credit Investment Fund	M&G has a strong companywide ESG strategy, displaying their capability to manage ESG risks in the Fund. However, they fall behind competitors in ESG reporting, due to lack of detailed metrics for assets in the portfolio.	Isio has proposed the following actions: The manager should establish and report on fund-level ESG objectives. The manager should also improve and report on active engagement with issuers

	M&G have a comprehensive firm-level ESG policy which includes a firm-level net zero commitment for all M&G portfolios. They also have an ambition for all investments to have board gender equality by 2027. There is no additional emphasis on ESG components at the fund level beyond the company policy. The Fund is captured by M&G's firm-wide net-zero commitment by 2050, with agreed interim decarbonisation targets.	across climate, social and biodiversity factors.
BlackRock Diversified Private Debt Fund	BlackRock have set explicit stewardship prioritises on which to engage with investee companies, overseen by a central team. They also collaborate with initiatives and institutions on ESG risks.	Isio has proposed the following actions: The manager should provide examples and evidence of engagement initiatives carried out to mitigate ESG-related risks. BlackRock should also improve fund-level coverage of GHG emissions and include them in quarterly ESG reporting.
Schroders Segregated LDI	The Scheme invested in Schroders LDI and the Asset Backed Securities funds towards the end of the reporting year. From next year, an ESG summary will be provided for each of these funds along with identified actions for the managers.	
Schroders – Securitised Credit Fund		
Schroders – AAA Flexible ABS Fund		

Voting and Engagement

As the Plan invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2025.

There were no voting rights attached to the Plan's investments over the year to 31 March 2025.

The Funds below are funds that the Plan was invested in as at 31 March 2025.

Fund name	Engagement summary	Commentary
Apollo Total Return Fund	Total engagements: 254 Environmental: 244 Social: 246 Governance: 246 Number of entities engaged: 154	Apollo takes a top-down and bottom-up, collaborative approach to ESG engagement and currently has four key engagement pillars: - Transparency and Disclosure - Financing the Energy Transition - Theme-based - Materiality Driven Stewardship and Engagement is done unilaterally or collectively by the Sustainable Credit & Platforms Team and Investment Teams. Apollo provided a firm wide ESG policy document that sets out its approach to ESG issues and sustainability. These include specific goals in respect to Apollo's sustainable investing platform that targets deploying capital in investments specific to the energy transition and decarbonisation. An example of significant engagement: Clean Harbors, Inc. – Apollo engaged with Clean Harbors, an American waste management company, Apollo engaged with the company via a questionnaire and meeting, to discuss progress on reducing GHG emissions through fleet and plant upgrades as well as employee diversity and turnover. The company reported improved talent retention, and a higher percentage of women truck drivers compared to the national average. Apollo continues to engage with the company on scaling emissions tracking and third-party guidance.
Partners Group PMCS 2016	Partners Group did not engage with any entities over the 12-month reporting period.	Partners Group encourage continuous interaction between the management teams of their portfolio companies. But, given the nature of their position as lenders, they typically rely on the equity sponsor to report ESG-related concerns and improvements. Investments in private companies further diminishes the

		transparency of accessible information for evaluating ESG risks. An example of a significant engagement includes: Carestream Dental LLC – Partners Group engaged with Carestream on the payment terms of the loan. Following the engagement, Carestream repaid in full, generating ... generated a gIRR of 5.8% and a gTVPI of 1.35x.
M&G Total Return Credit Investment Fund	Total engagements: 15 Environmental: 13 Social: 1 Governance: 1	M&G adopt a systematic approach to engagement in which predetermined objectives are established beforehand and evaluated based on the results of engagements. M&G monitor the success of an engagement by assessing whether they have met their objectives and log this into a wider system. M&G analysts are expected to show a more detailed understanding of key ESG risks that impact the issues which they oversee. If engagements are considered necessary, analysts engage with issues supported by M&G's Sustainability and Stewardship Team, enabling them to utilise their understanding and consider sustainable themes, effectively using their developed expertise. An example of significant engagements at a fund level include: Ørsted A/S – M&G engaged with Ørsted A/S, a Danish offshore wind specialist to ensure that the company was advancing its approach to biodiversity – acknowledging offshore wind's biodiversity risks while aligning with its 2030 objective to leave ecosystems in a measurably better state. Also, in relation to the company's climate targets, M&G requested the publication of forward-looking milestones that could be used to measure progress. The portfolio company is gathering feedback from NGO's and academia with the aim to implement a measurement framework, with a first set of metrics expected by the end of 2025. M&G met with the company's global sustainability team climate lead and its global sustainability team biodiversity lead to run through the Nature Action 100 benchmark to determine Ørsted's progress in each of the areas. Overall, M&G were satisfied that Ørsted are progressing against their objectives and will follow up the company after the initial framework and metrics have been published next year.

BlackRock Diversified Private Debt Fund	BlackRock currently do not provide details of their engagement activities at fund level. Isio remains in contact with BlackRock surrounding the firm's engagement reporting.	BlackRock are developing a methodology for measuring and tracking company engagement on a consistent basis across DPD.
Schroder Segregated LDI	As the Scheme invested in Schrodgers LDI and the Asset Backed Securities funds towards the end of the reporting year, engagement data could not be provided.	
Schroder Securitised Credit Fund		
Schroder AAA Flexible ABS Fund		

