

Northern Ireland Water Limited Pension Scheme ("the Scheme")

Engagement Policy Implementation Statement - Year Ended 31 March 2026

1. Introduction

This Engagement Policy Implementation Statement (the "Statement"), prepared by the Trustee of the Scheme, sets out how, and the extent to which, the engagement policies in the Statement of Investment Principles ("SIP") have been followed during the year to 31 March 2026 ("the Scheme Year").

During the Scheme year, the Scheme's SIP was updated in December 2025. For the purposes of this Statement, we focus on the December 2025 SIP that was in place at the end of the Scheme Year.

This Statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. In addition, it takes account of guidance issued by the Department for Work and Pensions ("DWP") in June 2022¹.

Since the Trustee invests in multi-client pooled investment vehicles (effectively owning units in the funds) the Trustee has delegated to the investment managers the engagement with companies and the exercising of voting rights attached to the investments. Similarly, it has given the investment managers full discretion in evaluating Environmental, Social and Governance ("ESG") factors, including climate change considerations. "Governance" aligns with voting and engagement but also engagement topics are increasingly covering ESG issues at investee companies.

Sections 2.1 and 2.2 of this Statement set out the investment objectives of the Scheme and changes that have been made to the SIP during the Scheme Year, respectively. Section 2.3 outlines the Trustee's view on how their engagement policies have been followed over the Scheme Year.

Section 3 outlines how the ISC and Trustee have implemented their engagement policies. Sections 4 and 5 include a summary of the engagement and voting activity carried out on behalf of the Trustee over the Scheme Year by the investment managers.

¹ [Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/reporting-on-stewardship-and-other-topics-through-the-statement-of-investment-principles-and-the-implementation-statement-statutory-and-non-statutory-guidance)

2. Statement of Investment Principles

2.1. Investment Objectives of the Scheme

The Trustee's objective is to invest the Scheme's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of objectives to help guide it in its strategic management of the assets and control the various risks to which the Scheme is exposed. The Trustee's primary objectives are as follows:

- *To ensure the Scheme can meet its obligations to beneficiaries.*
- *To strike an appropriate balance between risk and return when setting investment strategy.*
- *To consider carefully the risks involved in investing in different asset classes.*
- *To pay due regard to the Company position with respect to the size and incidence of employer contribution payments.*

2.2. Review of the SIP

During the Scheme Year, the Scheme's SIP has been updated to reflect the adoption of a de-risking trigger framework which was put in place to facilitate opportunistic de-risking when the funding position of the Accruing Section, or the Scheme as a whole, exceeds expectations. The updates to the SIP also reflected the implementation of a Liability Driven Investment mandate within the Low Dependency Section.

2.3. Assessment of how the policies in the SIP have been followed for the year to 31 March 2026

The information provided in the following section highlights the work undertaken by the ISC and the Trustee during the Scheme Year and sets out how this work followed the Trustee's engagement policies in the SIP.

In summary, it is the Trustee's view that the engagement policies in the SIP have been followed during the Scheme year to 31 March 2026.



3. Implementation of Engagement Policies

Policy Requirement	How the policy has been met over the year to 31 March 2026
Undertaking engagement activities in respect of the investments (including the	As the Scheme invests solely in pooled investment vehicles, the ISC delegates to their investment managers engagement with the investee companies on their behalf. Currently, the investment managers present to the ISC approximately once every

methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	Scheme Year at ISC meetings. The ISC will ask the investment managers to highlight any key engagement activity since they last presented.
(section 5.5 of the SIP)	This Scheme Year the ISC met with investment managers on the following dates: 28 May 2025 (Mercer Alternatives infrastructure and sustainable opportunities funds), 26 November 2025 (Insight secured finance funds) and 26 February 2026 (M&G property and secured finance funds). Some of the topics covered at these meetings included: • Mercer Alternatives' integration of ESG considerations into its investment process for the infrastructure and sustainable opportunities funds. As Mercer Alternatives appoint investment managers who in turn identify investment opportunities, Mercer Alternatives spend time with managers outlining what their expectations are of them in the ESG space and what information flows they expect to be provided with. The Sustainable Opportunities Funds have more extensive information requirements and stricter ESG-related criteria are applied. The latest impact reports for the Sustainable Opportunities Funds, issued to the ISC in December 2025, measures progress across each of three impact themes – Climate Change, Healthy Planet, Resource Stewardship - with various quantifiable metrics. • Insight's incorporation of material ESG issues into their investment processes and ongoing dialogue with issuers to support better decisions and outcomes. ESG integration helps identify and manage risks and opportunities, though it can be challenging for secured finance assets. Data availability is improving as more originators provide ESG information. Insight has developed proprietary questionnaires for ESG data collection, and is working with industry wide organisations to develop standardised questionnaires. Insight is also working with MSCI to develop carbon reporting. • ESG issues related to the M&G property fund (SPIF), in which the leases are full repair and maintenance where the tenant is responsible and as such M&G does not have full control over action to take in relation to climate change issues. A number of tenants have public net zero commitments, some of which target 2030 which M&G acknowledge is ambitious, but M&G's target for SPIF is 2050. SPIF was rated 4th in the Global Real Estate Sustainability Benchmark ("GRESB") survey versus its peer group of 75 participants, with the score improving during the year. Energy data collection coverage has been increasing over recent years and Energy Performance

Certificate ratings have also improved, with 87% of the portfolio now rated A-C.

A further selection of engagement activity for a number of the investment managers is outlined below in Section 4.

In addition, in advance of the ISC meetings, Mercer, on behalf of the ISC, will ask the investment manager, where applicable, to provide the following documents. Each of these documents will be discussed at the ISC meetings, and any concerns the ISC may have will be addressed either at the meeting with the investment manager or followed up via email.

- Stewardship Code Statement
- Responsible Investment Policy
- Voting and Engagement Policy
- Confirm whether the manager is a signatory to the Net Zero Asset Management Initiative and details of any Net Zero commitments

At the Scheme Year end, all managers, with the exception of Mercer Alternatives, have confirmed that they are signatories of the UK Stewardship Code 2020. Mercer Alternatives operates as a fund of funds provider and as such does not have ownership rights or a direct relationship with the individual holdings within the Fund; therefore, the Code is not directly relevant to them.

The ISC received from their advisers, Mercer, a quarterly investment performance report that includes ESG assessments. These are Mercer's assessment of the extent to which financially material ESG factors are relevant to risk / return outcomes for the asset class and the extent to which they are integrated into the manager's investment process and decision-making.

Work undertaken during the Scheme Year in relation to the Trustee's policy on ESG is outlined below under 'Responsible Investment Activity by the Trustee During the Scheme Year'.



Voting Disclosures

Policy Legal Requirement	How the policy has been met over the year to 31 March 2026
The exercise of the rights (including voting rights) attaching to the investments (Section 5.5 of the SIP)	Given the Trustee invests in pooled investment vehicles, it has delegated its voting rights to the investment managers. Where applicable, the investment managers are expected to provide voting summary reporting on a regular basis, at least annually. Currently, when investment managers who have voting rights attached to the Scheme's investments present to the ISC, the investment managers highlight key voting activity. Over the prior 12 months, the ISC have not felt the need to challenge their investment managers on voting activity. Section 5 below highlights key points on how the Scheme's investment managers have exercised voting rights during the Year.

Responsible Investment Activity by the ISC and Trustee during the Scheme Year

Implementing ESG factors within the investment strategy

In terms of broader ESG, the ISC has considered the following during the Scheme Year which assists them in discussing with the investment managers the engagement activity they are taking with their investee companies:

- At the May 2025 ISC meeting, the ISC discussed their ESG views and exposure to the defence sector in light of government announcements of increased defence spending.
- At the August 2025 ISC meeting, the ISC discussed:
 - Mercer's refreshed ESG ratings framework, replacing the legacy 1-4 ratings with ESG Relevance and ESG Integration indicators.
 - Mercer's updated sustainable investment beliefs framework, which identifies clients as one or more "persona" to help guide them in evaluating the most suitable approach to incorporating sustainable investment factors into decision making.

- Recent developments and emerging themes in sustainable investment, including increasing focus on social factors, nature, and the impact of AI and data centre energy requirements.
 - The UK Stewardship code 2026.
- At the November 2025 ISC meeting, the ISC discussed the UK Government consultation on mandatory climate transition planning and Mercer's response to the consultation.
- At the February 2026 ISC meeting, the ISC reviewed the Trustee's Responsible Investment Policy, with the discussion focusing on how much weight ESG factors should carry in investment decisions and whether the emphasis should broaden beyond climate change to reflect a wider sustainability agenda. The revised Responsible Investment Policy was subsequently reviewed and agreed by the wider Trustee Board in June 2026.

Throughout the Scheme Year, the ISC continued to consider ESG-related implications when reviewing the Scheme's investment strategy, including the availability of ESG-aware options available within alternative credit universe and the extent to which managers could influence underlying investments in pooled funds.

4. Engagement Activity

This section provides examples of the engagement activity undertaken by the Scheme's investment managers.

Legal & General Global Equity

The Future World Global Equity Index Fund (GBP Unhedged), managed by L&G formed one of the Scheme's largest investment holdings that has voting rights attached to the underlying assets.

Engagement in Practice
<i>Transparency around Technology – Microsoft</i>
Microsoft is one of several companies with outsized influence on how artificial intelligence (AI) is integrated into the economy through its software products and cloud operations. L&G believes companies like Microsoft should be transparent about their use of AI and their risk management processes. Given the scale of the company's global cloud and digital operations, human rights risks in its operations and value chain remain high. The objective of this engagement is for Microsoft to improve its transparency, governance and risk management relating to AI and human rights. L&G first engaged with Microsoft on AI governance in 2023, following the publication of its 'safe AI' expectations. Among big tech companies, L&G has considered Microsoft to be a transparency leader in recent years. In late 2025, L&G met with the company again ahead of its AGM to discuss shareholder resolutions relating to AI, data governance and human rights. L&G wanted to understand how Microsoft is approaching these issues and what measures the company has taken to manage the relevant risks. Given the corrective actions the company has taken in response to stakeholder feedback, L&G voted against two shareholder resolutions on human rights at its 2025 AGM in the fourth quarter. However, L&G voted for a shareholder proposal requesting a report on AI data usage oversight, as the regulatory environment is changing quickly and legal and reputational risks relating to copyright infringement remain elevated. Microsoft has improved its transparency on responsible AI governance and human rights over the past few years. Although the company's disclosures on AI governance are generally better than its international peers, L&G have found that the company could further improve its data governance disclosures, especially in relation to government requests for content removal and user data. The company has made amendments to internal risk classification process for projects, and which type of

projects would require additional human rights due diligence, which L&G view positively. L&G will continue to monitor progress in AI governance and related processes.

https://am.landg.com/asset/491a44/globalassets/L&G/_document-library/responsible-investing/q4-2025-quarterly-engagement-report.pdf/

Climate and Nature – Shell Plc

The catalyst for this engagement was a shareholder resolution filed by the Australasian Centre for Corporate Responsibility (ACCR) in the previous year. The resolution asked Shell to provide greater transparency on its liquefied natural gas (LNG) business, particularly how its strategy aligned with its climate commitments, including its target to reach net zero emissions by 2050. When Shell proactively approached L&G to discuss its voting intentions, L&G used the opportunity to begin a deeper dialogue with the company.

During L&G's engagements, it made its main priority clear: while there are a wide range of possible future demand scenarios for LNG, it was important to understand the financial consequences if demand did not follow Shell's expected path. Given the scale of Shell's LNG business, L&G wanted greater clarity on how the company was assessing both transition and business-model risk.

Shell's response to this feedback was constructive. The company acknowledged L&G's concerns and entered into a series of discussions to determine what form improved disclosure should take. Shell went so far as to create mock-ups of potential reporting frameworks, enabling L&G to work closely with its team to shape a disclosure model that it believed would be useful to the wider investor community.

As a result of these positive engagements, and in light of the assurances received that Shell would improve disclosure in line with what had been discussed, L&G did not vote in favour of the resolution at the 2025 AGM. Shell subsequently released disclosures that closely reflected the format originally discussed, providing investors with clearer information on the competitiveness of its LNG assets and the financial resilience of the business under a declining demand scenario.

Overall, L&G views this as a strong example of constructive engagement leading to better transparency. The new disclosures have reassured L&G that Shell is taking these transition scenarios seriously and suggest that the company’s financial resilience in this area may be stronger than initially expected.

https://blog.landg.com/asset/49b2bf/globalassets/lgim/_document-library/responsible-investing/q1-2026-quarterly-engagement-report.pdf

Ruffer Absolute Return Fund

Engagement in Practice
Greenhouse Gas Emissions – EU Methane Regulation (MER)
The MER is a landmark policy that came into force in August 2024. It requires energy companies and fossil fuel importers to monitor, report and reduce methane emissions across their operations and supply chains, supporting EU climate objectives. The MER sets out clear objectives and a phased implementation timetable, giving investors useful regulatory certainty. Reopening the regulation through an omnibus process or other unclear mechanism would create unnecessary unpredictability and could slow progress for companies and investors already working towards compliance. Ruffer was one of 44 leading institutional investors, representing more than €4.5 trillion in assets under management, to sign a letter urging the European Commission, the European Parliament and EU member states to maintain and swiftly implement the regulation. The letter warned that any reversal would weaken certainty, disrupt market stability and delay methane reduction efforts. The regulation also aligns with broader ESG priorities by supporting emissions reduction, stronger risk management and improved transparency. Methane performance is increasingly seen as a marker of management quality, operational excellence and long-term shareholder value, although companies have highlighted the administrative burden and implementation challenges, particularly for imported fossil fuels. Ruffer signed the letter to encourage policymakers not to reopen the MER, to ensure consistent implementation across member states and to apply robust standards for third-country equivalency.

Looking ahead, Ruffer will monitor how EU institutions progress with implementation and will continue to encourage strong GHG disclosure through its stewardship and investment analysis.

<https://www.ruffer.co.uk/-/media/ruffer-website/files/downloads/esg/stewardship/2025-ruffer-stewardship-report.pdf>

Climate Transition Strategy - Newmont

Gold has been one of the strongest investment themes in 2025, with higher bullion prices driving significant gains in gold mining equities. Ruffer holds an investment in Newmont, the world's largest gold producer, and engaged with the company on its climate strategy, health and safety, and disclosure practices, including the impact of its 2023 Newcrest acquisition.

Ruffer's objective was to understand how Newmont's climate strategy is evolving after the Newcrest acquisition and to encourage greater transparency on its transition planning. Newmont reaffirmed its 2030 and 2050 climate targets and has started integrating emissions data from the combined portfolio, with a fuller update expected in 2026.

Ruffer also discussed the value of publishing a Marginal Abatement Cost Curve (MACC) to help investors assess the cost-effectiveness of the company's transition pathway. While Newmont currently prioritises energy security, regulatory alignment and shadow carbon pricing over formal MACCs, it continues to pursue initiatives such as fleet electrification and power purchase agreements.

Enhanced Scope 3 disclosure was another focus. Newmont described ongoing work to improve data quality through supplier engagement and environmental product declarations, while noting challenges in changing suppliers and confirming that full public disclosure of Scope 3 forecasts is imminent. The company also said it maintains an internal view of Scope 3 emissions and uses shadow carbon pricing in project analysis.

Ruffer also encouraged Newmont to move from limited to reasonable assurance over sustainability metrics, but the company does not expect to increase assurance levels in the near term. Further discussion also covered health and safety, including improvements to fatality risk management, the use of leading and lagging indicators in incentives, and ongoing contractor oversight reforms, particularly in areas inherited from Newcrest.

<https://www.ruffer.co.uk/-/media/ruffer-website/files/downloads/esg/stewardship/2025-ruffer-stewardship-report.pdf>

Selected Other Scheme Managers – Engagement in Practice

Engagement in Practice	
<i>Insight Secured Finance Fund</i>	
<i>Sustainability targets and water use: ABS originator</i>	
Insight engaged with the issuer of an asset-backed security (ABS) backed by hyperscale data centres to assess the strength of its sustainability targets and the ESG credentials of the transaction. Insight's review found that, while the issuer's average power usage effectiveness (PUE) was relatively strong at 1.26, the 1.5 threshold in its green financing framework was unambitious and weaker than the regional average. Insight challenged the issuer on this inconsistency and encouraged it to strengthen the framework as part of its ongoing target-setting work. Insight also discussed water use and data-centre cooling design. The issuer described a standard design based on closed-loop systems with near-zero water usage effectiveness, which Insight views positively from a water-efficiency perspective, although actual water-use data is not yet reported. Overall, the engagement provided greater clarity on the issuer's operating performance and sustainability approach, while highlighting areas for improvement, including tighter PUE thresholds and publication of a Scope 3 transition plan. https://www.insightinvestment.com/globalassets/documents/responsible-investment/stewardship-code/insight-stewardship-report-2026.pdf	
<i>M&G Secured Property Income Fund</i>	
<i>Net Zero Aspirations – Amazon</i>	
M&G held ESG discussions with Amazon, focusing on Amazon's environmental and social approach, its net zero ambition across its businesses by 2040, and the provision of energy data for GRESB reporting. At acquisition, a net zero report was commissioned for the asset, and M&G also engaged with the tenant to understand whether environmental improvements could be incorporated into the works originally proposed for the building in 2023/2024. With a delay in potential occupation, discussions around environmental options were put on hold. In Q4 2025, Amazon confirmed its intention to occupy the building, and M&G is awaiting further detail on the specification and any environmental improvements proposed for the asset.	
<i>Aberdeen Corporate Bond Fund</i>	
<i>Climate Change - EDF</i>	
Aberdeen selected EDF for engagement because of its role in the European energy transition and the importance of its updated "Ambitions 2035" programme, which includes a 2050 net-zero target. EDF is also a major green bond issuer, and changes to its 2022 Green Bond Framework, especially the inclusion	

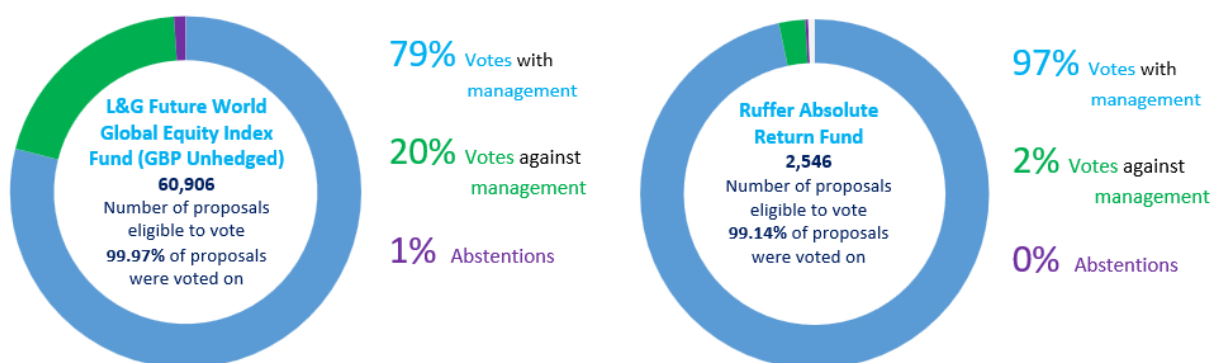
of UK nuclear generation, provided an opportunity to assess the credibility of the framework and its alignment with best practice.

Aberdeen's engagement with EDF has continued over the past year, moving from information gathering to more detailed challenge and scrutiny. Discussions focused on nuclear inclusion, use of proceeds, avoided emissions, water risk, curtailment events and biodiversity commitments, with follow-up correspondence used to track EDF's responses and commitments.

The engagement has broadly met Aberdeen's objectives. EDF provided clearer explanations of its framework and reporting, and confirmed strong market acceptance of its nuclear green bonds. Aberdeen will continue to monitor EDF's progress on its sustainability plans, curtailment mitigation and future renewable and nuclear investment delivery.

5. Voting Activity during the Scheme Year

A summary of the voting activity for the Scheme's dedicated equity fund holding with L&G, as well as Ruffer's diversified growth fund, is set out below. The statistics below cover the 1 April 2025 to 31 March 2026 period. L&G and Ruffer use Institutional Shareholder Services (ISS) as proxy voting advisor (as the Trustee invests in pooled funds, they do not make use of a proxy voting service).



Source: Investment Managers.

Figures may not sum to total due to rounding.

Votes “with / against management” assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.

Some proposals were unvoted – reasons include conflicts of interest, power of attorney markets (voting can only be carried out by an individual actually attending the meeting) and share blocking markets (regulatory barriers to voting).

Stewardship Priorities and Significant votes

Following the guidance issued by the DWP, the areas of interest were “stewardship priorities” and the “significant vote” definition. As outlined in Section 1 of the Statement, the Scheme invests in multi-client pooled funds and is therefore currently unable to dictate the actions of the managers, including their stewardship priorities². However, the Trustee has discussed voting and engagement in the context of ESG and considers climate change to be their priority. Investment managers are asked when they present to the ISC to provide their engagement and voting policies and also Stewardship Code reports, where applicable.

² Further details of the key manager policies can be found at: [L&G](#), [Ruffer](#). Note these are business wide policies and elements may not apply to the Scheme's specific fund holdings.

From these documents, it is clear that managers are also focussing materially more on engaging and voting considerations related to climate change – see Section 3 for more detail. Managers are also being asked to comment on their net zero commitments at a fund and business level. The Trustee has noted that broader ESG considerations are also of importance.

The Trustee defines “most significant” votes as:

- Relating to companies that represent at least 1% of the fund in question as at the date of the vote (a greater proportionate holding is likely to have a greater impact on the fund’s performance over time); and
- Being linked to the stewardship priority of climate change (termed “Environmental” in the table below), or where the investment manager has indicated the vote was of particular significance to them.

The Trustee will keep its definition of significant votes under consideration. The Trustee did not inform its investment managers of what they considered to be a ‘significant vote’ in advance of voting.

Investment Manager	Issuer	Date	Vote Category	Proposal	Size of Holding (of specific fund)
L&G (Future World Global Equity Index Fund)	Microsoft Corporation	05 December 2025	Governance	Elect Director Satya Nadella	4.3%
	Manager Rationale and Outcome A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. The resolution passed with 94% votes in favour.				
L&G (Future World Global Equity Index Fund)	Meta Platforms, Inc.	28 May 2025	Governance	Elect Director Peggy Alford	1.6%
	Manager Rationale and Outcome A vote against is applied as L&G expects a company to have at least one-third of women on the board. Lead Independent Director - Accountability: A vote against is applied as L&G expects companies to elect an independent lead director where there is a combined Board Chair and CEO. Remuneration/Nomination/Governance Committee - Accountability: Withold votes are further warranted for Peggy Alford in her capacity as chair of the compensation, nominating, & governance committee due to consecutive years of high director pay without reasonable rationale disclosed. The resolution passed with 86% votes in favour.				
L&G (Future World Global Equity Index Fund)	Broadcom Inc.	21 April 2025	Governance	Elect Director Henry Samueli	1.2%
	Manager Rationale and Outcome A vote against is applied as the company is deemed not to have made sufficient progress against L&G's climate expectations and red lines, as set out in their sector guides through L&G's dial-mover engagement programme. The resolution passed with 98% votes in favour.				
L&G (Future World Global Equity Index Fund)	Tesla, Inc.	6 November 2025	Governance	Elect Director Ira Ehrenpreis	1.2%
	Manager Rationale and Outcome A vote against is applied as L&G expects the Chair of the Remuneration and Nominations/Governance Committees to have served on the board for no more than 12				

	years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. The resolution passed with 65% votes in favour.				
	Eli Lilly and Company	5 May 2025	Governance	Elect Director Juan R. Luciano	1.2%
	Manager Rationale and Outcome				
L&G (Future World Global Equity Index Fund)	A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.				
	Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.				
	Classified Board: A vote against is applied as L&G supports a declassified board as directors should stand for re-election on an annual basis.				
	The resolution passed with 96% votes in favour.				
	JPMorgan Chase & Co.	20 May 2025	Governance	Elect Director James Dimon	1.1%
	Manager Rationale and Outcome				
L&G (Future World Global Equity Index Fund)	A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.				
	The resolution passed with 94% votes in favour.				

In terms of next steps following the outcomes of the above votes L&G will continue to engage with the investee companies as they deem necessary.

During the Scheme Year there were no votes in relation to the Ruffer Absolute Return Fund which fulfilled the Trustee's definition of a significant vote. None of the relevant holdings represented at least 1% of the fund as at the date of the vote.