Trane UK Limited Retirement Benefits Plan
Implementation Statement for year ending 5 April 2026

1. Introduction

This document is the Annual Implementation Statement ("the Statement") prepared by the Trustees of the Trane UK Limited Retirement Benefits Plan ("the Plan") covering the Plan year ("the year") to 5 April 2026.

The purpose of this statement is to:

- detail any reviews of the Statement of Investment Principles ("SIP") that the Trustees have undertaken, and any changes made to the SIP over the year as a result of the reviews
- set out the extent to which, in the opinion of the Trustees, the Plan's SIP has been followed during the Plan year; and
- describe the voting behaviour, including "most significant" votes, by, or on behalf of, the Trustees, and any use of a proxy voter, during the year ending 5 April 2026.

The Plan makes use of a range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact. As the Plan has a defined contribution (money purchase) ("DC") underpin in place in respect of some members, it means that the Plan is subject to a higher level of disclosure within the Implementation Statement than a plan that solely provides defined benefit (final salary) ("DB") benefits. The DC underpin may apply to DB benefits at the point at which members/beneficiaries begin drawing benefits. When a member of the Plan takes their retirement benefits, transfers out or dies (resulting in death benefits becoming payable), their benefits are tested to check if the underpin applies. This is referred to as the Personal Pension Accounts ("PPA") in the Plan Rules. If the value of the PPA is greater than the value of the DB benefits, the DC underpin comes into effect, and the Trustees must ensure that the value of the benefits paid to the member is in line with the PPA.

The Trustees acknowledge the importance of being responsible stewards. Whilst the Trustees delegate voting rights and the execution of those rights to the underlying investment managers, an assessment of that voting activity, engagement and ESG integration is undertaken on behalf of the Trustees on a periodic basis through the form of an annual Sustainable Investment Review and through monitoring of voting data as part of the Statement process. Also, WTW as the Plan's Investment Consultant reviews the investment managers and provides quarterly updates to the Trustees. No issues were raised during the year.

In addition, the Trustees, with input and advice from their Investment Consultant, look to identify and undertake appropriate training to ensure they keep abreast of developments and maintain an appropriate level of knowledge and understanding across investment and sustainability related topics.

A copy of this Implementation Statement has been made available on the following website: https://trane.eu/uk/contact-us.html. A copy of the Plan's annual report and accounts, including this Implementation Statement, is available on request from Trane@willistowerswatson.com.

The Trustees receive regular financial updates from the Company and will continue to undertake independent covenant assessments as part of the actuarial valuation process.

Review of and changes to the SIP during the Plan year ending 5 April 2026

DB Section

There is one SIP currently in place for the Plan, last updated in March 2026. There is a statutory requirement to review the SIP at least once every three years.

The SIP was last reviewed during the 2025/26 year. Updates were made to the Investment strategy section to reflect the outcomes of the latest investment strategy and Journey Plan review following the 5 April 2025 actuarial valuation. In particular, the SIP was updated to reflect the de-risking implemented in January 2026, reducing the allocation to return-seeking assets from 10% to 5% in light of the improved funding position.

AVCs and DC underpin

There have been no changes to the terms of the AVCs or DC underpin during the period.

Adherence to the SIP during the Plan year ending 5 April 2026

This Statement reviews adherence against the current SIP, dated March 2026, which reflects policies that were in place throughout the year ending 5 April 2026.

Overall, the Trustees believe the policies outlined in the SIP have been followed during the Plan year ending 5 April 2026.

Full details of Plan's individual investment and risk management policies can be found in the latest version of the SIP, which is publicly available to access by all members of the Plan, and the below table summarises the key policies in place regarding the incentivisation, alignment and monitoring of the Plan's investment managers.

Policy area	Approach
Incentivising Investment Managers to align their investment strategy and decisions with the Trustees' investment policies as set out in this SIP	Each Investment Manager is chosen for a targeted asset class or market exposure within the Plan's investment strategy. Managers will be assigned appropriate performance benchmarks against which portfolio risk and return will be regularly measured. Benchmarks will be periodically reviewed to ensure that they continue to be appropriate for the individual mandates and the strategic objectives of the Plan. The Plan invests with multiple Investment Managers for the implementation of the Plan's investment strategy, which provides additional mitigation of any single manager being misaligned.
Incentivising Investment Managers to base their decisions on assessments of the medium to long-term financial performance of an issuer of debt or equity, and to engage with those issuers to improve their medium to long-term performance	The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team. The Investment Consultant conducts formal reviews of Investment Managers at least annually to ensure that their investment approach is robust, long-term focussed and sustainable. The Trustees inform Investment Managers of the

	Trustees’ Stewardship and Engagement policy when they are first appointed and provides updates to them as required. The Investment Consultant also provides the Trustees with monitoring of the Plan’s investment managers from an ESG perspective.
Method and timescale for evaluating that Investment Managers’ performance and fees align with the Trustees’ investment policies	Performance is monitored and reported to the Trustees net of fees and on a regular basis. The Investment Consultant conducts a detailed assessment of Investment Managers’ performance and other factors at least annually. As part of this review, fees and charges are monitored. The Trustees understand the importance of assessing performance over longer time periods. Investment Managers’ fees are reported to the Trustee regularly.
Monitoring turnover costs incurred by Investment Managers and how the Trustees define and monitor targeted portfolio turnover	The Trustees review the costs incurred in managing the Plan’s assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.
The length of arrangements with Investment Managers	The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan’s assets. When assessing a manager’s performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager’s appointment based purely on short term performance. However, a manager’s appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
Stewardship and engagement	In assessing the stewardship and engagement activities of the investment managers, the Trustees will consider relevant matters including the capital structure of investee companies, actual and potential conflicts, other stakeholders and the ESG impact of underlying holdings. During the year, the Trustees considered the ESG ratings provided by the Investment Consultant and were comfortable with the investment managers’ credentials in the area, warranting no further follow up. The stewardship priorities of the Plan’s investments are reflective of the priorities of the underlying investment managers.

2. Voting and Engagement

DB section

The Plan's equity holdings are held within pooled investment vehicles and the Trustees delegate voting rights and the execution of those rights to the underlying managers for the securities they hold. WTW engage managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

Further information on the voting and engagement activities of those managers with equity investments is provided in the summary tables below.

Some of the Plan's underlying investment strategies, such as fixed income holdings, do not have any voting rights attached and have been excluded from the table below. These include the Plan's Corporate Bonds mandate (managed by AXA), and the Plan's Segregated Gilts/Index-Linked Gilts mandate (managed by BlackRock).

Use of proxy voting:

Manager	Use of proxy advisor services:
SSgA	(Statement from SSgA): In order to facilitate our proxy voting process, we retain Institutional Shareholder Services Inc. ("ISS"), a firm with expertise in proxy voting and corporate governance. We utilize ISS to: (1) act as our proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying the Guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances.

Further information on the voting and engagement activities of those managers with equity investments is provided in the summary table below.

	Europe ex UK	Asia Pacific ex Japan	UK	North America	Japan	Middle East
How many resolutions were you eligible to vote on?	5614	1691	1977	2007	321	382
What % of resolutions did you vote on for which you were eligible?	100.00%	100.00%	100.00%	100.00%	100.00%	100%
Of the resolutions on which you voted, what % did you vote with management?	90.54%	88.47%	94.74%	90.68%	93.46%	83.77%
Of the resolutions on which you voted, what % did you vote against management?	9.46%	11.53%	5.26%	9.32%	6.54%	16.23%
Of the resolutions on which you voted, what % did you abstain from voting?	0.09%	0.12%	0.05%	0.05%	0.00%	1.31%

In what % of meetings, for which you did vote, did you vote at least once against management?	62.38%	37.66%	79.59%	55.95%	36.84%	43.90%

The investment manager has provided an extensive list of significant votes cast throughout the year, and this list is available upon request. Details of two of the most significant votes cast by each of the equity regional sub-funds are included below.

Fund	Most significant votes cast during the 12 months to year ending 31 March 2026
SSgA UK Equity Index Fund	**Significant vote 1:** **Company:** Aviva Plc **Meeting Date:** 30-Apr-25 **Type of resolution:** Shareholder – Environmental Proposal **Resolution:** Approve Climate-Related Financial Disclosure **Vote:** For **Rationale:** State Street Global Advisors voted **FOR** the proposal as the company's climate-related disclosures are mostly aligned with State Street Global Advisors' guidance. **Vote outcome:** Pass **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. **Significant vote 2:** **Company:** Shell Plc **Meeting Date:** 20-May-25 **Type of resolution:** Director Election **Resolution:** Re-elect Dick Boer as Director **Vote:** Against **Rationale:** The director nominee does not merit support per voting guidelines: **Human rights**. **Vote outcome:** Pass **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.
SSgA North America Equity Index Fund	**Significant vote 3:** **Company:** Netflix, Inc. **Meeting Date:** 05-Jun-25 **Type of resolution:** Shareholder – Environmental Proposal **Resolution:** Issue a Climate Transition Plan **Vote:** Against **Rationale:** This proposal does not merit support per voting guidelines. **Vote outcome:** Fail **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.

	Significant vote 4: **Company:** Alphabet Inc. **Meeting Date:** 06-Jun-25 **Type of resolution:** Shareholder – Social Proposal **Resolution:** Publish a Human Rights Impact Assessment of AI Driven Targeted Advertising **Vote:** For **Rationale:** This proposal merits support per voting guidelines. **Vote outcome:** Fail **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.
SSgA Europe ex UK Equity Index Fund	**Significant vote 5:** **Company:** ENGIE SA **Meeting Date:** 24-Apr-25 **Type of resolution:** Shareholder – Environmental Proposal **Resolution:** Approve Company's Climate Transition Plan **Vote:** For **Rationale:** In the absence of significant concerns, this item merits support per voting guidelines. **Vote outcome:** Pass **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. **Significant vote 6:** **Company:** L'Oréal SA **Meeting Date:** 29-Apr-25 **Type of resolution:** Shareholder – Compensation Proposal **Resolution:** Approve Remuneration Policy of CEO **Vote:** Against **Rationale:** This item does not merit support as State Street Global Advisors has concerns with the proposed remuneration structure for senior executives at the company. **Vote outcome:** Pass **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.

SSgA Asia Pacific ex Japan Equity Index Fund	**Significant vote 7:** **Company:** APA Group **Meeting Date:** 22-Oct-25 **Type of resolution:** Shareholder – Social Proposal **Resolution:** Approve Key Partner Due Diligence **Vote:** Against **Rationale:** This proposal does not merit support as the company's disclosures related to human rights standards or policies are aligned with State Street Global Advisors' guidance. **Vote outcome:** Withdrawn **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement. **Significant vote 8:** **Company:** ANZ Group Holdings Limited **Meeting Date:** 18-Dec-25 **Type of resolution:** Shareholder – Environmental Proposal **Resolution:** Approve Disclosure of Financed Deforestation **Vote:** For **Rationale:** This proposal merits support per voting guidelines, with a focus on nature-related risks. **Vote outcome:** Withdrawn **Next steps / Engagement:** Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.

Please note that no significant voting examples were provided for the SSgA Japan Equity Index Fund, SSgA Middle East & Africa Fund (50% Hedged), or SSgA Emerging Markets Equity Index Fund.

AVCs / DC Underpin

<u>Use of proxy voting:</u>

Manager	Use of proxy advisor services:
BlackRock	BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they not blindly follow their recommendations on how to vote. They primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information they use include

	the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, and the views of their active investors, public information and ESG research.

Note: As the Prudential Dynamic Growth fund invests in BlackRock pooled funds, voting is carried out by BlackRock.

Further information on the voting and engagement activities of those managers with equity investments is provided in the summary table below.

Manager/Fund	No. of resolutions eligible to vote on	Proportion eligible votes voted	For management	Against management	Abstained	Against proxy advice
Prudential UK Equity Index	6,164	99.5%	96.5%	3.4%	0.1%	0.0%
Prudential UK Equity S3	12,790	99.5%	97.0%	2.9%	0.1%	0.0%
Prudential Dynamic Growth I	61,526	97.7%	91.6%	7.9%	0.5%	0.0%
Prudential With Profits Fund	46,519	99.5%	92.9%	6.3%	0.8%	0.0%

Details on the most significant votes cast by these funds are captured in the table below:

Fund	Most significant votes cast during the 12 months to year ending 31 March 2026
Prudential UK Equity Index	Significant vote 1: Company: Barrick Gold Corporation Meeting Date: 6th May 2025 Summary of Resolution: Elect Director John L. Thornton How the manager voted: Withold Rationale: Board has failed to demonstrate ability to effectively represent shareholders' best interests. Vote outcome: Pass Significant vote 2: Company: Next Plc. Meeting Date: 15th May 2025 Summary of Resolution: Approve ShareAction Requisitioned Resolution How the manager voted: For Rationale: A vote FOR this resolution is considered warranted. Greater transparency on the company's workforce compensation practices, including alignment with the real living wage, would help shareholders assess how the company is working to provide its workforce with income sufficient to meet their subsistence needs and ensure the firm's wage practices are reasonable, fair and equitable. Furthermore, it would enable shareholders to better assess the company's management of risks related to compensation and workforce practices. Vote outcome: Fail Significant vote 3: Company: Targa Resources Corp. Meeting Date: 20th May 2025 Summary of Resolution: Elect Director Rene R. Joyce How the manager voted: Against Rationale: Greater climate-related disclosure would enable investors to better assess financially material climate-related risks and opportunities. Vote outcome: Pass
Prudential UK Equity S3	Significant vote 1: Company: Shell Plc Meeting Date: 20th May 2025

	Summary of Resolution: Request Company Disclose Whether and How Its: Demand Forecast For LNG; LNG Production And Sales Targets; And New Capital Expenditure In Natural Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025 How the manager voted: For Rationale A vote FOR this proposal is warranted. The strength of Shell's position on liquid natural gas (LNG) and the conflicting forecasts for LNG demand create an uncertain and potentially risky situation for the company. Additional disclosure on the company's stated position, integration of LNG, its consistency with disclosed targets and the associated exposures will help shareholders understand Shell's financial and climate risk as well as its resilience in the face of potential changes to demand for LNG between now and 2050. Vote outcome: Fail <u>Significant vote 2:</u> Company: AstraZeneca Meeting Date: 3rd November 2025 Summary of Resolution: Adopt New Articles of Association How the manager voted: Against Rationale: The proposal is not justified or in shareholders' interests Vote outcome: Pass <u>Significant vote 3:</u> Company: Shell Plc Meeting Date: 20th May 2025 Summary of Resolution: Request Company Disclose Whether and How Its: Demand Forecast For LNG; LNG Production And Sales Targets; And New Capital Expenditure In Natural Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025 How the manager voted: For Rationale: The resolution is in shareholders' interests Vote outcome: Fail
Prudential Dynamic Growth I	<u>Significant vote 1:</u> Company: Shell Plc Meeting Date:20th May 2025 Summary of Resolution: Request Company Disclose Whether and How Its: Demand Forecast For LNG; LNG Production And Sales Targets; And New Capital Expenditure In Natural Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025 How the manager voted: Against Rationale: The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosure. No demonstrable economical benefit to shareholders Vote outcome: Fail <u>Significant vote 2:</u> Company: Compass Group Plc Meeting Date: 5th February 2026 Summary of Resolution: Authorise Issue of Equity without Pre-emptive Rights in Connection with an Acquisition or Other Capital Investment How the managed voted: For Vote outcome: Pass
Prudential With Profits fund	<u>Significant votes 1 & 2:</u> Company: Shell Plc Meeting Date: 20th May 2025 Summary of Resolution: Request Company Disclose Whether and How Its: Demand Forecast For LNG; LNG Production And Sales Targets; And New Capital Expenditure In Natural Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025 How the manager voted: For

	Rationale: A vote FOR this proposal is warranted. The strength of Shell's position on liquid natural gas (LNG) and the conflicting forecasts for LNG demand create an uncertain and potentially risky situation for the company. Additional disclosure on the company's stated position, integration of LNG, its consistency with disclosed targets and the associated exposures will help shareholders understand Shell's financial and climate risk as well as its resilience in the face of potential changes to demand for LNG between now and 2050. Vote outcome: Fail Significant vote 3: Company: PT Telkom Indonesia (Persero) Tbk Meeting Date: 12th December 2025 Summary of Resolution: Approve Partial Spin-Off of the Wholesale Fiber Connectivity Business and Assets How the manager voted: For Rationale: Supportive as it is an internal reorganisation involving the company and a 99.9% owned subsidiary Vote outcome: Pass

Statement of Investment Principles
Trane UK Limited Retirement Benefits Plan

Adopted with effect from March 2026

Introduction

1 This document is the Statement of Investment Principles ("SIP") written by the Trustees of the Trane UK Limited Retirement Benefits Plan (the "Plan") in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).

2 The Plan is a Registered Pension Scheme for the purposes of the Finance Act 2004.

3 Before finalising this statement, the Trustees have obtained and considered written advice from their Investment Consultant and consulted with the Corporate Treasury Department of Trane Technologies plc ("Trane Corporate Treasury"). The Trustees have also consulted Trane UK Limited (the "Employer") on the principles set out in this statement and will consult the Employer and Trane Corporate Treasury on any changes to it. The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustees.

4 The Trustees will review this SIP at least every three years and without delay after any significant change in investment policy.

Plan objectives

5 The Trustees' main aims are:

- To ensure they can meet their obligations to the beneficiaries of the Plan; and
- To pay due regard to the Employer's interests on the size and incidence of Employer's contribution payments.

6 In seeking to achieve these objectives, the Trustees are mindful of the need to:

- Take account of current market conditions when positioning the portfolio at any time; and
- Limit the risk of the assets failing to meet the liabilities over the long term, noting that future asset values will depend on both investment returns and future contributions.

7 The Trustees will review these objectives regularly and amend as appropriate.

Investment strategy

8 The Trustees' policy is to seek to achieve the objectives through investing in a suitable mixture of asset classes. The Trustees recognise that return-seeking assets (such as equities) are expected to offer greater returns over the long term but they are also likely to be more volatile than liability-matching assets (such as index-linked gilts) which will provide a better hedge against the interest rate and inflation sensitivity of the Plan's liabilities.

9 The Trustees have received investment advice from the Investment Consultant and consulted with Trane Corporate Treasury to determine an appropriate investment strategy for the Plan (which has been agreed with the Employer).

10 Following the results of the 5 April 2025 Actuarial Valuation, the Trustees reviewed the investment strategy in January 2026. The Trustees, with advice from the Investment Consultant, agreed that the long-term ("end state") portfolio of 5% allocation to return-seeking assets and 95% to liability matching assets was appropriate, de-risking from the previous allocation of 10% to return-seeking assets to reflect improvements in the Plan's funding position. This was executed in January 2026.

11 The plan's expected return has reduced following the de-risking activity in January 2026, but to an appropriate level that reflects the improved funding position. Overall risk has fallen materially, attributable to the high interest rate and inflation hedge that the Plan has in place, improvements in funding position, and lower exposure to risky assets.

12 The Trustees have a desire to diversify the Plan's risk exposures and to manage the Plan's investments efficiently.

13 The investment strategy makes use of two main types of investments:

- A diversified portfolio of global equities; and
- A range of instruments that provide a better match to changes in liability values, including (but not limited to) fixed interest and index-linked government bonds, and corporate bonds.

14 The balance within and between these investments will be determined from time to time with regard to maximising the chance of achieving the Plan's investment objectives.

15 The Plan will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.

16 The Trustees, in conjunction with the Investment Consultant and the Scheme Actuary, and in consultation with Trane Corporate Treasury, will monitor the liability profile of the Plan and will regularly review the appropriateness of its investment strategy.

17 The expected returns of the Plan's investments will be monitored regularly and will be directly related to the Plan's investment objectives.

18 The Trustees' policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Plan's overall investments, where possible. The Trustees, together with the Plan's administrators, will hold sufficient cash to meet benefit and other payment obligations.

Investment managers

19 In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy and will approve the selection of investment managers and strategies, but will delegate the responsibility for the selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.

20 Managers will be recommended by the Investment Consultant for the Trustees' approval based on the following criteria:

- Organisational stability;
- Quality of investment process;
- Experience and scale to manage desired strategy;
- Record of success in meeting objectives; and
- Competitive fees.

21 The Trustees have considered the extent to which Environmental, Social and Governance ("ESG") factors should be taken into account in the selection, retention and realisation of investments, and their policy in relation to the exercise of the rights (including voting rights) attaching to investments.

22 **Financially material investment considerations**

The Trustees have delegated selection, retention, and realisation of investments to the Plan's investment managers. The Trustees recognise that long-term sustainability issues could have a material impact on risk and outcomes, both financial and non-financial, though the Trustees' fundamental mission is to meet the Plan's financial obligations, and therefore financial considerations must take precedence. The Trustees' policy is that the extent to which social, environmental, or ethical considerations are taken into account in these decisions is left to the discretion of its investment managers, in particular the extent to which these issues may have a fundamental impact on portfolio returns.

The Plan uses different managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2 of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with their policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustees will use their discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustees' policies, where relevant to the mandate.

23 To maintain alignment, managers are provided with the most recent version of the Plan's Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

24 **Non-financial matters**

The Trustees do not at present take in to account non-financial matters (such as members' ethical considerations, social and environmental impact matters, or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time, the Trustees have no plans to seek the views of the membership on ethical considerations.

25 **Rights attached to investments**

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings.

26 It is expected that the Plan's portfolio will be primarily invested in indexed strategies in order to minimise fees and active management risk. Active strategies may be utilised in those asset classes in which there is deemed to be no suitable index or are deemed to be "inefficient". When deciding whether to implement a given mandate with active or passive management, the Trustees will consider the likelihood of active management adding value above fees and transaction costs on a predictable and consistent basis.

27 The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Plan's long term objectives, and an acceptable level of risk.

28 Managers will be assigned appropriate performance benchmarks against which portfolio risk and return will be regularly measured. Benchmarks will be periodically reviewed to ensure that they continue to be appropriate for the individual mandates and the strategic objectives of the Plan. The Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

29 Should the Trustees' monitoring process reveal that a manager's portfolio is not aligned with the Trustees' policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

30 The Trustees appoint its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors, such as a significant change in business structure or the investment team.

31 Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services, which includes consideration of long-term factors and engagement.

32 The Trustees review the costs incurred in managing the Plan's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate. Monitoring of portfolio turnover is produced annually, with data received directly from the investment managers specific to each fund they manage and covers: 1) The experienced portfolio turnover of the fund over the year; 2) A range of expected long-term portfolio turnovers; and 3) A high level range of typical long-term portfolio turnovers for that specific asset class (provided by WTW).

Additional Voluntary Contributions (AVC)

33 The Plan's AVC arrangements provide for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustees are aware of the need to provide a range of investment options broadly satisfying the

risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments.

34 The Plan has two AVC providers – Utmost (formerly Equitable Life) and Prudential.

35 From time to time, the Trustees (via their DC sub-committee) will review the AVC arrangements with the assistance of the Investment Consultant, and in consultation with Trane Corporate Treasury, to ensure that the investment performance achieved is acceptable and the investment profile of the available funds remains consistent with the objectives of the Trustees and the needs of the members. A review was carried out in March 2023, and no changes were made following this review.

DC Underpin

36 Some members of the Plan have a DC 'underpin' applied to their DB benefits at the point at which they "crystallise" (begin drawing benefits). When a member of the Plan takes their retirement benefits, transfers out, or dies, their benefits are tested to check if the underpin applies. This is referred to as a Personal Pension Accounts ("PPA") in the Plan Rules. If the value of the PPA is greater than the value of the DB benefits, the DC underpin 'bites' and the Trustees must ensure that the value of the benefits paid out to the member is in line with the PPA. This rule applies very rarely to the Plan, and has no specific investment objectives linked to it, however in the instance where the underpin does 'bite' then it is equivalent to a DC benefit, and the Trustee will produce a Chair's Statement that addresses the underpin (if triggered).

Appendix A – Risk Measurement and Management

The Trustees recognise a number of risks involved in the investment of the Plan's assets:

Deficit risk

- Is measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.
- Is managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy and agreeing an appropriate level of Employer contributions that cover ongoing accruals and amortizes prior deficits.

Interest rate and inflation risk

- Is measured by comparing the sensitivity of the Plan's liabilities and assets to movements in inflation and interest rates.
- Is mitigated by holding a portfolio of matching assets that enable the Plan's assets to better match movements in the value of the liabilities due to inflation and interest rates.

Manager risk

- Is measured by the expected deviation of the return relative to the benchmark set.
- Is managed by limiting exposure to any one investment manager, consideration of the appropriate amount of the Plan to allocate to each portfolio and by monitoring the actual deviation of returns relative to the benchmark and factors supporting the managers' investment process.

Liquidity risk

- Is measured by the level of cashflow required by the Plan over a specified period.
- Is managed by the Plan's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity.

Currency risk

- Is measured by the level of exposure to non-Sterling denominated assets.
- Is managed by monitoring the actual level of assets held in non-Sterling denominated currencies and determining the appropriate level of hedging for currency exposures.

Political risk

- Is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- Is managed by regular reviews of the actual investments relative to policy and through the level of diversification within the existing policy.

Sponsor risk

- Is measured by receiving regular financial updates from the Employer and periodic independent covenant assessments.
- Is managed through an agreed contribution and funding schedule.

ESG risk

- Is measured by the adverse performance due to Environmental, Social and Governance (ESG) related factors including climate change
- Is managed through an initial ESG assessment at the point of investment with the investment managers and the ongoing investment manager monitoring process.