Implementation Statement

Institution of Mechanical Engineers Staff Pension and Life Assurance Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the Institution of Mechanical Engineers Staff Pension and Life Assurance Scheme ("the Scheme") to set out the following information over the year to 31 December 2025:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at the year-end describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities as follows:

> *"The Trustees note that by securing the Scheme's benefits with an insurer, they have limited ability to influence the voting and engagement activities undertaken on behalf of the Insurer. Responsibility for engagement with the issuers of investments underlying the bulk annuity policy, including voting policy (where applicable), is the responsibility of the Insurer. The Scheme retains cash and money market holdings but the Trustees note, due to a number of controls at both the asset manager and counterparties, the impact of engagement on the risk/return of these holdings is limited. The Trustees have therefore not set stewardship priorities."*

The Trustees' SIP was last reviewed in July 2025 and has been made available online here:
https://www.imeche.org/about-us/imeche-governance

In June 2025, the Trustees agreed to purchase a bulk annuity policy. This involved the transfer of Scheme assets from Insight to the Trustee bank account, and from the Trustee bank account to PIC, to secure the bulk annuity policy. Following the payment of the bulk annuity premium to PIC, the Scheme solely invests through pooled investment vehicles where the Scheme's assets only represent a small proportion of the capital invested in the funds, and the Trustees understand that they are constrained by the policies of the manager. The Scheme no longer holds any funds with voting rights attached so the Trustees have not set stewardship priorities for the Scheme.

How voting and engagement policies have been followed

The Scheme invests its assets using pooled funds and delegates responsibility for carrying out engagement activities to its investment manager, Insight Investment Funds Management Limited ("Insight"). Insight have confirmed that they are signatories to the Financial Reporting Council's UK Stewardship Code 2020.

Investment rights have been exercised by the investment manager in line with the investment manager's general policies on corporate governance, which reflect the recommendations of the UK Stewardship Code, and which are provided to the Trustees from time to time, taking into account the financial interests of the beneficiaries. The Trustees also expect the investment manager to have engaged with the companies in relation to ESG matters where appropriate.

The Trustees, with input from their investment consultant, annually receive and review (through their Implementation Statement) the engagement policies (and historically the voting information) of the investment manager to ensure alignment with their own policies. The findings of the Trustees' review are reported in this Implementation Statement which will also be included in the Scheme's Annual Report and Accounts for the year to 31 December 2025.

The Trustees are comfortable with the investment manager's strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor.

Voting Data

Over the period under review, the Scheme was invested across a range of asset classes, including credit, liability-driven investment ("LDI") and money-market mandates. However, it was expected that there would be no voting rights attaching to the underlying investments given the nature of these mandates. As such, the Trustees' view is that there is no relevant voting data to report within this implementation statement.

Fund level engagement

The Scheme's investment manager, Insight, may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by Insight during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. The LDI Funds were fully disinvested on 3 July 2025. The Scheme was invested in the Insight Short Dated Buy & Maintain Holding Fund until 5 June 2025, but since this period was under half of the year, engagement data has not been included in this Implementation Statement.

Manager	Insight
Relevant fund(s)	Insight Liquidity Plus Holding Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken at a firm level in the year	954
Number of engagements undertaken at a fund level in the year	19

Examples of engagement activity undertaken over the year to 31 December 2025

Insight

Labour management

Insight believe that strong labour management practices are critical to improving livelihoods and supporting the effective functioning of an increasingly interconnected society. Companies also have a responsibility to ensure that long and complex supply chains uphold labour standards aligned with their operational policies. Increased scrutiny following labour-related controversies has led to heightened regulatory focus, including under the CSDDD, and represents an expansion of Insight's previous emphasis on diversity and inclusion (D&I).

Human rights are material to investor perceptions and central to sustainable development across social, environmental and economic dimensions. The UN 2030 Agenda places equality and non-discrimination at its core, with a commitment to leave no one behind. Insight initially focused on Counterparties in its D&I engagement, identifying poor performers through its Counterparty stewardship process. This included ESG questionnaires covering D&I policies, performance and gender pay gaps, followed by multiple engagements and the development of detailed recommendations.

Insight also engages issuers identified through its PRIME model as having weak D&I performance, focusing on improving disclosure and strengthening senior management and board-level targets. Further research will use diversity performance data to identify underperforming companies, initially in the UK and US, with scope to expand into other markets.

A key example is Insight's engagement with América Móvil, which began in 2021 to improve governance and diversity. By 2022, the company had enhanced board evaluation practices, refreshed its Board Diversity Policy, and achieved a new target of three female board directors (21%). This target is embedded within its Sustainability-Linked Loan structure. Greater board-level diversity supports a more inclusive organisational culture and is increasingly associated with stronger financial performance and returns on invested capital.