

Vertellus Specialties UK Ltd Pension and Life Assurance Plan

Statement of Investment Principles – Implementation Statement

The purpose of this Statement is to provide information which is required to be disclosed in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as subsequently amended, including amendments to transpose the EU Shareholder Rights Directive (SRD II) into UK law. In particular, it confirms how the investment principles, objectives and policies of the Trustee's Statements of Investment Principles (SIPs) dated May 2024 and May 2025, which reflects the Plan's investment strategy in place as at the end of the Plan year, have been implemented.

It also includes the Trustee's voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made and the reasons for the changes (if any). A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, is also included within this Statement.

This Statement covers the period 1 April 2025 to 31 March 2026.

Investment objectives of the Plan

The Trustee's objectives for setting the investment strategy of the Plan have been set broadly with regard to the Plan's Statutory Funding Objective set out in the Statement of Funding Principles.

The Trustee's primary objectives as at the Plan year end are set out on page 3 of the May 2025 SIP and are as follows:

- To ensure that the assets are of a nature to enable the Trustee to meet the Plan's benefits as they fall due.
- To invest the Plan's assets in an appropriately diverse and liquid range of investments.
- To invest in a way that is consistent with the Plan's funding objectives, i.e. to invest so that the investment return assumptions used to determine the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To consider the interests of the Principal Employer in relation to the size and volatility of the contribution requirements.
- To target a level of hedging of 100% against the interest rate risk and inflation risk associated with the Plan's funded liabilities (on a gilts+0.5% p.a. basis).

These objectives differ from the objectives in place as at the start of the Plan year, reflected in the May 2024 SIP, as the Trustee reviewed them in conjunction with the 2025 actuarial valuation and changes to the investment arrangements.

Review of the SIPs

The SIP was last reviewed in June 2026. Prior to this, the SIP had last been updated in May 2025 to take account of changes made to the Plan's investment arrangements.

The Trustee has a policy on financially material considerations relating to Environmental, Social, and Governance (ESG) issues, including the risk associated with the impact of climate change. In addition, the Trustee has a policy on the exercise of rights and engagement activities, and a policy on non-financial considerations. These policies are set out later in this Statement and are detailed in the Trustee's latest SIP.

Investment managers and funds in use

The Trustee's investment strategy in place as at the end of the Plan year is as shown in the table below and is reflected in the May 2025 SIP.

Asset Class	Funds	Target Asset Allocation
Global equities (with ESG tilt)	L&G Future World Global Equity Index Fund	10%
Secured finance	L&G US Securitised Plus Fund - GBP Currency Hedged	30%
Corporate bonds (buy and maintain)	L&G Maturing Buy and Maintain Credit Fund 2025-2029 L&G Maturing Buy and Maintain Credit Fund 2030-2034 L&G Maturing Buy and Maintain Credit Fund 2035-2039	25%
Gilts / Liability Driven Investment (LDI) solution	L&G 2027 Gilt Fund L&G 2034 Gilt Fund L&G 2038 Gilt Fund L&G 2073 Index-Linked Gilt Fund L&G 2042 Leveraged Gilt Fund L&G 2049 Leveraged Gilt Fund L&G 2055 Leveraged Gilt Fund L&G 2060 Leveraged Gilt Fund L&G 2068 Leveraged Gilt Fund L&G 2030 Leveraged Inflation-Linked Gilt Fund L&G 2034 Leveraged Inflation-Linked Gilt Fund L&G 2037 Leveraged Inflation-Linked Gilt Fund L&G 2042 Leveraged Inflation-Linked Gilt Fund L&G 2047 Leveraged Inflation-Linked Gilt Fund L&G 2055 Leveraged Inflation-Linked Gilt Fund L&G 2062 Leveraged Inflation-Linked Gilt Fund L&G 2068 Leveraged Inflation-Linked Gilt Fund	35%
Total		100%

Investment governance

The Trustee is responsible for making investment decisions and seeks advice as appropriate from Broadstone Corporate Benefits Limited ('Broadstone'), as the Trustee's investment consultant.

The Trustee does not actively obtain views of the membership of the Plan to help form its policies set out in the SIP as the Plan is comprised of a diverse membership, which the Trustee expects to hold a broad range of views on ethical, political, social, environmental, and quality of life issues.

The Trustee has put in place strategic objectives for Broadstone, as the Trustee's investment consultant, as required by the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022, which were last reviewed by the Trustee in April 2025. These objectives cover contribution to value add, delivery of specialist investment services, proactivity of advice, support Plan management and compliance, and relationship and service standards.

Monitoring of investment arrangements

In addition to any reviews of Investment Manager or approaches, and direct engagement with the Investment Manager (as detailed below), the Trustee receives performance reports on a quarterly basis from Legal & General Asset Management, together with performance reports from Broadstone on a quarterly basis to ensure the investment objectives set out in its SIP are being met.

Trustee's policies

The table below sets out how, and the extent to which, the relevant policies in the Plan's May 2025 SIP, in force during the majority of the year, have been followed:

Requirement	Policy	Implementation of Policy
Selection of Investments	The Trustee may select investments from a wide range of asset classes from time to time, including, but not restricted to, UK equities, overseas equities, government bonds, corporate bonds, commercial property, and alternative asset classes, such as hedge funds, private equity, and infrastructure. The investments selected will generally be traded on regulated markets and, where this is not the case, any such investments will be kept to a prudent level. The Trustee may: - Invest in products that use derivatives where this is for the purpose of risk management or to improve the efficiency of the management of the Plan's investments. - Hold insurance policies such as deferred or immediate annuities which provide income to the Plan, matching part, or all, of the future liabilities due from it. - Hold a working cash balance for the purpose of meeting benefit payments due to members and the expenses of running the Plan.	No deviation from this policy over the year to 31 March 2026.
Target asset allocation	The Trustee will set a Target Asset Allocation from time to time, determined with the intention of meeting its investment objectives. The Target Asset Allocation will be set taking account of the characteristics of different asset classes available and will be reviewed in light of any changes to the Trustee's view of the Principal Employer's covenant, the nature of the Plan's liabilities, or relevant regulations governing pension scheme investment. The Trustee has agreed that the range of funds to be used in the investment strategy, considering the maturity of the Plan's liabilities, and to ensure the range is sufficiently robust to allow easy adjustment between the funds as the Trustee's risk appetite changes and the Plan matures.	No deviation from this policy over the year to 31 March 2026. The Trustee's target investment strategy allocations as at the year end are reflected in the May 2025 SIP.
Delegation to Investment Managers	The Trustee will delegate the day-to-day management of the Plan's assets to a professional Investment Manager and will not be involved in the buying or selling of investments.	No deviation from this policy over the year 31 March 2026.
Maintaining the Target Asset Allocation and Target Hedging Ratios	The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the Target Asset Allocation and Target Hedging Ratios. The Trustee monitors the asset allocation and hedging ratios on a regular basis with the assistance of its adviser, Broadstone, and will consider switching assets between funds should these move significantly away from target. Maintaining the Target Hedge Ratios will take precedence over maintaining the Target Asset Allocation.	No deviation from this policy over the year to 31 March 2026. The asset allocation and level of hedging exposure provided by the assets at the year end were broadly in line with their targets and are reflected in the May 2025 SIP.

Requirement	Policy	Implementation of Policy
Realising Investments	The assets are held in a combination of pooled funds and are fully and readily realisable. The Trustee makes disinvestments from the Investment Manager with the assistance of its administrators, as necessary, to meet the Plan's cashflow requirements. The Trustee will use cashflow to help maintain the Target Hedging Ratios and Target Asset Allocation.	No deviation from this policy over the year to 31 March 2026.
Financially and Non-Financially Material Considerations	The Trustee's policy on financially and non-financially material considerations is set out on page 7 of the May 2025 SIP and in full below.	No deviation from this policy over the year to 31 March 2026 (see below).
Engagement and Voting Rights	The Trustee's voting and engagement policy is to use its investments to improve the Environmental, Social and Governance behaviours of the underlying investee companies. These ESG topics encompass a range of priorities, which may over time include climate change, biodiversity, the remuneration and composition of company boards, as well as poor working practices. The Trustee believes that having this policy and aiming to improve how companies behave in the medium and long term, are in the members' best interests. The Trustee will aim to monitor the actions taken by the Investment Manager on its behalf and if there are significant differences from the policy detailed above, it will escalate its concerns which could ultimately lead to disinvesting the assets from the Investment Manager. The voting policies of Legal & General – Asset Management Limited (L&G), as the Investment Manager, can be found at the following website: https://am.landg.com/en-be/institutional/responsible-investing/investment-stewardship/	No deviation from this policy over the year to 31 March 2026 (see below).

Financially and non-financially material considerations

The Trustee recognises that Environmental, Social, and Governance (ESG) issues can and will have a material impact on the companies, governments, and other organisations that issue or otherwise support the assets in which the Plan invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets. The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Manager. The Trustee has an expectation that the Investment Manager will consider ESG issues in selecting investments or will otherwise engage with the issuers of the Plan's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

The Trustee's views on how ESG issues are taken account of in each asset class used during the Plan year are set out below.

Asset Class	Active/Passive	Trustee's Views
Global equities	Passive	The Trustee acknowledges that the Investment Manager must invest in line with specified indices and, therefore, has selected an ESG index aligned with its policies. The Trustee also expects the Investment Manager to consider ESG considerations by engaging with companies that form the index, and by exercising voting rights on these companies.
Secured finance and corporate bonds	Active	The Trustee expects the Investment Manager to take financially material ESG factors into account, given the active management style of the funds and the ability of the Investment Manager to use its discretion to generate higher risk adjusted returns. The Trustee also expect its Investment Manager to engage with the underlying investee companies / securities, where possible, although it appreciates that credit assets do not typically attract voting rights.
Gilts and LDI	Passive	The underlying assets of the LDI solution consist of government bond funds and derivative contracts, with no underlying investee companies as such. Therefore, the Trustee believes there is less scope for the consideration of ESG issues to improve risk-adjusted returns in this asset class because of the nature of the securities.

The Trustee receives information from the Investment Manager on their approach to selecting investments and engaging with issuers with reference to ESG issues.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the Investment Manager, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered and in such a circumstance the consideration of non-financial factors should not lead to a reduction in the efficiency of the investment.

Voting rights

During the year, the Trustee invested in pooled investment funds with the Investment Manager, and it acknowledges that this limited its ability to directly influence the Investment Manager. In particular, all voting activities have been delegated to the Investment Manager, as the Trustee is unable to vote on the underlying holdings, given the pooled nature of the Plan's investments.

However, the Trustee periodically engages with the Investment Manager on how they have taken ESG issues and voting rights into account for the investment approaches they manage on behalf of the Trustee. As part of this, the Trustee will seek to challenge its Investment Manager on these matters where it thinks this is in the best interests of members.

Out of the funds held by the Trustee at the Plan's year end, the L&G Future World Global Equity Index Fund contains publicly listed equity holdings. This fund has voting rights attached to the underlying equities held within the fund, and the Trustee has delegated these voting rights to the Investment Manager.

A summary of the votes made by the Investment Manager on behalf of the Trustee for the period 1 April 2025 to 31 March 2026 is as follows.

Fund	Resolutions Voted On	Resolutions Voted:		
		For	Against	Abstained
L&G Future World Global Equity Index Fund	60,888	78.97%	19.96%	1.06%

L&G do not use a proxy voting service to determine their voting policy, which is formed in-house. L&G do, however, use Institutional Shareholders' Service's (ISS's) Proxy Exchange voting platform to vote on resolutions electronically.

Significant votes

The Trustee has requested details of the significant votes made on behalf of the Trustee by each manager of a fund the Plan invested in that has voting rights. In determining significant votes, the Investment Manager's Investment Stewardship team takes into account the criteria provided by the Pensions UK (formerly Pensions & Lifetime Savings Association (PLSA)). This includes but is not limited to:

- High profile votes which have such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at the manager's annual Stakeholder roundtable event, or where the manager notes a significant increase in requests from clients on a particular vote;
- Sanction votes as a result of a direct or collaborative engagement;
- Votes linked to any manager engagement campaign, for example in line with L&G Investment Stewardship's 5-year ESG priority engagement themes.

The Trustee believes the following is an example of a significant vote undertaken on its behalf over the Plan year:

SIGNIFICANT VOTE	
Investment Manager	Legal & General Asset Management
Company	Eli Lilly and Company
Date of vote	05 May 2025
Resolution	Resolution 1d: Elect Director Juan R. Luciano
Why significant	Thematic - Board Leadership: L&G Asset Management business considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.
Voting decision	Against
Manager comments	<i>"Joint Chair/CEO: 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."</i>
Vote outcome	Pass (95.6%)

Engagement activities

The Trustee has also delegated engagement activities to the Investment Manager. A notable engagement activity during the year is provided below:

- L&G actively engages with Pemex as part of its broader commitment to responsible investment and climate stewardship. Given Pemex's significant role in Mexico's energy security and its influence on industry decarbonisation in South America, L&G has focused its efforts on driving meaningful change within the company. Through the Climate Impact Pledge engagement programme, L&G sets clear expectations for oil and gas firms regarding the energy transition, with a particular emphasis on reducing methane emissions—one of the most potent greenhouse gases, with over 80 times the warming potential of carbon dioxide over a 20-year period. Since 2023, as a contributing investor to the CA100+ initiative, L&G has worked to establish a productive dialogue with Pemex, encouraging improvements in climate risk disclosure, board-level oversight, and the adoption of ambitious yet achievable climate targets. This engagement has contributed to the publication of Pemex's first Sustainability Plan, which lays out commitments to emissions reductions, enhanced disclosures aligned with TCFD and ISSB recommendations, and capital allocation towards climate goals, including methane mitigation. The plan's endorsement by Pemex's CEO signals the company's serious approach to addressing these critical environmental challenges—progress that L&G will continue to monitor and support as part of its ongoing investment stewardship.

The Trustee also considers an investment manager's policies on stewardship and engagement when selecting and reviewing investment managers.

Signed:

Date:

On behalf of the Trustee of the Vertellus Specialties UK Ltd Pension and Life Assurance Plan