VAILLANT GROUP PENSION SCHEME

Annual Report and Financial Statements to 5 April 2025

Pension Schemes Registry Registration Number 100777193

Vaillant Group Pension Scheme

Annual Report and Financial Statements

to 5th April 2025

THE TRUSTEES AND THEIR ADVISERS

TRUSTEES APPOINTED BY VAILLANT HOLDINGS LTD

PAN Trustee UK LLP (represented by J Breedon)	Independent Trustee (Chair) (from 8 January 2025)
M Hampton	Independent Trustee (up to 8 January 2025)
D Whyld	HR Manager, UK – Vaillant Group (UK) Ltd Employee (Non-member)
E Staniland	Senior Tax Manager – Vaillant Holdings Ltd (Deferred Member)
M Wilkins	Technologies and Training Director – Vaillant Group (UK) Ltd (Non-member)

TRUSTEES NOMINATED BY SCHEME MEMBERS

S J Adams	Retired – previously employed by Vaillant Holdings Ltd (Pensioner)
S V Wakely	Retired – previously employed by Vaillant Holdings Ltd (Pensioner)

PRINCIPAL EMPLOYER

Vaillant Holdings Ltd, Nottingham Road, Belper, Derbyshire DE56 1JT

SECRETARY TO THE TRUSTEES

S D Tickner, Vaillant Holdings Ltd, Nottingham Road, Belper,

Derbyshire DE56 1JT. Telephone 01773 596250

ADMINISTRATION

Pensions Department, Vaillant Holdings Ltd, Nottingham Road, Belper, Derbyshire DE56 1JT

Telephone 01773 596048

ACTUARY

S Young FIA C.Act, Mercer Ltd, 1 Whitehall Quay, Whitehall Road, Leeds, LS1 4HR

INDEPENDENT AUDITORS & COVENANT ADVISERS

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH (Independent auditors)

PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
(Covenant advisers)

BANKERS

National Westminster Bank PLC, 42 High Street, Sheffield, S1 1QG

LEGAL ADVISERS

Pinsent Masons LLP, 1 Park Row, Leeds, LS1 5AB

FIDUCIARY MANAGER AND INVESTMENT ADVISER

SEI Investments (Europe) Limited, 1st Floor, Alphabeta, 14-18 Finsbury Square,

London, EC2A 1BR

INVESTMENT MANAGERS

Aberdeen Standard Life Investments Ltd, 1 George Street, Edinburgh EH2, 2LL

M&G Investment Management Ltd, Laurence Pountney Hill, London, EC4R 0HH

SEI Investments (Europe) Limited, 1st Floor, Alphabeta, 14-18 Finsbury Square,
London, EC2A 1BR

INVESTMENT CUSTODIAN

The Bank of New York Mellon (International) Limited,

160 Queen Victoria Street, London, EC4V 4LA

APPOINTED CONSULTANTS

IC Select Limited (part of Independence Governance Group (IGG)) – Investment and
Fiduciary Manager Oversight Consultants, Office 3, 92 Fountainbridge, Edinburgh, EH3 9QA

Gallagher PLC – Communications, Phoenix Court, Jacobs Well Lane, Wakefield, West
Yorkshire, WF1 3NT

Gallagher PLC (formerly Buck Consultants Limited) - GMP Equalisation Project Consultant, 20
Wood Street, London, EC2V 7AF

AVC MANAGERS

Aviva Life & Pensions UK Limited

Coventry Building Society

TRUSTEES' REPORT

On behalf of the Trustees, I am pleased to present the Annual Report and Financial Statements for the year ended 5 April 2025.

The financial year saw strong performance of most growth assets as US economic data continued to remain strong and the US Federal Reserve (Fed) cut interest rates. Most global central banks also pivoted to easy monetary policies, but these were accompanied by voters pivoting to opposition parties, rapidly rising national debt levels, and escalating geopolitical tension. Nonetheless, markets responded with solid returns for risk assets as monetary stimulus was added to the fiscal stimulus punch bowl. In this period, the U.K. economy grew modestly, Q3 2024 saw no quarterly growth, but then rebounded in the following quarters through Q4 2024 and Q1 2025.

Against this backdrop, the Scheme's actuarial deficit improved, primarily due to the strong performance of the growth assets. The Scheme's investment strategy remained well diversified and, together with SEI, our appointed fiduciary manager, we will continue to monitor the market environment and ensure that the strategy remains appropriate. The Scheme kept the interest rate and inflation hedges within target (95%).

The Scheme undertook its last formal triennial actuarial valuation as at 5 April 2022 and this estimated that pension benefits in the Scheme amounted to £744.9 million. The assets held by the Scheme at that point were £676.2 million (which was the value of assets at the time the valuation was completed), resulting in a shortfall of £68.7 million. This represented an increase in the funding level to 90.8%, compared to 84.0% at the previous 5 April 2019 valuation. The positive increase in the funding level was due to strong growth in equity markets over the period, and the Company paying in a further £61.2 million of contributions over the three years up to 5 April 2022.

With effect from 5 April 2025, the Scheme will have its next formal triennial actuarial valuation. The results of this valuation are expected towards the end of 2025, and members will be updated on the results through a Special Newsletter after the results have been finalised.

Members are reminded that the Scheme Actuary prepares an annual actuarial report every year when there is not a formal triennial valuation. The last actuarial report, prepared as at 5 April 2024 showed an improvement in the funding position of the Scheme, estimating that the deficit had reduced from £68.7 million as at 5 April 2022 to £37.9 million as at 5 April 2024, representing an increase in the funding level to 92.3%. Although we were still behind plan in terms of our "expected path", the investment portfolio had served the Scheme well and was resilient to the overall impacts of Russia's war with Ukraine and the UK mini budget crisis that impacted many pension schemes whilst Liz Truss was in power.

Although we are awaiting the final results of the 5 April 2025 valuation, we currently expect to see a further improvement in our funding level as at that date.

Despite this expected improvement, we are anticipating that we will still be behind our original funding plan target and, as such, the need for ongoing contribution commitments from the Company will be a key feature of the valuation discussions.

The Trustees regularly take advice from their appointed Scheme Actuary when monitoring and reviewing the Scheme's funding position. This has continued to be very closely monitored throughout the last three years, as we have continued to see the impact of the Russia Ukraine conflict and the conflict in the Middle East, and look to recover the short-term losses we experienced as a result of the Liz Truss Government's unfunded tax policies through the UK government's mini budget in Q4 2022.

The Trustees are pleased that, whilst events have had a negative impact in that the Scheme's funding level is behind expectations, the combination of Company contributions and more recent market recoveries, means that the Scheme is now much closer to being back on track with its "expected path", as we enter into the 5 April 2025 actuarial valuation discussions with the Company. These discussions will be held with the Company over the coming months, and helpfully the Company have agreed to continue paying £0.5m per month beyond the end of the current recovery plan (which ends in October 2025) until the valuation discussions have been concluded. This ensures ongoing financial support from the Company is maintained until a new recovery plan is agreed.

In terms of the current position, the asset value of £427.7 million is the audited market value of the Scheme's assets at 5 April 2025 and reflects a decrease of £27.6 million since 5 April 2024. The reduction principally arises from a reduction in the monthly amount of deficit recovery plan contributions being paid from November 2023, resulting in a greater level of assets needing to be disinvested to meet the increasing levels of pension benefits being paid to pensioner members. It is also important, however, to view this reduction in the context of the Scheme's long-term liabilities, which also fell significantly by £31.5 million to £461.7 million over the same reporting period, due to the high levels of protection through interest rate "hedging" that the Scheme has in place.

In essence, this means that the Scheme's long-term liabilities have fallen by more than the Scheme's assets, resulting in a slight improvement in the Scheme funding level between 5 April 2024 (92.3%) and 5 April 2025 (92.6%).

I am also pleased to inform you that, despite President Trump's escalation of world-wide tariffs, having a sizeable short-term impact on investment markets and therefore pension schemes between the 31 March 2025 and our valuation date of 5 April 2025, we have subsequently seen markets recover quickly, and this has resulted in further improvements to our funding levels since 5 April 2025. Whilst this positive momentum continues, the Trustees continue to monitor the situation closely and regularly review the investment portfolio to ensure it remains resilient to market shocks of this nature.

As a reminder, the Scheme's "Risk Management" assets are held and designed to protect its long-term liabilities against sensitivities in interest and inflation rate changes, where the value of the liabilities rise and fall as a direct consequence of rate movements.

This investment approach is called "hedging" and, whilst this can have a negative effect on asset values when interest rates rise, the effects are positive when interest rates fall so that the value of assets increase as the cost of the Scheme's long-term liabilities increase.

The Scheme currently targets an interest rate “hedge” that sits within a range of 90-100%, with the aim to have 95% of the Scheme’s long-term liabilities being protected against changes in interest rate movements. The purpose of the hedging strategy is to ensure that the resulting increase/decrease in the value of long-term liabilities that we experience as interest rates rise and fall, also see a corresponding increase/decrease in our “risk management” asset values. Even with recent volatility in both growth assets and with interest rates, the Scheme has managed to stay within its 90-100% “hedging” level target.

The Trustees continue to regularly review and monitor the Scheme’s hedging levels and associated risks, taking advice as appropriate from SEI in their capacity as investment adviser and fiduciary manager.

There are no concerns regarding the Scheme’s funding level, its ability to meet the payment of benefits to members, or its ability to continue as a going concern.

The Scheme’s long-term funding target

As part of the discussions on the 2019 and 2022 actuarial valuations, the Trustees and Company have agreed a longer-term target designed better to secure members’ benefits. It is anticipated that this target will be reached by April 2034 (or shortly thereafter) at which time the intention will be to look at opportunities to either buy-out any remaining benefits with an insurance company, or to “run-on” the Scheme with minimal financial support from the Company being needed. This is only a target and, as such, it does not imply buy-out is the Trustees’ ultimate objective. It is, however, an important step in the Scheme’s journey towards fully securing all member benefits.

The Trustees will continue to monitor the Scheme’s progress against the long-term funding target and formal discussions will be held with the Company every three years at future actuarial valuations to ensure that we are still on track to meet the long-term objective. We will continue to work closely with the Company and our professional advisers to develop and implement the plan progressively to reduce risk in the investment portfolio as and when the Scheme is ahead of its expected target.

Investment changes

SEI conducted an in-depth analysis of the two UK property funds over the year given the recent weak performance of these funds. Their recommendation was to disinvest fully from the Aberdeen Standard Life Long-Lease Property Fund due to a proposed reduction in the overall UK property allocation. This was agreed due to the smaller fund size and weaker Environmental, Social and Governance (ESG) qualities of the Aberdeen Standard Life fund compared to the other UK property fund that the Scheme holds. The redemption request has been submitted and we anticipate that the disinvestment will complete in Q4 2025.

The Scheme’s portfolio is continuously maintained, with multiple rebalances throughout the year to take advantage of potential capital gains, take the hedge ratios back to target or to stay within the strategic asset allocation to manage risk.

The Trustees will continue to evolve the investment strategy over time and are comfortable that the changes they have implemented within the last 18 months will deliver the investment returns required to secure member benefits in a risk efficient manner, recognising that some risk still needs to be taken.

Implementation Statement

The Trustees have prepared an Implementation Statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate, amongst other things, how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), which was signed on 15 April 2025.

This Implementation Statement covers the year to 5 April 2025 and can be found at the end of this report as Appendix A and forms an integral part of the Trustees' Report. It is also available to view and download free of charge by visiting the Scheme website www.vaillantpensions.com

Guarantee Minimum Pension (GMP) Equalisation Project

The Trustees continued to be busy over the last year on some other key projects. You may recall from previous reports, that one of these is a project where all UK defined benefit pension schemes have been addressing the need to ensure "GMP equalisation" is implemented following the Lloyds Court ruling in October 2018. This involves adjusting benefits to make sure that men and women are treated equally and can result in a relatively modest top-up to earlier payments made to our existing members.

The Trustees appointed Buck Consultants (since renamed Gallagher group) to manage this project and to steer us through the complexity of delivering it. Phase 1 was completed in Q4 2021 where most of our pensioners who had retired before 31 March 2021 had their benefits reviewed and where appropriate, adjusted to ensure that these had been equalised.

The Trustees are also continuing to work on our deferred member population under phase 2 (i.e. those members who have not yet retired) to introduce a GMP equalisation calculation at the point they move into retirement. Essentially, this means that when you come to retire, your benefits will be compared on both a "male" and "female" basis and, if the calculation of your benefits on the "opposite" sex basis provides a higher result, these higher benefits will be put into payment for you.

Considerable data analysis and rectification work has taken place across the deferred membership to generate figures of what the opposite sex would have accrued. Calculation development is now underway to allow benefits to be equalised at the point a member retires with a go-live date expected before the end of 2025. Once this phase has completed, the Trustees will contact any members who have retired since March 2021 with results of their GMP equalisation calculation. We anticipate this will be communicated in the first half of 2026.

As previously reported, following a further Court ruling in November 2020 in relation to past transfer cases, the Trustees are also now considering how to equalise benefits for any members who have transferred out from the Scheme into an external arrangement since 1990. This aspect of the project will also likely be dealt with during 2026.

Dashboards

The Trustees are currently gearing up towards connection to the Government's Pensions Dashboard Program (PDP). The vision of the Pensions Dashboards Programme is, "To enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing".

This will be done through two key processes; a "find" process and a "view" process. The "find" process will enable a member of the public to find all the pension schemes they have contributed to.

The "view" process will enable a member of the public to view details of their pension benefits (Value Data) they will receive from each pension scheme they have contributed to and the State Pension they will receive.

From the Trustees' perspective, the planning and framework is all now in place. The Trustees have reviewed and are satisfied that the critical and key member data is of high quality, and that the Scheme's Integrated Service Provider (ISP), Capita, are actively working towards successfully connecting our scheme to the PDP later this year. It is planned that members should have access to this service towards the end of 2026, however, due to the scale of this nationwide project there are no guarantees that this timescale will hold true.

Meetings

The Trustees have continued to meet face to face for their main quarterly Board meetings as well as for their annual strategy and training day. The annual fiduciary manager performance assessment day and annual ESG (Environment, Social and Governance) review were held virtually to keep down costs.

You will recall that working remotely caused us to review our overall governance structures to facilitate more effective Scheme management and, as a result, the Trustees identified the need for a small number of additional committees to oversee delivery of an increasingly heavy business plan. These committees remain in place and meet virtually on a regular basis as follows:

Emergency Committee (Chairman's Committee)

This committee is intended to come into play in exceptional circumstances, should approval be required for any item reserved to the Trustees or of any committee's decision during a period between scheduled Trustees or committee meetings.

Membership of the committee is:

- Mike Hampton: Chair of Trustees (up until 8 January 2025)
- John Breedon (PAN Trustees UK LLP): Chair of Trustees (from 8 January 2025)

- Steve Adams: Member-Nominated Trustee
- Steve Wakely: Member Nominated Trustee

In the event that any of the individuals are unavailable, then the following principles apply:

- The committee shall comprise no fewer than three Trustees;
- There must always be at least one Member-Nominated Trustee on the committee;

The Emergency Committee has **not been required** to convene during the year as all Scheme matters were dealt with by the various committees the Scheme now has in place, or by the full Trustees board.

Funding and Investment Committee

The committee was appointed by the Trustees of the Scheme. The appointed members are:

- Mike Hampton: Chair of Trustees (up until 8 January 2025)
- John Breedon (PAN Trustees UK LLP): Chair of Trustees (from 8 January 2025)
- Steve Wakely: Member-Nominated Trustee
- Dan Whyld: Company appointed Trustee

This committee continued to ensure that the Trustees were able to closely monitor the impact on the funding level progression and take any action in relation to investment portfolio changes caused through a multitude of financially impacting situations. Throughout Russia's war with Ukraine and, more recently, the impact of the Quarter 4 2022 mini-budget and US President Trump's tariffs that impacted world-wide markets, the committee remained close to events as they unfolded.

This committee also considers matters relating to investment performance, investment strategy, portfolio changes, cashflow requirements and general matters relating to the funding of the Scheme and is supported at each meeting by both Mercer Ltd, as the appointed Actuary, and SEI as the investment adviser and fiduciary manager. This committee also considers matters relating to investment performance reporting and has helped to further develop SEI's stewardship report that is presented to the Trustees board on a quarterly basis.

The funding and investment sub-group met on four occasions during the year, one meeting of which was dedicated to considering SEI performance in the lead up to the annual Performance Review Day in April 2025.

Governance, Risk and Audit Committee

The committee was appointed by the Trustees of the Scheme. The appointed members are:

- Mike Hampton: Chair of Trustees (up until 8 January 2025)
- John Breedon (PAN Trustees UK LLP): Chair of Trustees (from 8 January 2025)
- Steve Adams: Member-Nominated Trustee
- Emma Staniland: Company appointed Trustee

This committee was established with the intention of providing greater focus and support for the Scheme Secretary on matters such as policies and procedures (including support of the Risk Register, Business Plan, annual report and financial statements, and the associated audit processes). It also helps to provide assurance to the Trustees in relation to governance standards and creates an environment that encourages informed risk taking by the Trustees with clear accountability.

The committee considers, reviews, and makes recommendations to the Trustee board on the following matters:

- Scheme policies (and their contents) required because of changes in law and regulation or best practice;
- the annual (or other frequency) review of existing policies to ensure continued compliance with law and regulation and best practice;
- the annual (or other frequency) review of the Risk Register;
- the annual (or other frequency) review of the Business Plan;
- the annual (or other frequency) review of process and procedure to ensure compliance with law and regulation and best practice;
- production of the annual report and financial statements (including associated arrangements such as appointment of, and meetings with, the auditors);
- the support of any Vaillant Group audit and / or the Scheme audit;
- Benefit projects and remediation projects;
- Pension Dashboard;
- Workflow and Service Level Reporting for the administration services; and
- New legislative and regulatory developments like Effective System of Governance and Task Force on Climate-Related Financial Disclosures and The Pensions Regulator's General code of practice

The committee also takes responsibility for ad-hoc projects delegated to it by the Trustee board from time to time, for instance scheme specific data analysis, member tracing and verification, Pensions Increase Exchange and Flexible Retirement.

The Governance Risk and Audit Committee met five times during the year, one of those meetings being the annual Audit Review meeting.

Trustee meetings

In addition to the various committee and sub-group meetings, the full Trustee Board met on nine occasions throughout the year as follows;

- Quarterly Trustee Board meetings held in June 2024, October 2024, December 2024 and March 2025
- April 2024 – Annual Performance Review Day – SEI Performance
- December 2024 – Annual ESG Review Day
- Trustee Training Day held in January 2025.
- Extraordinary meetings – Negative Pledge Agreement Update May 2024 and Climate Change – Risks and Opportunities in June 2024.

Trustee changes

Finally, there has been one considerable Trustee change this year.

Mike Hampton stepped down from his role as Trustee Chair with effect from 8 January 2025, and the Company appointed me as the new Independent Trustee with responsibility to steer the scheme through the next stage of its journey plan. As a brief overview, I have over 30 years' experience working with pension trustee boards, sub-committees and corporate sponsors. I have significant senior management experience and have run actuarial, investment and risk transfer businesses as well as historically providing scheme actuary, corporate actuary, investment, liability and asset de-risking and bulk annuity advice to a range of clients with assets ranging from less than £10m to over £8bn.

On that note, I should like express my gratitude to Mike Hampton for all his hard work over the last 10 years and also helping ensure a smooth transition of responsibilities over to myself. Thanks, of course, also to all the other Trustees for their diligence in dealing with a heavy workload once again over the past year.

I should also like to thank Steve Tickner, our Pensions Manager, and his in-house administration team for maintaining an excellent service to all of our Scheme members.

The Trustees look forward to working closely with the in-house team, the Company and our appointed advisers as we continue to develop the strategic plan for the Scheme on behalf of our Scheme members during 2025.

John Breedon - Chair of the Trustees

Scheme Management

Principal Employer and Ultimate Holding Company

The Principal Employer continues to be Vaillant Holdings Ltd (the "Company") and the ultimate holding company of the Company is Vaillant GmbH.

The Scheme

The Scheme is an occupational defined benefit pension scheme set up under trust to provide retirement benefits for certain groups of employees of the Company. It is governed by a Trust Deed and Rules dated 12 October 1992 and subsequent amendments. The Scheme is closed to new members and to future accrual.

Trustees

The power to appoint and remove Trustees, subject to the requirements of the Pensions Act 2004, is vested in the Principal Employer and this power must be exercised by Deed.

Member Nominated Trustees (MNTs) are nominated by the Scheme members and selected by a sub-committee of the Trustees.

Professional Advisers

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The full list of advisers currently appointed are as shown on page 3 and 4 of this report.

Members and Pensioners

The number of members is shown below:

	5 April 2025	5 April 2024
Deferred pensioners	1,894	2,030
Pensioners	4,424 (including 1,056 spouse/dependants)*	4,492 (including 1,052 spouse/dependants)*
Total	**6,318**	**6,522**

*annuity insurance policies are in place for 2 pensioner members with Reassure (2024: 4 pensioner members) – (3 Reassure, and 1 Aviva in 2024)

Deficit Contributions

The Schedule of Contributions dated 31 August 2023, prepared in accordance with Section 227 of the Pensions Act 2004, sets out additional contributions the employer has agreed to pay between May 2022 and October 2025 to fund the deficit. Total contributions of £53.35 million will be paid during this period. To date, £50.35 million has already been received up to 5 April 2025.

Negative Pledge

It is important for the Scheme to continue to have the support of Vaillant Holdings Ltd and Vaillant GmbH (the "Companies"). As a result, the Trustees and the Companies entered into a binding agreement, a Negative Pledge. This is to ensure that the value of Vaillant Holdings Ltd and its subsidiaries can be monitored by the Trustees and cannot be materially reduced, by the actions of the Companies, unless Vaillant GmbH or any other member of the Vaillant Group have sought the prior written consent of the Trustees. The Negative Pledge also includes a mechanism that provides additional cash contributions to the Scheme should the Company breach the agreement, to mitigate the breach.

Deed of Guarantee

In addition to the Negative Pledge, the Trustees have also made an agreement with the Companies that participate in the Scheme should any of them not be able to meet their financial obligations to the Scheme. If this were to happen, then the remaining participating companies will each be liable for that company's debt.

Review of the Financial Development of the Scheme during the year

As at 5 April 2025, the Scheme's total net assets, including the investment assets at fair value and Additional Voluntary Contributions were £427.7 million, reflecting a decrease of £27.6 million since 5 April 2024. The additional reduction principally arises from a reduction in the monthly amount of deficit recovery plan contributions being paid from November 2023, resulting in a greater level of assets needing to be disinvested to meet the increasing levels of pension benefits being paid to pensioner members. It is also important, however, to view this reduction in the context of the Scheme's long-term liabilities, which also fell significantly by £31.5 million to £461.7 million over the same reporting period, due to the high levels of interest rate "hedging" that the Scheme has in place.

In essence, this means that the Scheme's long-term liabilities have fallen by more than the Scheme's assets, resulting in a slight improvement in the Scheme funding level between 5 April 2024 (92.3%) and 5 April 2025 (92.6%).

The Trustees continue to regularly review and monitor the Scheme's hedging levels and associated risks, taking advice as appropriate from SEI in their capacity as investment adviser and fiduciary manager.

There are no concerns regarding the Scheme's funding level, its ability to meet the payment of benefits to members, or its ability to continue as a going concern.

Further details regarding the Scheme's investments are given on pages 16 to 21. Given the impact on schemes that do not have interest rate and inflation hedging in place, our portfolio has continued to serve us extremely well in the current climate.

Details of the recent Virgin Media case are set out in note 22 to the financial statements.

The audited Financial Statements appear on pages 36 to 56 and the 'Summary of Contributions' appears on page 58 of this Annual Report. They record the financial transactions of the Scheme during the year ended 5 April 2025 and the nature and disposition of its net assets at 5 April 2025.

A statement of the Trustees' responsibilities when preparing the Annual Report and Financial statements is given on page 30. The Financial Statements have been prepared and audited in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Investment Matters

Investment Report for the year ended 5 April 2025

The Trustees have delegated the day-to-day investment decisions to SEI, who are regulated by the Financial Conduct Authority in the United Kingdom, as their appointed fiduciary manager. A mandate is in place covering the levels of delegated authority that SEI hold. SEI may further delegate investment decisions on the pooled funds held within the portfolio to the underlying fund managers (where these are not blended pooled funds managed by SEI).

In accordance with section 35 of the Pensions Act 1995, the Trustees have agreed a Statement of Investment Principles (SIP). This was last revised in December 2021 and is regularly reviewed by the Trustees with advice being taken from SEI in their capacity as investment adviser and fiduciary manager. The Trustees subsequently agreed and signed a new SIP in April 2025 but this as this was signed shortly after the Scheme year-end of 5 April 2025, the Trustees felt that reference to the December 2021 SIP document was appropriate.

Copies of the Statement are available on request from the Scheme Administrator, and are available on our member website at www.vaillantpensions.com

As at 5 April 2025, the investment portfolio overseen by SEI, consisted of a range of pooled investment funds and vehicles. Many of the pooled funds are constructed by SEI on a "fund of managers" approach, although non-blended funds are in place for some of the investments where SEI do not feel they can bring competitive advantage using multi-managers.

The Bank of New York Mellon (International) Ltd is the custodian of all assets held on the SEI platform. The following funds have not yet been, or cannot be, re-registered into the Bank of New York Mellon (International) Ltd custody account. The administrators of those funds are shown below:

a) M&G European Loans Fund – State Street Fund International (Ireland) Ltd.
b) M&G Secured Property Income Fund – M&G (Guernsey) Limited.
c) Aberdeen Standard Life Long-Lease Property Fund - The investments with Aberdeen Standard Life are in a Trustees Investment Plan, a form of insurance policy not requiring a custodian.

The fees of the investment managers, custodians and the fiduciary manager were met from the resources of the Scheme.

At the year-end, the Scheme's total net assets (including investment assets placed with the investment managers) are as follows:

Investment Manager	Holding	Assets % (2025)	Assets £ (2025)	Assets % (2024)	Assets £ (2024)
Insight	Fully funded index-linked Gilts (2031-2040)	7.11	30,421,209	-	-
M&G	European Loan	1.55	6,632,828	2.89	13,170,475
M&G	Secured Property Income	3.80	16,250,070	3.56	16,188,427
Aberdeen Standard Life	Long Lease Property	4.32	18,494,937	4.12	18,743,417
SEI	UK Ultra Long Gilts	14.89	63,696,740	18.41	83,811,943
SEI	UK Ultra Long Index- Linked Gilts	4.94	21,115,265	8.67	39,473,305
SEI	UK Credit	14.73	62,980,791	13.93	63,415,925
SEI	UK Long Duration Credit	9.73	41,609,990	10.32	46,980,012
SEI	Emerging Markets Debt (Hedged)	0.87	3,705,710	1.08	4,924,765
SEI	High Yield Fixed Income (Hedged)	1.54	6,606,243	1.82	8,303,647
SEI	Global Managed Volatility (Equity)	9.80	41,921,999	9.88	44,961,827
SEI	Factor Allocation Global Equity	5.76	24,630,720	7.95	36,213,565
SEI	Dynamic Asset Allocation (Equity)	1.00	4,280,536	1.32	5,990,824
SEI	Structured Credit (Alternatives)	2.27	9,705,031	3.57	16,265,076
SEI	Liquid Alternative Fund (Hedged)	0.06	263,876	0.12	563,620
SEI	Global Real Assets	5.56	23,762,349	4.94	22,493,130
SEI	Secured Income	4.50	19,236,133	3.81	17,360,851
SEI	Vista Fund	3.06	13,078,898	2.73	12,425,657
SEI	Cash	2.01	8,580,937	--	-
AVCs*		0.06	274,000	0.09	403,168
Other investment balances and Net	Trustee Bank account, other investment balances net	2.44	10,445,858	0.79	3,607,274

current assets	of investment management expense accruals				
Total		**100.00**	**427,694,120**	**100.00**	**455,296,908**

**AVCs valuation as at 5 April 2025 includes the latest available data from the AVC providers.*

Investment Review

The Trustees review the investment and fiduciary manager performance regularly and are supported in their oversight of this by IC Select (a specialist firm of third party investment consultant and fiduciary manager evaluators). SEI report to the Trustees on at least a quarterly basis.

Investment Performance Objectives

The Trustees appointed fiduciary manager SEI, provides advice to the Trustees on the long-term investment strategy of the Scheme and, in addition, is responsible for managing the Scheme's assets according to the agreed investment policy. This includes fully delegated responsibility for the selection and monitoring of investment managers of pooled funds or within SEI's own multi-manager pooled funds.

The overall objective of the Scheme is to meet the benefit payments promised as they fall due. The Trustees have set the following primary objectives for SEI:

- To outperform gilts by 2.5% p.a. over rolling three-year periods; and
- To only take the level of risk considered to be appropriate to achieve this objective with a target level of a Value at Risk at the 95th Percentile of 10.6% of funding level (This means that the target is for the funding level not to deteriorate by more than 10.6% in a 1:20 market event).

The Trustees' approach to investment strategy is to allocate the assets into the following broad asset categories (all via pooled investment vehicles), to meet the investment objectives:

- Risk Management Pool - these investments exist in the portfolio to manage risk relative to the liabilities. Assets in this pool are those which tend to mirror the liabilities by nature and/or term such as fixed interest gilts, index-linked gilts, UK investment grade corporate bonds and liability driven derivative overlays such as interest rate and inflation swaps. The Trustees will set a target, known as a hedge ratio, for the percentage of the interest rate and inflation risk in the liabilities that will be mirrored in the assets.

- Return Enhancement Pool - these investments exist in the portfolio to generate return relative to the liabilities without a requirement to closely track liability performance. Assets in this pool include, but are not limited to, equities, property, emerging market debt, high yield bonds, commodities, structured credit instruments, hedge funds and infrastructure assets.

The Trustees' investment objective determines the split of assets between these components and within each component. Further to this, the Trustees have a Long-Term Funding Target (which will see the Scheme achieve "low dependency" on the Company for cash contributions) which it aims to reach by April 2034 (or shortly thereafter). This remains a key ongoing discussion item between the Trustee board and the Company along with a preferred "journey plan" which sets out how this split will be adjusted over time as the funding level improves. Recent market events would imply, however, that additional cash contributions will be required after the current deficit recovery plan ends, if the Scheme is to still reach its intention to be fully funded on a "low dependency" basis by April 2034.

SEI are also appointed to invest the Scheme's assets, in accordance with the Investment policy agreed, through:

- Selecting appropriate SEI Funds or external Funds suitable for the Scheme. Defining the allocations to each Fund.
- Making changes and adjustments where appropriate.
- The performance expectation of this process is delivery of the investment objectives of the Scheme.

SEI's objectives are:

- Total assets should outperform the agreed liability gilts benchmark by 2.6% over rolling three-year periods, and
- Manage the assets within the parameters set in the Fiduciary Management Agreement and within agreed risk tolerances.

The Trustees assess the performance of the Scheme's investments in the following groupings consistent with the overall strategy:

- Return-enhancing assets: Are assessed by reference to agreed benchmarks and performance targets set and agreed with each manager.
- Risk-management assets (including LDI): Are compared with benchmarks but the Trustees' main focus is security of cash flows and therefore growth in these assets is less relevant.

High Level Asset Allocation

Category	Allowable Range	At 5 April 2025
Return Enhancing Pool	**37%-57%**	49%
Risk Matching Pool	**43%-63%**	51%

Interest and Inflation rate risk mitigation as at 5 April 2025

The Scheme sets out the target Interest and Inflation "hedge ratio range" it seeks to maintain, within its Statement of Investment Principles. The current "hedge ratio range" is 90%-100%. The table below sets out the actual "hedge" levels of protection that were in place on 5 April 2025.

Risk	Hedge Ratio
Interest rate risk (effective % of interest rate sensitivity in the liabilities that the Portfolio should match)	**95%**
Inflation rate risk (effective % of inflation rate sensitivity in the liabilities that the Portfolio should match)	**95%**

The Trustees receive reports from their investment advisers on a quarterly basis showing actual performance by manager and fund. As the appointed Fiduciary Manager, SEI present to the Trustees on a quarterly basis in terms of overall portfolio performance, individual fund performance against the agreed benchmarks, on matters of compliance and on ESG engagements and voting policies. The Trustees monitor the performance of the Fiduciary Manager against the agreed performance objectives and regularly review the activities of the Fiduciary Manager to ensure that they continue to perform in a competent manner and have the appropriate knowledge and experience to manage the assets of the Scheme.

The Trustees have considered the nature, disposition, marketability, security and validity of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. Further details about investments are given in the notes to the financial statements.

Investment Returns

SEI has estimated that the return from the combined assets for the financial year ended 5 April 2025 was -2.0% compared to a benchmark of -3.6%.

New funds invested into after 5 April 2024 will not show 1 year performance as the funds have not been in place for a full year yet.

This is summarised on the following page:

Asset Category	Asset Class or Fund Name	1 year performance	Benchmark Performance	Performance since inception (31/10/2019)	Benchmark Performance	Allocation
Risk Management Fixed Income (including LDI)	SEI & Insight Liability Driven Investment (LDI) Strategy	-19.99%	-19.99%	-35.26%	-35.26%	26.2%
	SEI UK Long Duration Credit Fund	-5.29%	-5.44%	-5.89%	-6.06%	9.7%
	SEI UK Credit Fund	3.61%	2.47%	2.90%	1.27%	14.7%
Return Enhancing (Equities)	SEI Global Managed Volatility Fund	11.15%	10.58%	7.48%	6.18%	10.5%
	SEI Factor Allocation Global Equity Fund	7.17%	4.87%	11.44%	10.23%	6.3%
	SEI Dynamic Asset Allocation Equity Fund	6.98%	4.25%	11.97%	11.01%	1.1%
Return Enhancing (Alternatives)	M&G European Loan Fund	8.27%	5.04%	4.89%	2.37%	3.1%
	Aberdeen Standard Life Long Lease Property fund	N/A	N/A	N/A	N/A	4.4%
	M&G Secured Property Income Fund	5.66%	3.21%	-0.20%	5.86%	3.8%
	SEI Structured Credit Fund	17.06%	5.04%	12.98%	2.46%	4.4%
	SEI Liquid Alternative Fund	-1.18%	5.04%	5.72%	2.39%	0.1%
	SEI Global Real Assets	5.84%	5.84%	5.77%	5.76%	5.6%
	SEI Secured Income	12.89%	5.05%	10.11%	4.61%	4.6%
	SEI Vista Fund	2.90%	5.05%	2.09%	4.61%	3.0%
Return Enhancing (Fixed Income)	SEI High Yield Fixed Income Fund	7.89%	7.40%	3.65%	3.46%	1.6%
	SEI Emerging Markets Debt Fund	4.48%	4.12%	0.81%	-0.22%	0.9%
Total						**100.0%**

Employer-related Investments

There were no directly held employer-related investments at the year-end (2024: none). There were no indirectly held employer-related investments at the year-end (2024: none).

Compliance Matters - including the Trustees' ESG Implementation Statement

Scheme governance

The Trustees retain direct responsibility for setting investment objectives, establishing risk and return targets and setting the Scheme's Strategic Asset Allocation. To guide them in doing so, the Trustees have established a set of investment beliefs as well as taking those of the Principal Company into consideration.

At the 5 April 2022 actuarial valuation, the Trustees confirmed the long-term funding target (LTFT) agreed with the Company as part of the 2019 actuarial valuation negotiations through a Memorandum of Understanding (MOU). This essentially established a framework for aligning the Technical Provisions with the LTFT over time, with an anticipated end date of April 2034. This target is underpinned by funding measures which are relatively close to a level of funding which would see the securing of all member benefits through an insurance contract, or at the very least continuing without the need for ongoing financial support from the Company (i.e. low dependency basis). The Scheme's financial security is therefore measured by how it is performing against this longer-term target as well as the objective referred to above of reaching full funding on a Technical Provisions basis.

The Trustees closely monitor funding level progression against both targets, and whether the investment portfolio remains appropriate to deliver successful outcomes for both.

Through the Scheme's Integrated Risk Management (IRM) framework, funding and investment risks are regularly considered in the context of ongoing monitoring of the Company's covenant strength (i.e. its ability to continue to fund to meet its obligations to pension scheme members). Regular discussion with the Company on this ensures that the Sponsor understands the strong role that ongoing contributions play in ensuring the Trustees can maintain a lower risk investment approach as the Scheme continues to mature.

SEI, as the Scheme's Fiduciary Manager, is responsible for managing the Scheme's assets according to the agreed investment policy set out in the Fiduciary Management Agreement. This includes fully delegated responsibility for the selection and monitoring of investment managers of pooled funds or within SEI's own multi-manager pooled funds. SEI report to the Trustees on matters regarding portfolio and manager performance, and the Trustees meet with SEI and IC Select on a regular basis to review this.

The Custodian for all assets held on the SEI platform is Bank of New York Mellon (International) Limited. They are responsible for the safekeeping of the Scheme's assets other than M & G European Loans Fund, M & G Secured Property Income Fund, Aberdeen Standard Life Long-Lease Property Fund and Additional Voluntary Contributions insurance policies. The Additional Voluntary contributions other investments are in the form of insurance policies, where the master policy documents are held by the Trustees.

The Scheme Actuary performs a full valuation of the Scheme at least every three years, in accordance with regulatory requirements, as well as providing the Trustees with an estimated funding position on a quarterly basis. The main purpose of the full actuarial valuation (and updates) is to assess the extent to which the assets cover the accrued liabilities and agree an appropriate funding strategy for the Scheme.

Full details of the current funding strategy and contributions payable will be found in the Statement of Funding Principles and Schedule of Contributions respectively.

SEI, in its role as the Scheme's Investment Adviser, provides professional investment advice to the Trustees.

Their role encompasses, but is not limited to, helping the Trustees in formulating investment objectives, advice on investment strategy, and advice on devising an appropriate portfolio structure. The Scheme provides predominantly defined benefits but also provides certain money purchase benefits related to members' additional voluntary contributions ("AVCs").

Responsible Investment

The Trustees believe that responsible investment and good stewardship can enhance long-term portfolio performance and is therefore aligned with their fiduciary duty. Mitigating risk and capturing investment opportunities driven by the integration of ethical and environmental, social and governance ("ESG") and climate-related issues may have a material impact on investment returns across all asset classes. Therefore, the Trustees consider ESG integration to be an important component of their investment strategy.

This is a view shared by the Company, who view sustainability as central to the organisation's long-term vision of "Taking care of a better climate". To support this effort, the Trustees note that the Company has established a strategic programme ("S.E.E.D.S") to deliver on this vision both within the organisation and externally.

The Trustees received additional training on ESG at the stand-alone Board meeting held on 2 December 2024 and considered how ESG is implemented from an investment perspective, the screening approach, and how SEI uses influence and mutual interest when engaging and exercising its voting rights to drive improvements across the underlying companies where investment is being made through the Scheme. The Trustees were also appraised on how SEI's integrated analysis and investment manager research process drives better ESG change. The Trustees (through SEI) have partnered with specialised providers for engagement, pooling SEI's assets with other investors to increase the influence on management of different companies. In addition, SEI is part of Climate Action 100+, an initiative amongst the world's leading institutional investors to ensure that the biggest greenhouse emitters act on climate change. SEI are well placed to drive ESG priorities for their investment and fiduciary management clients.

The Trustees continue to work with SEI and our wider appointed advisers to drive development of the Trustees' knowledge and understanding on ESG, and to better understand what positive action the Scheme can take (as a large investor) to drive further improvements on ESG matters both within the underlying investment managers, and the underlying companies that the Scheme ultimately invests in through our range of pooled funds.

Implementation Statement

Trustees must exercise their powers of investment with a view to giving effect to the policies in the Statement of Investment Principles ("SIP"), so far as is reasonably practical. To boost compliance with the SIP, Trustees are required to produce an Implementation Statement which sets out how they have followed and acted upon their stated investment policies in their SIP.

The Trustees have prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (as amended). The Implementation Statement can be found as Appendix A at the end of this report. Its purpose is to demonstrate how, and the extent to which, the Scheme's Statement of Investment Principles (SIP) dated December 2024 has been followed. This SIP was approved at the March 2025 Trustee Board meeting and signed on 15 April 2025 by the new Trustee Chair. The Trustees also consider how the policies on voting, stewardship and engagement have been followed. This statement covers the period 6 April 2024 to 5 April 2025, and is also available on the Scheme member website by visiting www.vaillantpensions.com

Corporate Governance

The Trustees have examined the issues in relation to corporate governance and on the exercise of voting rights. The Trustees recognise that good corporate governance creates the framework within which a company can be managed in the long-term interests of shareholders. In particular, voting at Annual and Extraordinary General Meetings on the election of directors, the issuance of equity, and the appointment of auditors are seen as fundamental in protecting shareholder interests.

Noting that the Scheme's equity investments are solely in pooled investment vehicles managed by SEI, the exercise of voting rights on matters of corporate governance has been delegated to SEI. As such, voting policy is determined by SEI who are expected to take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. SEI report on their adherence to the UK Stewardship Code on an annual basis. The Trustees will assess the extent to which SEI has complied with the UK Stewardship Code.

All the Scheme's assets, save for insurance policies, are invested in pooled funds. The Trustees have limited influence over the manager's investment practices where assets are held in pooled funds but encourages the manager to improve their environmental, social and governance (ESG) practices within the parameters of their funds. The Trustees have considered the extent to which ESG (including but not limited to climate change) should be considered in the selection, retention and realisation of assets. The Trustees consider that, in the exercise of their investment powers, they should in all circumstances act in the best financial interests of the beneficiaries of the Scheme. Other considerations should be considered only if they have an impact on the best financial interests of the beneficiaries.

The Trustees consider that it is acting in the best financial interests of members by adopting pooled, broadly diversified, passive, low-cost indexed strategies. Therefore, because of this approach, ESG considerations in the selection, retention and realisation of investments are taken into account through the applicable market index security weightings and returns.

The funds in which the Trustees invest do not give fund participants direct voting access to the companies in which they are invested, so the Trustees rely on the investment manager to represent their best interests when voting. Prior to investing in a fund, the stated aim of that fund is reviewed to ensure it aligns with the Trustees' principle in the best financial interests of the Scheme's beneficiaries.

The Trustees' approach in relation to the exercise of rights attaching to the investments is covered in the SIP, which it implements via the appointed investment manager. The Trustees' duty in this regard is to protect and enhance the value of the Scheme's assets.

The SIP also covers the area of voting and seeks that votes should be cast on every issue unless country specific procedures make voting procedurally difficult or uneconomic. The SIP sets out the Trustees' expectations of its investment manager in respect of the UK Stewardship Code.

It is the policy of the Trustees to have all investment assets held by external custodians of good standing.

The investment manager is primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustees' view is that the fees paid to the investment manager, and the possibility of their mandate being terminated, ensure that they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice, the manager cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

The Trustees does not directly incentivise the investment manager to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustees expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment manager. The Trustees expect their investment adviser to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

The Trustees employ SEI to monitor the performance of the Scheme's investment strategy and investment managers. The Trustees receive regular reports from SEI. The Trustees and SEI monitor the investment manager's performance against their performance objectives.

Matters Reported to the Pensions Regulator

The Pensions Regulator was created by the Pensions Act 2004 and is the regulatory body for occupational pension schemes. The Regulator has a defined set of statutory objectives, has wide powers to investigate schemes and where necessary, take action. The Regulator takes a pro-active risk-based approach to regulation and provides practical support to the regulated community. The Trustees are pleased to report that they did not have anything to report to the Pension Regulator within this financial year.

Additional Voluntary Contributions (AVCs)

The Trustees have AVC arrangements with Aviva (previously Friends Life) and Coventry Building Society. No AVC payments have been made since the Scheme's closure to future accrual with effect from 5 April 2015.

The Trustees last reviewed the AVC providers in 2020, taking advice from both Pinsent Masons and SEI about a potential rationalisation of AVC providers. There are no plans to review AVC arrangements again until at least 2026.

Self-Investment and loans

The Trustees confirm that the assets of the Scheme, are invested in accordance with The Occupational Pension Schemes (Investment) Regulations 2005, which restricts employer related investments to not more than 5% of the Fund. Self-investment in Vaillant Holdings Ltd and Vaillant GmbH is not permitted and loans to group companies are prohibited. There are restrictions imposed on how much the investment managers are permitted to invest in shares of their own companies.

Actuarial Matters

As required by Financial Reporting Standard 102, 'Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

When undertaking a full valuation of the Scheme, the Pensions Act 2004 and the Scheme Funding Regulations issued in 2005 require the Trustees to adopt the statutory funding objective i.e. to have sufficient and appropriate assets to cover the 'technical provisions'.

The technical provisions are an estimate of the assets needed to pay the benefits to the Scheme members as they become due, based on a set of assumptions. These assumptions are set out in the Statement of Funding Principles, which is available to members on request.

The most recent triennial valuation was carried out as at 5 April 2022, with the next valuation as at 5 April 2025 currently underway.

At 5 April 2022, there was a deficit of £68.7 million calculated on an ongoing basis, representing a funding level of 90.8% relative to the technical provisions. Under the agreed recovery plan the Company will pay additional contributions to the Scheme until October 2025. These additional contributions are set out in a formal Schedule of Contributions which forms part of the triennial valuation submission to the Pensions Regulator. A summary of the current schedule of contributions is set out in Note 3 on page 40, along with the actuary's certificate on page 32.

The 2022 valuation had an agreed funding objective to reach by October 2025, and to maintain thereafter assets equal to the Technical Provisions assessed on an ongoing basis. Should there still be a technical provisions deficit as at October 2025 (and if at which point the 2025 valuation is still to be finalised), the Company intends to continue to pay contingent contributions of £0.5 million per month until the 2025 valuation has been agreed or there ceases to be a deficit against the Technical Provisions (if earlier). A Memorandum of Understanding (MOU) was agreed between the Trustees and the Company and contains more details about the Technical Provisions objective for 2025 (see further comments below).

At the 5 April 2022 valuation date, the deficit on a wind-up basis (i.e. using more prudent assumptions which are aligned with those which would be used by an insurance company when considering a buy-out of the Scheme's liabilities) was £220.3 million, representing a solvency funding level of 75%.

In addition to the technical provisions funding target, the Trustees and Employer also agreed the LTFT, which more closely targets funding levels towards a full buy-out with an insurance company from 5 April 2034 (and to maintain full funding on this basis until all benefits had been secured).

The MOU was implemented with effect from 5 April 2022 as part of agreeing the overall 2022 valuation package which documents the LTFT (including the date and assumptions underlying it) and the framework for aligning the Technical Provisions with the LTFT. The Trustees will continue to monitor progress against this target. The Trustees and Company will consider options which could include (but are not limited to), a continuation of contributions past October 2025 if the 2025 Valuation has not been agreed and the Scheme remains in deficit against the Technical Provisions, additional contributions, contingent assets, a review of the investment strategy or an extended timescale to achieve full funding (subject to covenant advice) as part of the "journey plan" to achieve this goal.

The Technical Provisions at the valuation date are based on a set of assumptions. The general principles adopted by the Trustees are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions and benefits already in payment to continue to be paid and to reflect the commitments which will arise from members' accrued pension rights.

The liabilities of the Scheme are calculated by projecting forward all the future benefit cash flows and discounting them back to the effective date of the valuation, using the assumptions outlined above.

The majority of benefits in a pension scheme are paid many years in the future, and in the periods both prior to and during which the benefits are paid, Trustees invest the funds with the aim of achieving a return on those funds.

When calculating how much money is needed now to make these benefit payments, it is appropriate to make an allowance for the future investment return that is expected to be earned on these funds. This is known as "discounting". In addition to the discount rate, to calculate the liabilities, the Trustees also need to make assumptions about other factors that affect the costs of benefits provided by the Scheme – for example how long members will live and the future level of inflation.

The method used to calculate the actuarial present value of all future liabilities is referred to as the "Projected Unit" method. The key assumptions made for the valuation as at 5 April 2022 were as shown below. The next actuarial valuation, as at 5 April 2025 is currently underway.

Key Assumptions	
Investment return (pre-retirement)	Nominal gilts yield curve + 1.75% p.a.
Investment return (post-retirement)	Nominal gilts yield curve + 0.5% p.a.
RPI	Market implied inflation curve
CPI	Pre 2030: RPI - 1% p.a. Post 2030: equal to RPI
Salary increases	N/A (Scheme closed to future accrual)
Pension increases (in payment)	
Pre 1997	3.00% p.a. fixed
1997-2003 (CPI minimum 3% p.a. maximum 5% p.a.)	CPI assumption, adjusted for caps and collars for inflation linked pension increases
Post 2003 (CPI maximum 5% p.a.)	
Mortality base table:	S3PA (year of birth) tables (middle for females) with the following weightings and no age adjustments. 111%/108% (non-pensioners males/females) 107%/103% (pensioner males/females)
Future improvements on mortality:	CMI 2021 projections with a long term improvement rate of 1.5% p.a. and smoothing factor/s-kappa 7
Cash Commutation	80% of maximum using an illustrative factor of 22.5 (at 5 April 2022) at Age 65

Actuarial Report as at 5th April 2024

The Actuary is required by law to provide the Trustees with an update of the Scheme's financial position each year when a full three-yearly valuation is not being undertaken.

The latest actuarial report was prepared as at 5th April 2024 and this showed a strong improvement in the funding position of the Scheme over the previous, estimating that the deficit has reduced from £83.9 million at 5th April 2023 (equivalent to a funding level of 85%) to £37.9 million at 5th April 2024 (equivalent to a funding level of 92.3%).

The next full triennial valuation as at 5th April 2025 is currently being undertaken, and the results of this valuation are expected towards the end of 2025. The results will be communicated to Scheme members through a Special Valuation Newsletter in due course.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustees. Pension scheme regulations require, and the trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the scheme will continue as a going concern.

The trustees are also responsible for making available certain other information about the scheme in the form of an annual report.

The trustees have a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The trustees are also responsible for the maintenance and integrity of the www.vaillantpensions.com website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' responsibilities in respect of contributions

The trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the scheme by or on behalf of employers and the active members of the scheme and the dates on or before which such contributions are to be paid.

The trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Approval

The general information included on pages 59 to 62 forms part of the Trustees' Report. The Trustees' Report on pages 5 to 31 is approved by the trustees of the Vaillant Group Pension Scheme and signed on their behalf by:

John Breedon - Chair of the Trustees
Date: 8 October 2025

Mercer

Certificate Of Schedule Of Contributions

Name of the Scheme	Vaillant Group Pension Scheme

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 5 April 2022 to be met by the end of the period specified in the recovery plan.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 31 August 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature	M J Harrison
Name	Michael J Harrison
Date of signing	31 August 2023
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited
Address	1 Whitehall Quay Whitehall Road Leeds, LS1 4HR

Independent auditors' report to the trustees of Vaillant Group Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Vaillant Group Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 5 April 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 5 April 2025; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustees are responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to wind up the scheme, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date:

VAILLANT GROUP PENSION SCHEME
FUND ACCOUNT FOR THE YEAR ENDED
5 APRIL 2025

Note		5 April 2025 £	5 April 2024 £
3	Employer contributions	**6,000,000**	21,850,000
4	Other income	**150,730**	434,669
		6,150,730	22,284,669
5	Benefits paid or payable	**31,956,891**	32,469,334
6	Transfers out to other schemes	**519,063**	161,770
7	Administrative expenses	**84,798**	43,450
		32,560,752	32,674,554
	Net withdrawals from dealings with members	**(26,410,022)**	(10,389,885)
	Net returns on investments		
8	Investment income	**1,887,630**	2,214,953
9	Change in market value of investments	**(1,871,850)**	(740,295)
15	Investment management expenses	**(1,208,546)**	(1,322,582)
		(1,192,766)	152,076
	Net decrease in the fund during the year	**(27,602,788)**	(10,237,809)
	Opening net assets available for benefits	**455,296,908**	465,534,717
	Closing net assets available for benefits	**427,694,120**	455,296,908

The notes on pages 38 to 56 form part of these financial statements.

VAILLANT GROUP PENSION SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 5 APRIL 2025

Note		5 April 2025 £	5 April 2024 £
	Investment assets		
9	Pooled investment vehicles	**408,393,325**	451,286,466
10	AVC Investments	**274,000**	403,168
9	Cash	**8,580,937**	-
11	Other investment balances	**7,281,609**	737,016
	Total net investments	**424,529,871**	452,426,650
16	Current assets	**3,998,294**	3,642,722
17	Current liabilities	**(834,045)**	(772,464)
	Net current assets	**3,164,249**	2,870,258
	Net assets available for benefits	**427,694,120**	455,296,908

The financial statements summarise the transactions of the Scheme and deal with the net assets available for benefits at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which considers such obligations, is dealt with in the report on actuarial liabilities on pages 27 to 29 of the Trustees' Report and these financial statements should be read in conjunction with this report.

The financial statements on pages 38 to 56 were approved by the trustees and signed on their behalf by:

J Breedon **Chairman of the Trustees**	

E Staniland **Trustee**	

Date: 8 October 2025

The notes on pages 38 to 56 form part of these financial statements.

General Information

The Vaillant Group Pension Scheme (the "Scheme") is an occupational pension scheme established as a trust under English law in the United Kingdom. It is governed by a Trust Deed and Rules dated 12 October 1992 and subsequent amendments.

The Scheme was established to provide retirement benefits to certain groups of employees of Vaillant Group. The address of the Scheme's office is Nottingham Road, Belper, Derbyshire, DE56 1JT. The Scheme is a defined benefit scheme, which closed to new members on 5 April 2013 and to future accrual on 5 April 2015.

In accordance with HMRC requirements, the Scheme is registered under Chapter 2, Part 4 of the Finance Act 2004. As a consequence, both employee and employer contributions are normally eligible for tax relief and income and capital gains earned by the Scheme receive preferential tax treatment.

1 Basis of preparation

The individual financial statements of Vaillant Group Pension Scheme have been prepared in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Presentational currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Contributions

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions, or on receipt if earlier with the agreement of the employer. The Schedule of Contributions provides for pre-agreement by Trustees to accept early payment of contributions.

Benefits and payments to and on account of leavers

Payments to members are accounted for in the period to which they relate. Members can choose whether to take their retirement benefits as a pension or as a reduced pension and lump sum. Pensions and lump sums are accounted for on an accruals basis on the later of the date of retirement or the date the option is exercised. Other benefits are accounted for from the date the member leaves service or on death. Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retiring or leaving.

2 Accounting policies (continued)

Transfer values represent the capital sums payable to the pension schemes of new employers for members who have left the Scheme. They take account of transfers where the Trustees of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year-end, and where the amount of the transfer can be determined with reasonable certainty.

Investment income

Income from cash, short-term deposits and annuity insurance policies is accounted for on an accruals basis. Income from pooled investment vehicles is accounted for when declared by the fund manager. Where pooled investment managers reinvest investment income, this is treated as accumulating within the fund value.

Foreign currency translation

Foreign income is translated into sterling at the rate ruling on the date the income is received. Investments and current assets and liabilities denominated in foreign currencies are translated using the sterling rate of exchange ruling at the year-end and movements are accounted for through the change in market value of investments.

Expenses

Investment management expenses and administrative expenses are recognised on an accruals basis.

Investment valuation

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager. The Trustees have decided to exclude the valuation of annuity insurance policies from the financial statements as the value is not considered to be material. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy (note 13). Explanation of the key assumptions underpinning the valuation of investments are included within Note 13.

	5 April 2025	5 April 2024
	£	£
3 Employer Contributions		
Deficit Funding	**6,000,000**	21,850,000

Deficit funding contributions are being paid by the employer into the Scheme in accordance with a recovery plan dated 31 August 2023 in order to improve the Scheme's funding position.

On 31 August 2023, a revised recovery plan was agreed between the Trustees and the Employer. Deficit contributions are due for payment (in equal monthly instalments) under the revised Schedule of Contributions as follows:

1 May 2022 – 30 April 2023	£22,000,000
1 May 2023 – 31 October 2023	£19,350,000
1 November 2023 – 31 October 2025	£12,000,000

4 Other Income

	5 April 2025	5 April 2024
	£	£
Miscellaneous receipts	**74,507**	324,519
Bank interest received	**76,223**	110,150
	150,730	434,669

5 Benefits Paid or Payable

	5 April 2025	5 April 2024
	£	£
Pensions	**29,315,320**	29,005,488
Commutation of pensions and lump sum retirement benefits	**2,575,161**	3,446,541
Lump sum death benefits	**66,410**	17,305
	31,956,891	32,469,334

6 Transfers out to other schemes

	5 April 2025	5 April 2024
	£	£
Individual transfers out to other schemes	**519,063**	161,770

7 Administrative expenses

	5 April 2025	5 April 2024
	£	£
Administration and processing	**10,291**	10,790
Audit fees*	**34,500**	32,660
Government levy – recovered from Vaillant Group	**40,007**	-
	84,798	43,450

* Audit fees of £34,500 (2024: £32,660) will be recovered from the principal employer and are therefore recognised within miscellaneous receipts within note 4

The administration and management of the Scheme is provided by the Principal Employer. The direct costs of employees involved in administration and management are not recharged to the Scheme. The Employer pays all other administrative expenses, except those noted above.

8 Investment income

	5 April 2025	5 April 2024
	£	£
Income from pooled investment vehicles	**1,743,635**	2,172,158
Interest on cash deposits	**7,148**	42,343
AVC Funds disinvested	**136,395**	-
Annuity income	**452**	452
	1,887,630	2,214,953

During the year, the Scheme held units in the Aberdeen Standard Life Long Lease Property Fund, M&G Secure Property Income Fund, and M&G European Loan, the income from which are paid direct to the Trustees' bank account. Income from the Aberdeen Standard Life Long Lease Property Fund comes through the encashment of units (to the same value as that earned from rental incomes), rather than via a traditional income distribution. As such the number of units held within the Aberdeen Standard Life Long Lease Property Fund decreases as income is removed from the underlying fund.

9 Investment assets

	Opening Value at 6 April 2024 £	Purchases at cost £	Sales proceeds £	Change in market value £	Closing Value at 5 April 2025 £
Pooled investment vehicles	451,286,466	62,031,614	(103,038,479)	(1,886,276)	**408,393,325**
AVC investments	403,168	-	(143,594)	14,426	**274,000**
	451,689,634	62,031,614	(103,182,073)	(1,871,850)	**408,667,325**
Cash (awaiting investment by SEI)	-			-	**8,580,937**
Other investment balances	737,016			-	**7,281,609**
Total investment assets	**452,426,650**			**(1,871,850)**	**424,529,871**

The movement in purchases and sales in the year are aligned to the Scheme's investment strategy.

Pooled Investment Vehicles (by type)	**Market Value at 5 April 2025 (£)**	**Market Value at 5 April 2024 (£)**
Bonds	**121,535,563**	136,794,824
LDI	**115,233,214**	123,285,248
Equities	**70,833,254**	87,166,216
Alternatives	**66,046,287**	69,108,334
Property	**34,745,007**	34,931,844
Total	**408,393,325**	**451,286,466**

10 AVC investments

	5 April 2025	5 April 2024
	£	£
Coventry Building Society	**20,541**	29,539
Trustee Bank Account *	**12,316**	11,727
Aviva Life & Pensions UK Limited	**241,143**	361,902
Total AVC assets	**274,000**	**403,168**

*AVC funds previously invested with Yorkshire Building Society were disinvested in 2012 as part of a general review of AVC providers. Two members who did not make an election as to where their disinvested AVC funds should be invested across the remaining AVC providers had their funds retained in the Trustee Bank account where interest has continued to be earned.

AVC Investments

All AVC's, which are all unit linked, are invested in policies which the Trustees hold with Aviva and Coventry Building Society. The AVC investments are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus. All member investments, except the two ex-Yorkshire Building Society policies, are entirely in unit linked funds or deposit funds, which are categorised as Level 1 and Level 2 in the fair value hierarchy. Refer to the fair value determination section further below for an understanding of the fair value hierarchy levels.

11 Other Investment balances

	5 April 2025	5 April 2024
	£	£
Accrued investment income receivable	**661,609**	737,016
M & G Loan disposal proceeds receivable	**6,620,000**	-
	7,281,609	737,016

12 Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are defined by FRS 102 as follows:

Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market Risk

This is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market price. This comprises currency risk, interest rate risk and other price risk:

a) Currency risk: – This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
b) Interest Rate risk: – This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

12 Investment Risks (continued)

c) Other Price risk: – This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from credit risk, interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk within agreed risk limits which are set considering the Scheme's strategic investment objectives. These investment objectives and risk limits are outlined in the Statement of Investment Principles ("SIP") and implemented through the investment management agreements in place with the Scheme's fiduciary manager and investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below and overleaf. This does not include AVC investments nor legacy insurance policies as these are not considered material in relation to the overall investments of the Scheme.

Investment Strategy

The investment overall objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with deficit contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustees, in consultation with the Company, set the investment strategy for the Scheme considering considerations such as the strength of the employer covenant, the long-term liabilities of the Scheme and the funding agreed with the Employer. The Investment Strategy is set out in its Statement of Investment Principles (SIP).

The Trustees' approach to investment strategy is to allocate the assets into the following broad asset categories (all via pooled investment vehicles) to meet the investment objectives:

Risk Management Pool – these investments exist in the portfolio to manage risk relative to the liabilities. Assets in this pool are those which tend to mirror the liabilities by nature and/or term such as fixed interest gilts, index-linked gilts, UK investment grade corporate bonds and liability driven derivative overlays such as interest rate and inflation swaps. The Trustees will set a target, known as a hedge ratio, for the percentage of the interest rate and inflation risk in the liabilities that will be mirrored in the assets.

Return Enhancement Pool – these investments exist in the portfolio to generate return relative to the liabilities without a requirement to closely track liability performance. Assets in this pool include, but are not limited to, equities, property, emerging market debt, high yield bonds, commodities, structured credit instruments, hedge funds and infrastructure assets.

12 Investment Risks (continued)

High Level Asset Allocation

Category	Allowable Range	At 5 April 2025
Return Enhancing Pool	**37-57%**	49%
Risk Management Pool	**43-63%**	51%

The Trustees have also determined that they wish to reduce the interest rate and inflation risk exposure of the Scheme by engaging in a Liability Driven Investment (LDI) Strategy to target a hedge ratio as shown below:

Interest and Inflation rate risk mitigation

The Scheme sets out the target Interest and Inflation "hedge ratio range" it seeks to maintain, within its Statement of Investment Principles. The current "hedge ratio range" is 90%-100%. The table below sets out the actual "hedge" levels of protection that were in place on 5 April 2025.

Risk	Hedge Ratio
Interest rate risk (effective % of interest rate sensitivity in the liabilities that the Portfolio should match)	**95%**
Inflation rate risk (effective % of inflation rate sensitivity in the liabilities that the Portfolio should match)	**95%**

Credit Risk

The Scheme is subject to direct credit risk because it directly holds cash in the Trustees' bank account and the Scheme invests in pooled investment vehicles which comprise unit linked insurance contracts and authorised unit trusts. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled UK corporate bond, fixed interest and index-linked gilts, European Loan, High Yield, Emerging Market Debt, Secured Income and Structured Credit investment vehicles.

The value invested in the aforementioned funds at the year-end amounted to £266m (2024: £294m). Further details of how these risks are managed are provided below.

The Trustees bank account is held with a deposit taking bank who are subject to regulatory oversight. This is the position at the current and previous year end.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Investments backing unit-linked insurance contracts are commingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. The Trustees or SEI also carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

12 Investment Risks (continued)

Indirect credit risk arises in relation to underlying investments held in these funds. This risk is mitigated in the UK corporate bond funds by only holding bonds which are at least investment grade credit rated investments (so typically bonds with credit ratings of BB or above), although the manager does have some flexibility to invest up to 20% of the fund in non investment grade bonds in order to take advantage of certain opportunities, and by diversifying across a number of issuers to minimise the impact of defaults. In the European Loan, Structured Credit, Secured Income and High Yield funds, the underlying holdings are typically below investment grade and hence have a higher risk of default. The Emerging Market Debt fund mainly holds bonds issues by governments of Emerging Market countries, roughly half of which are denominated in US Dollars or Euros (hard currencies) and some denominated in the country's own currency (local currencies). The credit risk associated with these bonds varies considerably by country as some countries are rated investment grade whilst some have very low risk.

Over all the asset classes, credit risk is mitigated through employing skilled managers to select underlying securities and through ensuring high levels of diversification. The elevated level of risk relative to corporate bonds is expected to be rewarded with higher returns over the long term.

Fixed interest and index-linked gilts are also technically subject to credit risk. Whilst the possibility cannot be dismissed entirely, given that the UK government can monetise its debt, an actual default is unlikely.

Pooled Investment Vehicles (by legal nature)	**Market Value at 5 April 2025 (£)**	**Market Value at 5 April 2024 (£)**
Open ended investment company (UCITS compliant)	301,233,079	211,354,185
Open ended investment company (non UCITS compliant)	30,395,177	158,948,853
Unit Trust	16,250,070	16,188,427
Limited Liability Partnership	42,020,062	46,051,584
Unit Linked Insurance	18,494,937	18,743,417
Total	**408,393,325**	**451,286,466**

Currency Risk

The Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled Sterling priced investment vehicles. SEI's current currency hedging policy adopted for the Scheme's assets is to use unhedged investment vehicles for equities but to use hedged investment classes for all other assets. The exception to this is the Emerging Market Debt holding, which is partially hedged, with local currency risk not being hedged but hard currency portion being hedged. The Trustees also invest in a Liquid Alternatives fund which may take currency positions at the discretion of the manager.

12 Investment Risks (continued)

	Direct exposure	Indirect exposure	Hedging	**2025 Net exposure after hedging**	2024 Net exposure after hedging
Pounds sterling (GBP)	273,250,790	50,740,442	-	**323,991,232**	**370,635,251**
Euros (EUR)	14,869,773	-	(46,034)	**14,823,739**	**28,261,813**
US dollars (USD)	108,667,181	-	(48,904,854)	**59,762,327**	**41,442,304**
Japanese Yen (JPY)	4,559,749	-	-	**4,559,749**	**3,581,181**
Other currencies	19,560,478	-	(1,789,554)	**17,770,924**	**20,359,384**
Total	420,907,971	50,740,442	(50,740,442)	**420,907,971**	**464,279,933**
Unhedged foreign currency exposure				**23.03%**	20.17%

Interest Rate and Inflation Risk
The Scheme is subject to interest rate and inflation rate risks because some of the Scheme's investments are held in pooled UK corporate bond funds, fixed interest and index-linked gilts funds or as cash in the Trustees' bank account. These assets are included to mitigate a similar risk in liabilities and, for this reason, some of the gilt funds used provide additional leverage to increase the interest rate and inflation rate exposure. The Trustees are targeting for the assets to have 95% of the interest rate and inflation rate sensitivity of the liabilities (actual levels were 96% at the year-end). If interest rates fall, the value of these bond assets will rise to help match the increase in actuarial liabilities arising from a fall in discount rate. Similarly, if interest rates rise, the bond assets will fall in value as well as the actuarial liabilities because of an increase in the discount rate. If long-term inflation expectations rise then assets will increase but so will liabilities, and if inflation falls then both assets and liabilities will also fall. At year end, the Scheme's bond and cash holdings dedicated to mitigating interest rate and inflation rate risk within the liabilities (the Risk Management Assets) was £232m of total assets (2024: £260m).

Other Price Risk
Other price risk arises principally in relation to the Scheme's equity, liquid alternatives, property, and income generating assets investments held in pooled vehicles.

The Scheme has set a target allocation of 47% total assets to be invested in these asset classes. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investment across various assets.

At year end, the equity, liquid alternatives, property and income generating assets represented 45% of total Scheme assets (2024: 48%). The variance from target allocation is deemed within an acceptable range.

12 Investment Risks (continued)

Other matters

The Trustees, in conjunction with their advisers, continue to monitor the LDI situation closely, regularly reviewing hedging and leverage levels and general portfolio liquidity meaning the Trustees can meet collateral demands at short notice, quickly if necessary. They determine, discuss and agree any actions that are considered to be necessary. They monitor the Scheme's investment portfolio closely through the funding and investment committee, the operational and potential funding impacts on the Scheme, and the covenant of the Employer.

The extent of any impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Through the Scheme's Integrated Risk Management framework (IRM), the Trustees monitor the funding position closely to understand the impact of market changes on both the value of its long-term liabilities and on its investments.

13 Fair value hierarchy

The fair value of financial investments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date
Level 2	Inputs (other than quoted prices) included within Level 1 that are observable for the instrument, either directly or indirectly
Level 3	Inputs which are unobservable, i.e. for which market data is unavailable

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

All investment assets and investment liabilities (not just financial instruments) are allocated a category in the fair value hierarchy using the above hierarchy categories as follows:

		5 April 2025			
		£	**£**	**£**	**£**
		Level 1	**Level 2**	**Level 3**	**Total**
M&G	Property			16,250,070	16,250,070
M&G	European Loan Fund		6,632,828		6,632,828
AB ST LIFE	Long Lease Property Fund			18,494,937	18,494,937
SEI	UK Credit Fund		62,980,791		62,980,791
SEI	UK Long Duration Credit Fund		41,609,990		41,609,990
SEI	UK Ultra Long Gilts Fund		63,696,740		63,696,740
SEI	UK Ultra Long Index Linked Gilts Fund		21,115,265		21,115,265
INSIGHT	Fully Funded Index-linked Gilts (2031-2040)		30,421,209		30,421,209
SEI	Emerging Markets Debt (Hedged)		3,705,710		3,705,710
SEI	High Yield Fixed Income (Hedged)		6,606,243		6,606,243
SEI	Global Managed Volatility (Equity)		41,921,999		41,921,999
SEI	Factor Allocation Global Equity		24,630,720		24,630,720
SEI	Dynamic Asset Allocation (Equity)		4,280,536		4,280,536

13 Fair value hierarchy (continued)

			5 April 2025 (continued)		
		£	**£**	**£**	**£**
		Level 1	**Level 2**	**Level 3**	**Total**
SEI	Structured Credit			9,705,031	9,705,031
SEI	Liquid Alternative (Hedged)		263,876		263,876
SEI	Global Real Assets			23,762,349	23,762,349
SEI	Secured Income			19,236,133	19,236,133
SEI	Vista Fund			13,078,898	13,078,898
SEI	Cash held by SEI	8,580,937			**8,580,937**
SEI	Other investments balances	7,281,609			**7,281,609**
AVCs	AVC Investments	12,316	261,684		**274,000**
	Total investments	15,874,862	308,127,591	100,527,418	**424,529,871**

13 Fair value hierarchy (continued)

		5 April *2024*			
		£	£	£	£
		Level 1	**Level 2**	**Level 3**	**Total**
M&G	Property			16,188,427	16,188,427
M&G	European Loan Fund		13,170,475		13,170,475
AB ST LIFE	Long Lease Property Fund			18,743,417	18,743,417
SEI	UK Credit Fund		63,415,925		63,415,925
SEI	UK Long Duration Credit Fund		46,980,012		46,980,012
SEI	UK Ultra Long Gilts Fund		83,811,943		83,811,943
SEI	UK Ultra Long Index Linked Gilts Fund		39,473,305		39,473,305
SEI	Emerging Markets Debt (Hedged)		4,924,765		4,924,765
SEI	High Yield Fixed Income (Hedged)		8,303,647		8,303,647
SEI	Global Managed Volatility (Equity)		44,961,827		44,961,827

13 Fair value hierarchy (continued)

		5 April 2024			
		£	**£**	**£**	**£**
		Level 1	**Level 2**	**Level 3**	**Total**
SEI	Factor Allocation Global Equity		36,213,565		36,213,565
SEI	Dynamic Asset Allocation (Equity)		5,990,824		5,990,824
SEI	Structured Credit			16,265,076	16,265,076
SEI	Liquid Alternative (Hedged)		563,620		563,620
SEI	Global Real Assets			22,493,130	22,493,130
SEI	Secured Income			17,360,851	17,360,851
SEI	Vista Fund			12,425,657	12,425,657
SEI	Other investment balances	737,016			737,016
AVCs	AVC Insurance policies	11,727	391,441		403,168
	Total investments	748,743	348,201,349	103,476,558	452,426,650

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, standard valuation techniques are adopted, and the vehicles are included in level 3 at fair values based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information as appropriate. The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustees. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 5 April 2025 or 5 April 2024.

14 Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme were:

	2025		2024	
	Value £	**%**	Value £	%
UK Credit Fund	**62,980,791**	**14.73**	63,415,925	13.93
UK Long Duration Credit Fund	**41,609,990**	**9.73**	46,980,012	10.32
UK Ultra Long Gilts Fund	**63,696,740**	**14.89**	83,811,943	18.41
UK Ultra Long Index Linked Gilts Fund	**21,115,265**	**4.94**	39,473,305	8.67
Global Managed Volatility (Equity)	**41,921,999**	**9.80**	44,961,827	9.88
Factor Allocation Global Equity	**24,630,720**	**5.76**	36,213,565	7.95
Fully Funded Index-linked Gilts (2031-2040)	**30,421,209**	**7.11**	**	**
Global Real Assets Fund	**23,762,349**	**5.56**	**	**

- ** Not disclosed as the 5 April 2024 value was below 5%.

15 Investment management expenses

	5 April 2025	5 April 2024
	£	£
BNY Mellon expenses - custody	**26,748**	27,540
SEI Investments (Europe) Limited – administration and management	**1,181,798**	1,295,042
	1,208,546	1,322,582

Investment transaction costs

Investment management expenses and fiduciary management fees are charged directly to the Scheme. Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation note 9. Transactions costs include costs charged directly to the Scheme such as fees, commission, stamp duty and other fees. In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. It is not possible for the Trustees to quantify such indirect transaction costs. Direct transaction costs incurred are analysed as follows:

	5 April 2025	5 April 2024
	£	£
Transaction costs – pooled investments disposal	**-**	124,163

16 Current assets

	5 April 2025	5 April 2024
	£	£
Cash balances	**3,933,710**	3,581,444
Audit fees recoverable from Vaillant Holdings	**34,500**	32,660
VAT receivable	**30,084**	28,618
	3,998,294	3,642,722

17 Current liabilities

	5 April 2025	5 April 2024
	£	£
Tax deducted from pensions	**488,063**	426,487
Investment management expenses accruals	**310,596**	308,112
Administrative expenses accruals	**34,500**	32,660
AVC Benefit control	**886**	5,205
	834,045	772,464

18 Related party transactions

Related party transactions and balances comprise:

Key management personnel

During the Scheme year, three of the Trustees are members of the Scheme (2024: three), two of whom (2024: two) were in receipt of a pension from the Scheme, and one deferred member (2024: one) who are yet to start receiving benefits.

Employer and other related parties

With the exception of the expenses included in notes 7 and 15, all other expenses were met by the Principal Employer without recharge to the Scheme. Trustees not currently employed by the Vaillant Group received fees of £91,453 (2024: £65,240) and are included in the Scheme costs met by the Principal Employer noted above. Note that the increase from 2024 relates to a period whereby the Principal Employer was paying two Independent Trustees due to the necessary handover period.

As the actuarial liability deficit is being recovered over the long-term, the Scheme must have the support of Vaillant Holdings Ltd and Vaillant GmbH (the 'Companies'). It is important that Vaillant Holdings Ltd and its subsidiaries retain their value so that Vaillant Holdings Ltd can meet any deficit in the Scheme. The Trustees and the Companies entered into a binding agreement (known as a 'Negative Pledge') to ensure that the value of Vaillant Holdings Ltd and its subsidiaries can be monitored by the Trustees and cannot be materially reduced, by the actions of the Companies, unless Vaillant GmbH or any other member of the Vaillant Group have sought the prior written consent of the Trustees. The Negative Pledge also includes a mechanism that provides additional cash contributions to the Scheme should the Company breach the agreement and trigger an additional contribution.

19 Guarantee Minimum Pension (GMP) Equalisation

In October 2018, the High Court ruled that benefits provided to members who had contracted out of their scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. The High Court has since determined, in November 2020, that Trustees owed a duty to a transferring member to make a transfer payment which reflected the member’s right to equalised benefits.
Where the initial transfer payment was inadequate on this basis the Trustees are under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member. Following the rulings, the Trustees will need to equalise guaranteed minimum pensions between men and women.

This project is well underway, with Phase 1 being completed in November 2021 which resulted in most pensioners who retired before 5 April 2021 receiving communications as to the results of their calculation. Any “top-up” payments (including backdated awards) were made along with their November 2021 instalment of pension, with the uplifted pension continuing for the rest of their life. Phase 2, which is to equalise current deferred members at the point of retirement, is due to complete in quarter 3 of 2025 with Phase 3, being a sweep up of those who retired after April 2021, due to be picked up immediately afterwards. The Trustees have also commenced work on members who have transferred-out from the Scheme into an external arrangement since 1990 and aim to make any possible settlements during 2026.

Except as noted above and in note 22, the Scheme had no other contingent liabilities at the year-end (2024: none).

20 Capital commitments

There are no outstanding capital commitments as at 5 April 2025 (2024: Nil).

21 Employer-related Investments

There were no directly or indirectly held employer-related investments at the year-end (2024: none).

22 Virgin Media case

In June 2023, the High court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal, and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The case has the potential to cause significant issues in the pensions industry although a more recent Government press release in June 2025 announced its intention to introduce legislation in response to the ‘section 37’ matters arising from the *Virgin Media* legal decision, which intends to “*give affected schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards*.”

The Trustees will investigate the possible implications on the Scheme with its advisers as the promised legislation and supporting regulations emerge. Whilst it is not possible, at present, to estimate the potential impact, if any, on the Scheme, the Trustees see this pragmatic intervention from the Government as helpful as it will likely remove much of the work and cost that was previously anticipated in dealing with the Virgin Media ruling.

23 Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

Independent auditors’ statement about contributions to the trustees of Vaillant Group Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions required by the schedule of contributions for the scheme year ended 5 April 2025 as reported in Vaillant Group Pension Scheme’s summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the scheme actuary on 31 August 2023.

We have examined Vaillant Group Pension Scheme’s summary of contributions for the scheme year ended 5 April 2025 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme under the schedule of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the trustees in respect of contributions

As explained more fully in the statement of trustees’ responsibilities, the scheme’s trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by employers in accordance with relevant requirements.

Auditors’ responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date:

VAILLANT GROUP PENSION SCHEME

SUMMARY OF CONTRIBUTIONS PAYABLE FOR YEAR ENDED 5TH APRIL 2025

	Employer £
CONTRIBUTIONS REQUIRED BY THE SCHEDULE OF CONTRIBUTIONS	
Deficit funding	**6,000,000**
TOTAL (AS PER FUND ACCOUNT)	**6,000,000**

Approved by the Trustees and signed on their behalf by:

PAN UK Trustee LLP (represented by J Breedon) Chair of the Trustees	
Emma Staniland Trustee	

Date: 8 October 2025

General Information

Getting in contact

Members can obtain information about their own pension benefits or further information about the Scheme from the Pensions Department at the following address:

Nottingham Road, Belper,
Derbyshire DE56 1JT
Email: Steve.Tickner@Vaillant-group.com Tel: 01773 596048
www.vaillantpensions.com

Copies of the Scheme's documentation are available for reference at the same address, or for retention at a small charge.

Tax status of the Scheme

The Scheme is a final salary pension scheme and is registered under Chapter 2 of Part 4 of the Finance Act 2004. Registration confers certain tax advantages on the provision of retirement benefits and limits the amount and form of the benefits that may be provided. To the Trustees' knowledge there is no reason why such a registration should be prejudiced or withdrawn.

Data Protection (and General Data Protection Regulations "GDPR")

The Scheme is registered with the Office of the Information Commissioner as required by the Data Protection Act 1998 regarding the information it holds for the management of the pension scheme.

Flexible Retirement Advice

To help with your decision making, **Vaillant Group are paying** for Origen to provide you with advice on your options at retirement. The advice they provide will be tailored to you and will be completely unbiased and entirely confidential. The amount they get paid by the Company is the same regardless of the decision you make.

More information about Origen and their advice service is available from the administration team on request. Alternatively, you can call the Vaillant Group helpline at Origen directly on **0800 470 0520**. If you have your own adviser or prefer not to use Origen then you can do so. However, Vaillant will only pay for the advice provided by Origen. Please make sure that your adviser is authorised by the Financial Conduct Authority (FCA). You can check this on their website www.fca.org.uk. For more help finding an advisor you could contact MoneyHelper at www.moneyhelper.org.uk

Vaillant will pay for advice with Origen once. If you decide you are not ready to retire yet, and go through the advice process again in the future, then you will have to pay for the second session yourself (albeit at reduced rates negotiated by the Company).

Pension Increases

Pensions in Payment

Rule G1:01 of the Trust Deed and Rules states that "a pension in the course of payment shall be increased on each 1st January" as follows:

a) For Pensionable Service up to and including 5th April 1997 by 3%; and

b) For Pensionable Service between 6th April 1997 and 5th April 2003 by the "appropriate percentage" as defined in Section 54 of the Pensions Act 1995 (limited price indexation) subject to a minimum of 3% and a maximum of 5%; and

c) For Pensionable Service after 6th April 2003 by the "appropriate percentage" as defined in Section 54 of the Pensions Act 1995 (limited price indexation) subject to a maximum of 5%.

For the increase being applied with effect from 1st January 2025, the appropriate percentage is taken to be the annual increase in the Consumer Prices Index (CPI) as at 30th September 2024, subject to a minimum of 0%. The 12-month CPI rate to 30th September 2024 was 1.7%.

The respective increases applied to the three tranches of pensionable service noted above at 1 January 2025 are therefore as follows:

a) 3%
b) 3%
c) 1.7%.

Pension payments at the increased rate due on 1st January 2025 were credited to pensioners' bank accounts on 31st December 2024. Confirmation that the increases have been applied were communicated to all members in their January 2025 payslips, which were issued ahead of the first instalment of the increased pension being paid.

Rule G1:02 of the Trust Deed and Rules states that "If the Principal Employer so agrees, the Trustees may make additional increases to some or all of the pensions in payment.". No discretionary increases have been granted in the year to 5th April 2025.

Deferred Pensions

Guaranteed Minimum Pensions included in deferred pensions are subject to the statutory increases introduced by the Social Security Pensions Act 1975. The remainder is increased by the lesser of the increase in inflation and 5% per annum compound over the whole period of deferment.

The Trustees have power under the rules of the Scheme to grant discretionary increases to deferred pensions. No discretionary increases have been granted in the year to 5th April 2024.

Cash Equivalent Transfer Values (CETVs)

CETVs with respect to transfers out do not include any discretionary benefits and have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993.

Pension Tracing Service

The Pension Tracing Service® is a trading style of Better Retirement Group Ltd and has been in operation since 2012 however, they do liaise with the DWP and HMRC to help trace pensions where necessary.

If you would rather use the Government's service see
www.gov.uk/find-pension-contact-details

Any queries to the Pension Tracing Service should be addressed to:

Pension Tracing Service
400 Pavilion Road
Northampton
NN4 7PA
Telephone: 0800 1223 170
Outside UK: +44 (0)1782 389 13445 6002 537
Phone lines open 9.00am – 5.30pm Monday to Friday
Website: www.pensiontracingservice.com

The Scheme's particulars, including details of the address at which the Trustees may be contacted have been registered with the service.

Money Helper (previously The Pension Advisory Service (TPAS))

Any concern connected with the Scheme should first be referred to the Secretary to the Trustees at the Scheme's address. The Money And Pensions Service (known as Money Helper) are also available at any time to assist members and beneficiaries of the Scheme in connection with any pension query they may have, or difficulty that they have failed to resolve with the Trustees or Scheme Administrators. Their contact details are:

The Money & Pensions Service
120 Holborn
London, EC1N 2TD
https://www.moneyhelper.org.uk/

Pensions Helpline: 0800 011 3797
Overseas Helpline: +44207 932 5780
Helpline for Self Employed: 0345 602 7021
Phone lines open 9.00am – 5.00pm Monday to Friday. Calls are free.

Internal Disputes Resolution Procedure (IDRP)

The vast majority of queries and concerns can be dealt with by the Scheme Administrators if, as and when they arise. However, if members feel they need to make a formal complaint they can do this via the Scheme's IDRP. In accordance with the Pensions Act 1995 the IDRP has been agreed by the Trustees, and details of this procedure are available to members and beneficiaries on written request to the Secretary to the Trustees.

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, having gone through the Scheme's IDRP, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving the Scheme. The address is:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

https://www.pensions-ombudsman.org.uk/

Telephone: 0800 917 4487
Phone lines open 9.00am – 5.00pm Monday to Friday

Or you can email them at enquiries@pensions-ombudsman.org.uk

<u>VAILLANT GROUP PENSION SCHEME</u>

<u>Implementation Statement – year ended 5 April 2025</u>

Trustees must exercise their powers of investment with a view to giving effect to the policies in the Statement of Investment Principles ("SIP"), so far as is reasonably practical. To boost compliance with the SIP, Trustees are required to produce an Implementation Statement which sets out how they have followed and acted upon their stated investment policies in their SIP.

The Trustees have prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (as amended). Its purpose is to demonstrate how, and the extent to which, the Scheme's Statement of Investment Principles (SIP) documents dated December 2021 and December 2024 (the latter which was signed on 15 April 2025) have been followed, if there have been any reviews of the document (of which there were none during the year ended 5 April 2025) and how policies on voting, stewardship and engagement have been followed. This statement covers the period 6 April 2024 to 5 April 2025, and is also available on the Scheme member website by visiting www.vaillantpensions.com

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

i. The Scheme only invests via pooled investment funds, meaning that the Scheme's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Trustees still monitor and engage as much as possible.

ii. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.

iii. SEI, the Scheme'sFiduciary Manager, or the investment manager of a third-party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.

iv. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist proxy voting service provider for voting and engagement services.

v. SEI will report on voting and engagement activity to the Trustees on a periodic basis together with its adherence to the UK Stewardship Code. The Trustees will consider whether the approach taken was appropriate or whether an alternative approach is necessary. The Fiduciary Manager is a signatory to the UK Stewardship Code.

vi. The Trustees will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors.

The Trustees are of the opinion that this policy has been followed during the year. In particular:

- The Trustees have received and reviewed quarterly reports from SEI that set out
  - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issues to which the votes relate are provided.
  - The number of companies engaged and the number of milestones achieved by engagement issue.
- The Trustees reviewed the above quarterly reports throughout the Scheme year and monitored performance. The Trustees were satisfied with the content of the reports and that SEI's performance was in line with the SIP and the Trustees' expectations.
- The Trustees have considered SEI's voting practices and stewardship policies noting that they are a signatory to the UN Principles for Responsible Investment.
- The Trustees have a process in place to review SEI's performance against objectives, including ESG factors.

SEI's engagement priorities for the period under consideration included:

- Climate Change
- Sustainable Agriculture
- Modern Slavery
- Future of Work
- Board Governance

SEI's engagement efforts are primarily focused on public equities; however, many companies represented in these engagement efforts are also held in fixed income strategies. SEI believes that these fixed income funds also benefit from the positive progress that results from productive shareholder engagement. The engagement on climate change through SEI's collaboration with their engagement partner spans both equity and fixed income.

In light of the above and otherwise, the Trustees have considered their policy in regard to voting and stewardship and concluded that:

- SEI's voting and stewardship policies and implementation on behalf of the Trustees remain aligned with the Trustees' views on these matters.
- The current policy is appropriate and no further action is required at this stage, albeit the Trustees will continue to monitor the performance of this policy and SEI's performance in the future.

B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider, namely Glass Lewis as a proxy for all voting. SEI provide the Specialist provider with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 6 April 2024 to 5 April 2025, across the Scheme's holdings[1] SEI voted as follows, including the percentage of overall votable items voted on:

Fund Name	**Global Managed Volatility (Equity)**	**Global Factor Allocation Equity (Equity)**	**Dynamic Asset Allocation (Equity)**
ISIN	IE00B19H3542	IE00BDD7WJ18	IE00B5NNKL10
Number of Votable Meetings	519	740	657
Number of Votable Items	6756	13740	14205
% of Items Voted	95%	97%	91%
For	89%	89%	92%
Against	11%	9%	8%
Abstain/ Withheld/ Other	0%	2%	0%
% of votes with management	90%	90%	93%
% of votes against management	10%	9%	7%
% of votes other	0%	1%	0%
Voting Against/Abstain by Category			
Capital Related	6%	8%	5%
Board/Directors/Governance	46%	52%	49%
Remuneration Related	15%	13%	24%
Shareholder Proposals	28%	20%	20%

[1] SEI has shown voting data for the relevant quarters the fund was invested in.

Other	5%	7%	3%

C. Significant Votes

Highlights of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they may have a material impact on the company or the wider community. SEI selects votes based on one or more of the following criteria:

- Votes SEI considers to be high profile which have such a degree of controversy that there is high client and/ or public scrutiny.
- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to SEI's thematic priorities as described in Section A.

To date, the Trustees have accepted SEI's position on what constitutes a significant vote, but this will be kept under consideration.

Company Name	Held in Fund(s) (% size of holding)[2]	Theme	Date of Vote and Outcome	Vote Decision and Significance of vote
Tesla Inc	Dynamic Asset Allocation (<0.5%)	Board Governance	Date: 13/06/2024 Outcome: Against	Voted For the proposal to request that Tesla Inc annually report on the effectiveness and outcomes of its efforts to prevent harassment and discrimination. The Company's management of issues related to the prevention of harassment and discrimination have come under question, given ongoing claims made by employees. The U.S. Equal Employment Opportunity Commission filed a lawsuit claiming that Black employees at the Company's Fremont, California, manufacturing facilities have routinely endured racial abuse, pervasive stereotyping, and hostility; 240 Black factory workers have filed testimonies in California's Alameda County Superior Court seeking class action status for alleged racial discrimination. This vote is deemed significant as a failure to adequately address matters related to harassment and discrimination could result in significant difficulties attracting and retaining employees, fines or lawsuits, and, ultimately, the erosion of shareholder value.

[2] % holding as at last day of the quarter in which vote occurred.

Company Name	Held in Fund(s) (% size of holding)[2]	Theme	Date of Vote and Outcome	Vote Decision and Significance of vote
				A public report such as the one requested would assist shareholders in assessing whether Tesla Inc is improving its workforce management.
Toyota Motor Corporation	Dynamic Asset Allocation (<0.5%) Global Managed Volatility (<0.5%) Factor Allocation Global Equity (<0.5%)	Board Governance	Date: 14/06/2024 Outcome: For	Voted Against the proposal to Elect Akio Toyoda who has served as the top management of the Toyota Motor Corporation since June 2009. In recent years a series of fraudulent activities has come to light within the Toyota Group. Shareholders should be concerned about any instances of improper practices that do not align with the appropriate laws and regulations as such matters may expand in scale and prove to dampen shareholder value. These incidents raise serious concerns about the effectiveness of internal controls, governance structure, compliance awareness, and risk management within the Toyota Group. This vote is deemed significant as members of the board bear the responsibility of ensuring that the Group maintains appropriate internal controls as well as fair and reliable public disclosure. Mr. Toyoda holds responsibility for failing to ensure that the Group maintained appropriate internal controls and for the failure to ensure appropriate governance measures were implemented at Group companies. Moreover, given the widespread occurrence of issues throughout the Toyota Group, this further raises questions concerning the corporate culture which has developed under the leadership of Mr. Toyoda.
Boeing Co.	Dynamic Asset Allocation (<0.5%)	Climate Change	Date: 17/05/2024 Outcome: For	Voted For the proposal that Boeing Co. adopt a value chain emission reduction target covering all non-de minimis emission categories in alignment with the Paris Agreement. The adoption of this precatory proposal could help the Company mitigate potential material regulatory risks. The Company's current disclosures lack forward-looking and quantitative action plans to reduce value chain emissions in line with the Paris Agreement’s goal of limiting global warming to 1.5 degrees Celsius. While the Company supports the commercial aviation industry’s ambition to achieve net zero emissions by 2050, the Company does not have a value chain emissions reduction target covering its own enterprise. This vote is deemed significant as it is prudent for management to assess its potential exposure to all risks, including

Company Name	Held in Fund(s) (% size of holding)[2]	Theme	Date of Vote and Outcome	Vote Decision and Significance of vote
				environmental and social concerns and regulations pertaining thereto in order to incorporate this information into its overall business risk profile. By setting Paris-aligned emission reduction targets across its full value chain and providing a comprehensive transition plan, the Company can improve against peers, prepare for regulation, and position itself to maximize benefits from climate-related opportunities. Boeing Co. has a high ESG risk rating.
Vedanta Ltd	Factor Allocation Global Equity (<0.5%)	Board Governance	Date: 17/07/2024 Outcome: For	Voted Against the proposal to Elect Anil Kumar Agarwal as it was revealed by the Organized Crime and Corruption Reporting Project ("OCCRP") that in January 2021 chair Anil Agarwal wrote to the then Indian Environment Minister to increase the threshold which mining production would not be subject to environmental clearances to 50%. Subsequently in April 2022 the environmental ministry released a memo allowing mining production to proceed without public hearings for operations at or below 40% capacity. For operations between 40% and 50% only written feedback is required rather than a full public forum. This change potentially makes it easier for mining companies to increase production without extensive public scrutiny. This vote is deemed significant as such activity presents legal and regulatory risks, as well as potentially breaching the Company's anti-corruption and ESG policies. In addition, it exposes potential weaknesses in the governance structure if senior board members can personally advocate on matters that should be within the remit of board sub-committees (e.g. the ESG committee). This matter, in conjunction with the Company's sizable political donations, indicates a concerning trend that the Company has not sufficiently addressed.
Coles Group Limited	Dynamic Asset Allocation (<0.5%) Factor Allocation Global Equity (<0.5%)	Environmental Governance	Date: 12/11/2024 Outcome: N/A	Voted Against the proposal that the Company cease to procure farmed salmon for its Own Brand products from Macquarie Harbour in Tasmania by no later than 30 April 2025. The Maugean Skate population has declined to just 40-120 adults, with the species on the brink of an extinction event, and removal of salmon farming from Macquarie Harbor has been deemed an urgent priority. The Company said it has steadily reduced the volume of salmon it sources from Macquarie Harbour, with plans to continue this trajectory, which is

Company Name	Held in Fund(s) (% size of holding)[2]	Theme	Date of Vote and Outcome	Vote Decision and Significance of vote
				welcome, but the Company has not committed to completely removing Macquarie Harbour salmon from its product range by a specific date. This vote is deemed significant as the level of reputational risk that the Company exposes itself to from continuing to sell this product is high. However given that the Company indicates a willingness to both monitor and disclose its nature-related impacts, as well as to comply with any government regulations regarding seafood farming in Macquarie Harbour, it can be deemed not an issue that has been mismanaged by the Company or that its current efforts present an imminent risk to shareholder value.
Fox Corporation	Dynamic Asset Allocation (<0.5%) Global Managed Volatility (<0.5%) Factor Allocation Global Equity (<0.5%)	Board Governance	Date: 29/10/2024 Outcome: For	Voted Against the proposal for the approval of Executive Pay Package for the former chief legal and policy officer's departure from his position. In August 2023, the company's chief legal and policy officer, Viet D. Dinh, stepped down from his position after the company entered a defamation settlement that forced its payment of $787.5 million to Dominion Voting Systems. As reported by the Wall Street Journal among other news outlets, "Dominion Voting Systems accused Fox News of airing false claims that the voting-machine company’s technology helped rig the 2020 presidential election in favour of President Biden. Fox, in its defence, said it was covering newsworthy election-fraud claims." Mr. Dinh's legal strategy of refusing to settle with Dominion Voting Systems sooner is seen as a key reason for the resulting cost to the company and shareholders and the substantial reputation damage to both Fox News and Fox Corp. As part of a Transition and Separation Agreement, Mr. Dinh would be paid a lump sum of $23 million. This vote is deemed significant as the widely reported cost to the Company and shareholders through a legal settlement and reputational damage is excessive and the quantum of the separation-related payments is inappropriate.

D. Engagement Activity

A highlight of some of the engagements during the period are shown in the table below. SEI conducts shareholder engagement collaboratively through third party specialists Sustainalytics and Columbia Threadneedle Investment reo©. Each case study describes a milestone achieved relating to their engagement priorities as described in section A.

Company Name	Held in Fund(s)	Theme	Objective	Description
Vistra Corp	Dynamic Asset Allocation Factor Allocation Global Equity Global Managed Volatility	Material risk – Carbon own operations	Provide disclosure that provides investors with a full overview of material ESG risks, main mitigation strategies and performance	Vistra is a leading U.S. integrated retail energy provider and power generation company based in Texas, serving four million residential, commercial and industrial retail customers and is also the largest competitive power generator in the U.S. Sustainalytics began engaging with the company in 2021 under their material risk program promoting disclosure that provides investors with a full overview of material ESG risks, main mitigation strategies and performance. Since first engaging with Sustainalytics, Vistra has announced a long-term goal to achieve net-zero carbon emissions by 2050, assuming advances in technology and supportive public policy. The company states this goal will be science based and will include scope 3 emissions. Additionally, Vistra hired a new chief strategy and sustainability officer as well as a senior director of sustainability and strategy in late 2022. In Q2 of 2024 Sustainalytics held a call with Vistra where they agreed to open the engagement calls to investor participation and also agreed to participate in Sustainalytics' net zero transition engagement program. During the call Sustainalytics recommended that Vistra seek external audit of its environmental management system along with certification to ISO 14001 and disclose external audit frequency and corrective actions to stimulate continual improvement. In addition, it was recommended that the company disclose training and awareness programs for employees and internal and external communications on environmental management. Sustainalytics will hold a follow up call with the company in Q3 of 2024.

Company Name	Held in Fund(s)	Theme	Objective	Description
Mowi ASA	Dynamic Asset Allocation	Thematic engagement – Biodiversity and Natural Capital	Achieve full alignment with the Global Biodiversity Framework and leverage comprehensive understanding of biodiversity impacts and dependencies to establish and disclose science-based targets to effectively address them.	Based in Norway, Mowi is one of the world's largest producers of Atlantic salmon. As a vertically integrated company, Mowi's operations span from brood stock to sales, playing a crucial role in the seafood industry. Mowi has demonstrated leadership in biodiversity management by disclosing a detailed Biodiversity Framework and publishing a comprehensive Taskforce for Nature-related Financial Disclosures (TNFD)-aligned report. These documents reflect the company's advanced understanding of its biodiversity impacts, dependencies and risks. Mowi's Biodiversity Framework outlines policies, mitigation actions, and targets, and provides scenarios that illustrate financial risk and opportunity related to biodiversity. However, despite these strengths, the company continues to face significant challenges, particularly related to disease outbreaks at its farms. To address these challenges, Mowi shared they are implementing a post smolt strategy to reduce the time salmon spend at sea, thereby minimizing their exposure to risks such as diseases linked to changes in sea temperature. During a conference call in Q3 with Nordic Engagement Collaboration and Sustainalytics, Mowi presented an overview of its sustainability progress. The company touched on various topics, including the health of their marine sites, freshwater usage and fish welfare. Sustainalytics plans to follow up with Mowi in Q1 of 2025 to continue the discussion on setting science-based targets for its land and freshwater impacts as well as being involved in the development of the upcoming ocean targets methodology.
Uber Technologies, Inc.	Dynamic Asset Allocation	Standards – Data privacy and security	Improve privacy program in line with regulatory requirements and international norms including implementation of measures to ensure	Sustainalytics has been engaging with Uber since 2019 through its global standards engagement program following two major cybersecurity incidents and failing to protect the privacy of its drivers and customers. Since engagement Sustainalytics reports that Uber has introduced key governance improvements to ensure oversight of data privacy and security; notably a chief privacy officer and formal inclusion in its audit

Company Name	Held in Fund(s)	Theme	Objective	Description
			and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security of user data, and appropriate processing and use of data. Improve public disclosure to provide transparency on progress toward improvement and preparedness to manage related risk exposure.	committee charter of responsibility for privacy matters. The company has adopted Privacy by Design methodology and the use of privacy impact assessments, ISO 27001 certification, and improved disclosure on these aspects. Uber has also made a culture change, a clear component of its privacy management, including training and its Privacy Champions program. Sustainalytics reports that in the last few years Uber has shown significant progress in its data privacy and security management approach. The company has aligned its policies with best practice and introduced improvements to its governance of this material ESG issue at board and executive levels. Uber has taken steps to provide more detailed reporting on its data privacy and security practices, including relevant KPIs, this improved access to information also extends to its users. Due to the measures taken by the company to improve its management of data privacy and security, Sustainalytics decided to resolve the case.
K+S AG	Factor Allocation Global Equity	Material Risk – Carbon and Community Relations	K+S is encouraged to provide investors with consistent ESG disclosures and robust performance management across all material ESG issues. Additionally, the company should disclose a comprehensive climate transition plan with a clear decarbonisation roadmap.	K+S is a German agricultural chemical company which mainly produces fertilizer and salt and also works in waste disposal and recycling. K+S operates in an energy-intensive industry, facing significant challenges in aligning with Germany's net-zero emissions target by 2045. The transition from fossil fuels to electrification and renewable energy demands substantial investments in energy efficiency, combined heat and power systems, and low-carbon technologies. Sustainalytics initiated engagement with K+S in May 2020, beginning with an introductory call that explored the company’s environmental management, greenhouse gas (GHG)(emissions, environmental impact of fertilisers, community relations, and business ethics. Sustainalytics reports that K+S linked its ESG performance metrics to executive pay in 2023, introducing three new sustainability goals with equal weight in the long-term incentive plan for the board of executive directors. K+S has also updated and increased the ambition of its interim 2030 and 2040 emissions reduction

Company Name	Held in Fund(s)	Theme	Objective	Description
				targets, aiming for climate neutrality by 2045 in alignment with Germany's net-zero commitment. According to Sustainalytics, the company provided reasonable insights into its net zero strategy, reduction trajectory, and key decarbonisation levers. K+S also published a Negative Declaration Hazardous Waste document in 2024, outlining its waste management approach and monitoring via environmental data management software. Sustainalytics reports that the company is progressing steadily in the execution and implementation phase of its climate and broader sustainability strategy, delivering measurable outcomes and enhanced disclosures aligned with established reporting standards. In response to this meaningful progress, Sustainalytics resolved this engagement in Q4 2024.