

ZF UK Pension Plan

(Plan Registration Number 12009911)

Annual Report For The Year Ended
31 March 2026

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The Trustee's Report

Introduction

This report relates to the operation of the ZF UK Pension Plan ("the Plan") during the year ended 31 March 2026.

The Plan was established and governed by a Trust Deed dated 6 August 2014 and subsequent amendments. The Plan was a contracted-out salary related scheme. The Plan is a registered pension scheme under Schedule 36 of the Finance Act 2004. It was registered with Her Majesty's Revenue and Customs (HMRC) on 11 August 2014.

The Plan was formerly known as the TRW Pension Plan. All sections of the Plan were closed to any future accrual from 5 April 2024.

Details of the Plan's benefits can be found on the Plan website (www.zfukpensions.co.uk).

Management of the Plan

The Plan has a sole corporate professional Trustee, BESTrustees Limited.

The Professional Trustees authorised to act for and on behalf of BESTrustees Limited in respect of the Plan during the year were Mr M Smaje and Mr C Parrott.

The names of the Directors of BESTrustees Limited are as follows:

Name	Date of appointment
AJ Boorman	1 July 2019
HM Evans	1 April 2018
RJ Hymas	1 July 2024
AP Rigby	1 June 2021

The Principal Employer makes all appointments and replacements.

An occupational pension scheme is exempt from the requirement to have member nominated trustees where the sole trustee is independent within the meaning given by section 23(3) of the Pensions Act 1995.

The Trustee held five full meetings during the period to consider matters relating to the administration of the Plan.

The Trustee has delegated the day-to-day management and operation of the Plan's affairs to professional organisations.

The Trustee's Report (Cont)

Changes to Plan Rules

A Deed of Amendment was signed on 5 December 2025 to (a) alter the date on which pensions are paid (pensions are now paid on the 6th day of each month for all pensioners with effect from December 2025); (b) alter the date on which pensions are increased for certain members; (c) provide that pensions payable to children will continue, without review, until age 18; (d) introduce a power to enable the payment of pension commencement excess lump sums; and (e) make certain amendments to the Plan resulting from the abolition of the Lifetime Allowance regime.

The Principal Employer

The Principal Employer is ZF Pension Sponsor UK Limited, which is a wholly owned subsidiary of ZF Friedrichshafen AG.

Participating Employers

The participating employers whose employees were entitled to be members of the Plan were ZF Automotive UK Limited, ZF Lemforder UK Limited, ZF Services UK Limited and ZF CV Distribution UK Limited.

Trust Deed and Rules

A copy of the Trust Deed and Rules is available for examination in Human Resource Departments and personal copies can be obtained on written applications to the Trustee Secretary at a cost of £25.

Plan advisers

The Trustee retains a number of professional advisers in connection with the operation of the Plan. In line with UK pension scheme best practice, the Trustee has a policy of periodically reviewing all of its external advisers and service providers.

The Trustee's Report (Cont)

Plan advisers

The advisers currently appointed are as follows:

Scheme Actuary	Mr M Davis
Advising Actuaries	Hymans Robertson LLP
Administrator of the Plan benefits	Barnett Waddingham LLP – trading as Howden
Legal Advisers	Travers Smith LLP
Independent Auditor	Crowe U.K. LLP
Investment Adviser	Isio Group Limited
Custodian of the Plan assets	Bank of New York (until 4 July 2025) CACEIS Bank (from 5 July 2025)
Investment Performance Measurement	Mellon Analytics (until 4 July 2025) CACEIS Investor Services (from 5 July 2025)
Investment Managers	Arcmont Asset Management Barings Global Investment Funds Plc M&G Investments Schroders Investment Management BlackRock Investment Management (to June 2025) LGT Capital PGIM Funds Plc Pantheon Swiss Life Quoniam
Bankers	Lloyds Bank Plc
Medical Adviser	Medigold Health
Secretary to the Trustee	Mr A Saker

Changes in and other matters relating to Plan advisers

Following its acquisition by Howden, Barnett Waddingham LLP changed its trading name to Howden with effect from 8 September 2026. This change reflects Barnett Waddingham LLP's integration into the Howden Group. Principal activities remain unchanged, and there is no impact on the services provided to clients.

Except as noted above, there have been no other changes to Plan advisers and other matters during the Plan year under review.

Financial development of the Plan

During the year the value of the net assets increased by £1,224,000 to £937,222,000 at 31 March 2026. The increase comprised net withdrawals from dealings with members of £44,472,000 together with a net increase from the return on investments of £45,696,000.

The Trustee's Report (Cont)

Plan Audit

The financial statements on pages 22 to 34 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of Plan

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Plan's registered status should be prejudiced or withdrawn.

Plan membership

	Number as at start of year	Changes in year	Number as at end of year
Deferred pensioners	6,329		
Late notifications		(23)	
Forfeiture clause applies*		(1)	
Transferred out		(10)	
Retired (ill-health)		(2)	
Retired		(457)	
Retired (small pensions paid as a lump sum)		(10)	
Died		(26)	
			5,800
Pensioners and dependants	5,534		
Late notifications		(3)	
New pensioners		457	
Small pensions paid as a lump sum		(3)	
Dependant ceased		(6)	
New dependant		57	
Died		(239)	
			5,797
	11,863		11,597

*In accordance with the Plan's Trust Deed and Rules, benefits are forfeited if they are not claimed within 6 years of first becoming payable.

The member numbers shown above reflect the number of member records held by the Plan.

The late notifications above are in respect of movements with an effective date prior to the Plan year.

Included within the pensioners and dependants are 465 (2025: 498) pensions paid from annuities held with Legal & General.

The Trustee's Report (Cont)

Pension increases

The increases to pensions from 1 April 2026 were dependent on which section of the Plan each person is a member.

For pensions in deferment:

Section	Pension Element	Increase
All sections excluding members of the sections listed below	All pension	3.0% ⁽¹⁾
	Temporary and Early Retirement Allowance	3.8% ⁽²⁾
Steering Systems and UK (leavers pre 1 January 1986)	All pension	0.0%
Steering Systems and UK (leavers post 31 Dec 1985 and pre 1 Jan 1991)	Pension accrued pre 1 January 1985	0.0%
	Pension accrued post 31 December 1984	3.0% ⁽³⁾
Steering Systems and UK (leavers post 31 December 1990), 100ths (2004), Closed SRBS A (2004), and 100ths (2006)	Pension accrued pre 6 April 2009	3.0% ⁽³⁾
	Pension accrued post 5 April 2009	2.5% ⁽⁴⁾
ZF Lemforder	All pension	3.8% ⁽⁵⁾
ZF Great Britain	Pension accrued pre 6 April 2009	3.8% ⁽⁵⁾
	Pension accrued post 5 April 2009	2.5% ⁽⁶⁾
WABCO (leavers pre 1 January 1986)	All pension	0.0%
WABCO (leavers post 31 Dec 1985 and pre 1 Jan 1991)	Pension accrued pre 1 January 1985	0.0%
	Pension accrued post 31 December 1984	3.8% ⁽⁵⁾
WABCO (leavers post 31 December 1990)	Pension accrued pre 6 April 2009	3.8% ⁽⁵⁾
	Pension accrued post 5 April 2009	2.5% ⁽⁶⁾

Notes:

- (1) Annual CPI increase (January 2026) up to a maximum of 7%
- (2) Annual CPI increase (September 2025)
- (3) Annual CPI increase (January 2026) up to a maximum of 5%
- (4) Annual CPI increase (January 2026) up to a maximum of 2.5%
- (5) The Occupational Pensions (Revaluation) Order – Higher revaluation percentage
- (6) The Occupational Pensions (Revaluation) Order – Lower revaluation percentage

The Trustee's Report (Cont)

Pension increases (Cont)

For pensions in payment:

Section	Pension Element	Increase
All sections excluding members of the sections listed below	Pension in excess of GMPs	3.0% ⁽¹⁾
	Temporary pensions	3.8% ⁽²⁾
SRBS A, C, A (57.5), and C (57.5)	All pension	3.0% ⁽¹⁾
	Temporary pensions	3.8% ⁽²⁾
Steering Systems	Pension in excess of GMPs accrued pre 1 April 1992	2.5% ⁽³⁾
	Pension in excess of GMPs accrued post 31 March 1992	3.8% ⁽⁴⁾
UK	Pension in excess of GMPs	3.8% ⁽⁴⁾
100ths (2004), and SRBS A (2004)	Pension accrued pre 6 April 2005	3.0% ⁽⁵⁾
	Pension accrued post 5 April 2005	2.5% ⁽⁶⁾
	Temporary pensions	3.8% ⁽²⁾
100ths (2006)	All pension	2.5% ⁽⁶⁾
	Temporary pensions	3.8% ⁽²⁾
ZF Lemforder	Pension in excess of GMP accrued pre 6 April 2006	4.3% ⁽⁷⁾
	Pension in excess of GMP accrued post 5 April 2006	2.5% ⁽⁸⁾
ZF Great Britain (increases applied with effect from 1 January 2024)	Pension in excess of GMP accrued pre 1 July 2001 and pension accrued from 1 April 2005 to 5 April 2006	5.0% ⁽⁹⁾
	Pension accrued from 1 July 2001 to 31 March 2005	5.0% ⁽¹⁰⁾
	Pension accrued post 5 April 2006	3.0% ⁽¹¹⁾
WABCO	Pension in excess of GMP accrued pre 6 April 1997	0.0%
	Pension in excess of GMP accrued post 5 April 1997	4.5% ⁽¹⁴⁾
Guaranteed Minimum Pensions:		
GMP earned between 6 April 1978 and 5 April 1988		N/A ⁽¹²⁾
GMP earned between 6 April 1988 and 5 April 1997		3.0% ⁽¹³⁾

Notes:

- (1) Annual increase in CPI (January 2026) up to a maximum of 7%
- (2) Annual increase in CPI (September 2025)
- (3) Fixed 2.5% a year
- (4) Annual increase in RPI (January 2026) up to a maximum of 5%
- (5) Annual increase in CPI (January 2026) up to a maximum of 5%
- (6) Annual increase in CPI (January 2026) up to a maximum of 2.5%
- (7) Annual increase in RPI (October 2025) up to a maximum of 5%
- (8) Annual increase in RPI (October 2025) up to a maximum of 2.5%
- (9) Fixed 5% a year
- (10) Annual increase in RPI (September 2025) up to a maximum of 7% and a minimum of 5%
- (11) Annual increase in RPI (September 2025) up to a maximum of 3%
- (12) All increases are provided by the State
- (13) Annual increase in CPI (September 2025) up to a maximum of 3%. Additional inflationary increases are provided by the State.
- (14) Annual increase in RPI (September 2025) up to a maximum of 5%

The Trustee's Report (Cont)

Additional Voluntary Contributions (AVCs)

The Actuary has certified that the rate of interest to be applied to cash accumulation AVC records for relevant members held for the year ended 31 March 2026 for the Plan is 4.4% (2025: 4.9%).

For those who retire, die or transfer their AVCs in the year ended 31 March 2026, no terminal bonus will be paid. AVCs paid to an external provider receive the return declared by those providers.

Money Purchase Underpin Account

This was applicable to members of the 80ths Section of the Plan. Each year (prior to the closure to future accrual on 30 September 2009) twice the value of the member's contributions were credited to each member's notional benefit record. Interest is applied to the balance of the account on an annual basis equal to the full rate of return of the Plan.

The full rate of return in the Plan for the year ended 31 December 2025 was 5.45% (2024: -2.70%).

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Plan member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Data Protection Act 2018 and General Data Protection Regulation

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme Actuaries are also classed as data controllers (jointly with the Trustee) in accordance with guidance issued by the Actuarial Profession. Howden act as a data processor as the administrators of the Plan.

The Trustee has worked with its advisers to receive relevant training, and continues to do so to ensure continued compliance with data protection legislation.

The General Code of Practice

The Trustee is aware of and adheres to the General Code of Practice issued by The Pensions Regulator ("TPR"). The objectives of the code are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

The Trustee's Report (Cont)

The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and scheme-specific data (conditional). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded.

More information can be found at:

<https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/scheme-member-data-quality>

GMP equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan is aware that the issue will affect the Plan, and has already considered this in detail. Work is ongoing as further guidance becomes available. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Plan has experienced historical transfers out which will be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years.

At the date of signing these financial statements, it is not possible to estimate the value of any such adjustments at this time. The Trustee does not consider the adjustments will be material to the financial statements. Further details are disclosed in Note 23 of the financial statements.

Contact for further information

If, as a Plan member, you wish to obtain further information about the Plan, including copies of the Plan documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to or telephone: Howden the Plan administrators:

Howden
3 Devon Way
Birmingham
B31 2TS

Tel: 0330 135 9988

Alternatively you may contact the Plan administrators online at:

<https://account.clarityhowden.com/shared/contact>

Or email: ZFUKmembers@howden-group.co.uk

The Trustee's Report (Cont)

Additional information

Pensions Act 1995 and 2004

Appointment of Advisers

The Pensions Act 1995 requires the Trustee to appoint its own advisers. All the advisers have formally accepted the appointments and confirmed that they will notify the Trustee should any conflicts of interest arise in relation to the Plan. The advisers are listed on page 3.

Internal Disputes Resolutions Procedure

The Trustee has an internal disputes resolution procedure in place. Information on how to refer a complaint to the internal disputes resolution procedure is available by writing to the Trustee Secretary at:

ZF UK Pension Plan
The Hub
Central Boulevard
Blythe Valley Park
Shirley
Solihull
B90 8BG

Funding Documents

The Plan's latest Statement of Funding Principles was produced as part of its latest actuarial valuation, which was calculated as at 31 March 2024 and completed on 5 June 2025. A Schedule of Contributions for the Plan was signed on 5 June 2025, which took effect from 30 June 2025.

Internal Controls

A compliance statement is produced annually by the Trustee Secretary and the Plan's administrator for the Trustee, to provide information regarding the administration of the Plan. The Statement outlines the statutory requirements along with non-statutory best practice. It details any breaches that have occurred during the year. In response to the Pensions Regulator's code on internal controls the Trustee has prepared a schedule of risks faced by the Plan. The contents of the risk register are taken into account when the Trustee set its goals, as part of its annual business plan.

The Trustee's Report (Cont)

Statement of Trustee's Responsibilities

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

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan 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 the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

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

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee's Report (Cont)

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Plan is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 March 2024. This showed that on that date:

The value of the Technical Provisions was: £964 million

The value of the assets was: £1,001 million

The next full actuarial valuation will have an effective date no later than 31 March 2027.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the Technical Provisions is the Projected Unit Method.

Significant Actuarial assumptions:

Discount rate before and after retirement:	Dependent on term and assumed to be 1.25% p.a. above the market implied gilt yield curve until 31 March 2030. Market implied gilt curve with linear taper from +1.25% p.a. to +0.5% p.a. between 1 April 2030 and 31 March 2033. Market implied gilt curve +0.5% p.a. from 1 April 2033
Price inflation (Retail Price Inflation):	Market expectation of future inflation dependent on term as measured by the market implied gilt based inflation curve.
Price inflation (Consumer Price Inflation):	0.8% p.a. lower than the market implied RPI assumption up to 2030 and 0.0% p.a. lower thereafter.
Pension increases:	Inflation linked increases are assumed to be in line with price inflation adjusted to take account of any maximum or minimum increase that may apply.
Deferred revaluation:	Inflation linked increases are assumed to be in line with the relevant price inflation assumption capped at any maximum or minimum increase that may apply. Fixed increases are assumed to increase at the appropriate fixed rate.
Mortality:	A suite of bespoke assumptions which reflect the characteristics of the Plan membership. The "VitaCurves" adopted will be based on pooled experience from occupational pension schemes as collated by Club Vita. They will make allowance for observed variations in mortality according to age, gender, reason for retirement (illness or normal health), pension amount, salary and postcode based lifestyle group. Future improvements in longevity will be assumed to be in line with the CMI 2023 model, with a long term rate of improvement of 1.25% for males and females.

The financial statements on pages 22 to 34 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Plan and the level of contributions payable.

The Trustee's Report (Cont)

Investment managers

As at 31 March 2026 the following investment managers were appointed by the Trustee:

- Arcmont Asset Management
- M&G Investments
- Barings Global Investment Funds Plc
- Schroders Investment Management
- LGT Capital
- PGIM Funds Plc
- Pantheon
- Swiss Life
- Quoniam

The Trustee's appointed investment managers were regulated during the year by either the Prudential Regulation Authority, the Financial Conduct Authority or the Commission de Surveillance de Secteur Financier.

The investment management costs are borne by the Plan and detailed in the financial statements.

When choosing investments, the Trustee and the fund managers (to the extent delegated) is required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The Trustee responsibilities also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Plan's assets.

The Trustee expects that the investment managers will take into account these responsibilities in the exercise of their delegated duties. These matters are, however, kept under review by the Trustee, in consultation with their investment adviser and investment managers.

Internal controls

The Trustee has received and reviewed the following reports dealing with the internal controls of its appointed investment managers and custodian:

Company	Appointment	Reporting period
CACEIS Bank	Custodian	1 October 2024 to 30 September 2025
M&G Investments	Investment Manager	1 January 2025 to 31 December 2025
Barings Global Investment Funds Plc	Investment Manager	1 October 2024 to 30 September 2025
Schroder Investment Management	Investment Manager	1 October 2024 to 30 September 2025
PGIM Funds Plc	Investment Manager	1 October 2024 to 30 September 2025
LGT Capital	Investment Manager	1 October 2024 to 30 September 2025
Arcmont Asset Management	Investment Manager	1 September 2023 to 31 August 2024
Quoniam	Investment Manager	1 October 2024 to 30 September 2025
Pantheon	Investment Manager	1 October 2024 to 30 September 2025

The Trustee's Report (Cont)

Asset allocation

The Trustee acts on the advice of its Investment Committee (IC), its investment adviser and the Plan Actuary to put in place an investment strategy that supports the Plan's wider funding objectives. The Plan's assets can broadly be split into two components, "matching" assets and "return seeking" assets.

The "matching" assets are held in the Plan's Liability Driven Investment ("LDI") portfolio. The objective of this portfolio is to manage the interest rate, and inflation risks inherent in the Plan's liabilities. The LDI portfolio will predominantly hold UK Gilts, Index-Linked Gilts, Money Market Instruments and Cash. The portfolio can also enter into derivative agreements such as government bond repos and swaps, to achieve its hedging objective. The IC has put in place a robust governance structure and appointed a professional investment manager to manage the derivatives in the portfolio.

The majority of the Plan's assets are invested in the "return seeking" portfolio and this allocation is split across numerous investment managers and asset classes. This portion of the portfolio aims to provide a return above the risk-free rate to improve the Plan's funding position over the longer term, whilst managing risk by being well diversified.

The "return seeking" portfolio includes the following asset classes:

1. Asset-Backed Securities
2. Global Credit
3. Leveraged Loans
4. High Yield Debt
5. Frontier Debt
6. Private Debt
7. Private Debt (Secondaries)
8. Infrastructure
9. Global Equities

The Plan's largest physical investments

The Plan's largest 20 physical holdings excluding pooled investment vehicles, cash and derivatives at the year end is shown in the table below.

Asset Class	Security	Maturity	Market Value (£m)	% of total net assets
UK Treasury	Fixed 4.250%	07/12/40	31.48	3.4
UK Treasury	Fixed 4.250%	07/12/49	23.73	2.5
UK Treasury	Indexed Linked 1.250%	22/11/55	21.75	2.3
UK Treasury	Indexed Linked 0.125%	10/08/31	21.60	2.3
UK Treasury	Indexed Linked 0.125%	22/11/36	20.50	2.2
UK Treasury	Fixed 1.750%	22/07/57	18.54	2.0
UK Treasury	Fixed 3.500%	22/01/45	18.04	1.9
UK Treasury	Indexed Linked 0.250%	22/03/52	17.89	1.9
UK Treasury	Indexed Linked 0.125%	22/03/29	17.32	1.8
UK Treasury	Indexed Linked 1.125%	22/11/37	16.03	1.7
UK Treasury	Indexed Linked 1.250%	22/11/32	14.86	1.6
UK Treasury	Indexed Linked 0.625%	22/03/40	13.72	1.5
UK Treasury	Indexed Linked 0.625%	22/11/42	13.61	1.5
UK Treasury	Indexed Linked 0.125%	22/03/46	13.50	1.4
UK Treasury	Indexed Linked 0.125%	22/03/39	13.32	1.4
UK Treasury	Indexed Linked 0.125%	10/08/41	13.22	1.4
UK Treasury	Indexed Linked 0.500%	22/03/50	12.93	1.4
UK Treasury	Indexed Linked 0.750%	22/11/47	12.13	1.3
UK Treasury	Indexed Linked 0.125%	22/03/44	12.04	1.3
UK Treasury	Indexed Linked 1.25%	22/11/27	11.83	1.3
			338.04	

The Trustee's Report (Cont)

Statement of Investment principles

The Statement of Investment Principles deals with the following topics:

- Governance
- Investment objectives
- Investment strategy
- Leverage and collateral management
- Investment management arrangements
- Investment manager monitoring and engagement
- Employer-related investments
- Direct investments
- Compliance

The current statement, implemented from 23 April 2024, is included on pages 54 to 62. A separate copy of the statement can be obtained by writing to the Trustee Secretary.

Departures from investment principles

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

Employer related investments

During the year the Plan had no investment in ZF Friedrichshafen AG, and no direct investments in any connected employer (2025: none).

Stock lending

As at 31 March 2026, the majority of the Plan's assets were held under the segregated custody of CACEIS Bank, which did not engage in any stock lending.

Review of investments

During the year the Trustee, with the help of its professional advisers, has carefully considered the Plan's investments. They are satisfied that the investments conform to all the statutory criteria.

Investment performance

Independent performance measurement is provided to the Plan by CACEIS Investor Services.

Benchmark

The investment performance benchmark for the Plan is the Plan's liabilities. The Plan's liabilities are measured on a Technical provisions basis (Statutory Funding Basis) and other actuarial bases. In order to meet the Plan's immediate and long term funding objectives, the Plan's assets must outperform its liabilities. The performance of the Plan's assets measured against its liabilities for the Plan year ended 31 March 2026 is shown below.

Asset performance	Liabilities measured on a Technical provisions basis
5.09%	2.7%

The Trustee's Report (Cont)

As a consequence of the Plan's asset and liability performance, the Plan's estimated funding position as at 31 March 2026 is:

Date	Funding position on a Technical Provisions basis
31 March 2026	110.4%

Returns

The return of the Plan measured over one, three and five years is detailed below.

Period to 31 March 2026	Annual Return
Last Year	5.09%
Last 3 years	1.54%
Last 5 years	-8.76%

Source: CACEIS Investor Services (for asset performance) and Hymans Robertson (for Liability performance). These figures are based upon various estimates and assumptions and have been provided for the sole use and benefit of the Trustee of the ZF UK Pension Plan and not for any other party. Hymans Robertson LLP makes no representation or warranty to any third party as to the accuracy or completeness of the information.

Custody of Investments

The majority of the Plan's segregated assets are held by the Trustee's appointed custodian, CACEIS Bank. A custodian agreement between CACEIS Bank and BESTrustees Limited in their capacity as Trustee of the ZF UK Pension Plan details the terms on which the custodian holds the Plan's assets and the respective responsibilities of the custodian and the Trustee. All of the title documents of the Plan's assets are held by the custodian under the control of the Trustee. Physical documents are held in a strong room and access is limited by the custodian's own strict security procedures.

Regular reconciliations of the holdings are carried out and a copy of the custodian's report on internal controls is kept and reviewed by the Plan Administrator.

The custodian will only release title documents after a series of security checks have taken place. These include:

- A dual electronic instruction to the custodian involving the use of passwords.
- The custodian has received payment

Cash is placed on short-term deposit with banks in the name of the Plan.

Climate Change Report

The Trustee has published its 2025 Climate Change Report which is available to download at https://www.zfukpensions.co.uk/documents/TCFD_report.pdf. The report follows the framework set out by the Taskforce for Climate-related Financial Disclosure (TCFD). It covers the Trustee's assessment of the potential impact of climate-related financial risk on the Plan and how the Trustee is responding to and managing this risk.

The Trustee's Report (Cont)

Approval of Trustee's Report

This report was approved by the Trustee on

Date: **22/09/2026**

Signed on behalf of the Trustee:

M Smaje

Professional Trustee, on behalf of BESTrustees Limited

Summary of contributions payable in the year

During the year, the contributions payable to the Plan by the Employer under the Schedules of Contributions certified by the Actuary on 31 August 2022 and 9 June 2025 were as follows:

£'000

Employer contributions	-
Contributions payable under the Schedules of Contributions (as reported on by the Plan auditor) and reported in the financial statements	-

Date: 22/09/2026

Signed on behalf of the Trustee:

M Smaje

Professional Trustee, on behalf of BESTrustees
Limited

Independent Auditor's Statement about Contributions to the Trustee of the ZF UK Pension Plan

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions to the ZF UK Pension Plan for the Plan year ended 31 March 2026, which is set out on page 17.

In our opinion contributions for the Plan year ended 31 March 2026 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Actuary on 31 August 2022 and 9 June 2025.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Plan's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP
Statutory Auditor
London

Date: 22/09/2026

Independent Auditor's Report to the Trustee of the ZF UK Pension Plan

Opinion

We have audited the financial statements of the ZF UK Pension Plan for the year ended 31 March 2026 which comprise the fund account, the statement of net assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 March 2026, 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; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 Plan'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.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

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

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustee of the ZF UK Pension Plan (Cont)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 10, the Trustee is responsible for the preparation of financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan'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 Trustee either intends to wind up the Plan or has 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 auditor's 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 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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias
- Misappropriation of investment assets owned by the Plan. This is addressed by obtaining direct confirmation from the investment manager of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls or similar for fund managers and custodians and testing investment transactions to the investment manager/custodian reports.
- Diversion of amounts receivable relating to bulk annuity policy. This is addressed by testing the amounts payable under the agreements with the bulk annuity provider in line with contract payment schedule.

Independent Auditor's Report to the Trustee of the ZF UK Pension Plan (Cont)

- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the Plan's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor
London

Date: 22/09/2026

The Financial Statements

Fund Account

for the year ended 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
Contributions and benefits			
Employer contributions	4	-	-
Employee contributions	4	-	-
Total contributions		-	-
Benefits paid or payable	5	(41,195)	(39,597)
Payments to and on account of leavers	6	(501)	(1,069)
Administrative expenses	7	(2,776)	(2,754)
		(44,472)	(43,420)
Net withdrawals from dealings with members		(44,472)	(43,420)
Returns on investments			
Investment income	8	3,902	5,931
Change in market value of investments	9	44,057	(28,680)
Investment management expenses	10	(2,263)	(1,449)
Net return on investments		45,696	(24,198)
Net increase / (decrease) in the fund during the year		1,224	(67,618)
Net assets of the Plan			
At 1 April		935,998	1,003,616
At 31 March		937,222	935,998

The notes on pages 24 to 34 form part of these financial statements.

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
Investment assets:			
Bonds	9	549,179	552,962
Pooled investment vehicles	13	749,549	703,247
Insurance policies	12	20,200	21,500
Additional voluntary contributions	16	2,318	2,647
Cash	9	1,982	10,332
Other investment balances	15	2,859	2,691
		1,326,087	1,293,379
Investment liabilities:			
Repurchase agreements	14	(388,275)	(354,079)
Other investment balances	15	(5,128)	(3,961)
		(393,403)	(358,040)
Total net investments	9	932,684	935,339
Current assets	20	5,883	2,036
Current liabilities	21	(1,345)	(1,377)
Net assets of the Plan at 31 March available for benefits		937,222	935,998

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 11 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 34 form part of these financial statements.

These financial statements were approved by the Trustee on

Date: 22/09/2026

Signed on behalf of the Trustee:

M Smaje

Professional Trustee, on behalf of BESTrustees Limited

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements 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 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Plan has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least twelve months from the date of approval of these financial statements. In reaching this conclusion, the Trustee have taken into account plausible downside assumptions of the Principal Employer to gain comfort that it will continue to make contributions as they fall due. This assessment, together with income and capital growth from its assets, gives the Trustee confidence to prepare the financial statements on a going concern basis.

2. Identification of the financial statements

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee's Report.

3. Accounting policies

The principal accounting policies of the Plan which are applied consistently are as follows:

Currency

- The Plan's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Plan year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustee 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 death.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retiring or leaving.
- Individual transfers in or out of the Plan are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.
- Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Plan, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within "Benefits paid or payable".

Expenses and other payments

- Expenses are accounted for on an accruals basis.
- Investment management expenses and rebates are accounted for on an accruals basis and shown net within "Returns on investments". Transaction costs are included in the cost of purchases and sale proceeds.

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

Investment income

- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Income from the M&G European Loan Fund is accounted for when declared by the fund manager.
- Investment income arising from the underlying investments of the remaining pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".
- Income from cash and short-term deposits is accounted for on an accruals basis.
- Receipts from annuity policies are accounted for as investment income on an accruals basis.
- Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.
- Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income.
- Interest payable on repurchase agreements is accounted for in the period it falls due.

Investments

- 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.
- Quoted securities in active markets are usually valued at the current bid prices 31 March 2026, or at the valuation date nearest to the year end.
- 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.
- Bonds are stated at their clean prices. Accrued income is accounted for within "Investment income" and within "Investment income receivable" included as "Other investment balances".
- Annuities purchased by the Trustee which fully provide the benefits for certain members are not included as assets of the Plan as they are deemed not material.
- The Buy-in insurance policy has been valued by the Scheme Actuary at the present value of the related obligation, determined using the most recent Scheme Funding Valuation assumptions updated for market conditions at the reporting date.
- With profit AVC policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.
- Repurchase agreements (repo) – the Plan continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Notes to the Financial Statements (Cont)

4. Contributions

The current Schedule of Contributions dated 5 June 2025 states that no contributions are due to the Plan, unless the funding level of the Plan, calculated on the Technical Provisions Basis, has been less than 99% for any three consecutive month ends.

5. Benefits paid or payable

	2026	2025
	£'000	£'000
Pensions	30,050	28,116
Commutation of pensions and lump sum retirement benefits	10,754	11,062
Lump sum death benefits	391	419
	41,195	39,597

6. Payments to and on account of leavers

	2026	2025
	£'000	£'000
Individual transfers to other schemes	501	1,069

7. Administrative expenses

	2026	2025
	£'000	£'000
Administration and processing	1,021	937
Actuarial fees	399	448
Audit fee	52	48
Investment adviser fees	449	464
Consultancy fees	10	10
Legal and other professional fees	291	268
Medical fees	7	4
Financial advice	45	39
Trustee and Secretarial expenses	351	401
PPF Levy	74	117
Longevity analysis	10	10
Covenant review	67	8
	2,776	2,754

Notes to the Financial Statements (Cont)

8. Investment income

	2026 £'000	2025 £'000
Income from bonds	7,213	9,759
Income from pooled investment vehicles	10,045	9,495
Income from swaps	-	11
Annuity income	2,536	2,603
Interest on cash deposits	149	757
Net interest on repurchase agreements	(16,041)	(16,694)
	3,902	5,931

9. Reconciliation of investments

	Value at 31 March 2025 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2026 £'000
Bonds	552,962	39,037	(51,455)	8,635	549,179
Pooled investment vehicles	703,247	110,071	(100,308)	36,539	749,549
Insurance policies	21,500	-	-	(1,300)	20,200
AVC investments	2,647	-	(546)	217	2,318
	1,280,356	149,108	(152,309)	44,091	1,321,246
Cash deposits	10,332			(34)	1,982
Repurchase agreements	(354,079)				(388,275)
Other investment balances	(1,270)				(2,269)
	935,339			44,057	932,684

Cash deposits includes £nil (2025: £6m) of cash funds that have not been classified as pooled investment vehicles in line with historical treatment.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Plan such as fees, commissions and stamp duty. There were no direct transaction costs incurred during the year or prior year.

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Plan.

10. Investment management expenses

	2026 £'000	2025 £'000
Arcmont	1,423	-
CACEIS	15	-
Bank of New York Mellon	-	51
Schroders	960	989
Barings	436	599
Other	(571)	(190)
	2,263	1,449

The category "Other" includes investment fee rebates from various managers.

Notes to the Financial Statements (Cont)

11. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

12. Insurance policies

The Plan holds an insurance policy with Legal & General and pays out income to fund pensions for certain members. The value at the year-end is as follows:

	2026 £'000	2025 £'000
Buy-in policy with Legal & General	20,200	21,500

13. Pooled investment vehicles

The Plan's investments in pooled investment vehicles at the year-end comprised:

	2026 £'000	2025 £'000
Loans Fund	53,263	51,181
Liquidity Fund	6,649	8,717
Multi-Credit Strategy Fund	4,883	39,905
Global Bond Fund	84,850	58,064
Global High Yield Bond Fund	50,747	47,856
Senior Loan Fund	89,170	73,379
Emerging Markets Bond Fund	46,209	31,441
Private Lending Fund	31,095	41,847
Diversified Growth Fund	-	6,155
Infrastructure Fund	43,552	27,095
Securitised Credit Fund	203,690	192,929
Flexible ABS Fund	79,393	75,375
LDI Fund	-	2,696
Equity Fund	56,048	46,607
	749,549	703,247

14. Repurchase agreements

The Plan has entered into repurchase agreements using its UK government index linked securities as the underlying security. The Plan retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date. The securities are included in the financial statements as assets of the Plan at their market value. At 31 March 2026 the market value of securities sold under repurchase agreements was £389,734,326 (2025: £343,139,087).

Cash received from counterparties in respect of the securities that have been sold has been used by the Plan to increase its matching assets portfolio. Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Plan's financial statements under investment liabilities. At 31 March 2026 this amounted to £388,275k (2025: £354,079k) excluding £5,128k (2025: £3,961k) of accrued interest.

In addition, at 31 March 2026 there was collateral in the form of bonds pledged of £6,252,309 (2025: £15,874,472) against the difference in valuation between the underlying securities and the repurchase agreements. The Plan also holds collateral in the form of bonds from counterparties. As at 31 March 2026, the value of such collateral was £785,054 (2025: £91,186).

Notes to the Financial Statements (Cont)

15. Other investment balances

The other investment balances held by the Plan at the year-end are as follows:

	2026	2025
	£'000	£'000
Investment assets		
Interest receivable – bonds	2,787	2,682
Dividends receivable	72	9
	2,859	2,691
	2026	2025
	£'000	£'000
Investment liabilities		
Accrued interest on repurchase agreements	(5,128)	(3,961)
Net other investment balances	(2,269)	(1,270)

16. AVC investments

The Trustee holds assets invested separately from the main Plan investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to the Plan year-end confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2026	2025
	£'000	£'000
Clerical Medical (unitised)	78	69
Royal London (with-profits)	47	89
Standard Life (unitised)	54	50
Phoenix (with-profits)	13	13
Prudential (with-profits)	2,126	2,426
	2,318	2,647

Notes to the Financial Statements (Cont)

17. Fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

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

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. The Plan's investment assets and liabilities fall within the above hierarchy levels as follows:

	As at 31 March 2026			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	549,179	-	549,179
Pooled investment vehicles	-	629,283	120,266	749,549
AVC investments	-	132	2,186	2,318
Insurance policies	-	-	20,200	20,200
Cash	1,982	-	-	1,982
Repurchase agreements	-	(388,275)	-	(388,275)
Other investment balances	(2,269)	-	-	(2,269)
	(287)	790,319	142,652	932,684

	As at 31 March 2025			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	552,962	-	552,962
Pooled investment vehicles	-	588,020	115,227	703,247
AVC investments	-	118	2,529	2,647
Insurance policies	-	-	21,500	21,500
Cash	10,332	-	-	10,332
Repurchase agreements	-	(354,079)	-	(354,079)
Other investment balances	(1,270)	-	-	(1,270)
	9,062	787,021	139,256	935,339

18. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out 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 comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those arising from 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 Trustee determines their investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives.

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

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

Investment strategy

The investment objective of the Trustee is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Plan payable under the Trust Deed and Rules as they fall due.

The Trustee sets the investment strategy for the Plan taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the Plan and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP).

During the year under review, the target strategy was to have:

- 40% in investments that move in line with the long term liabilities of the Plan. This is referred to as Liability Driven Investment LDI and comprises UK government bonds and derivatives, the purpose of which is to hedge against the impact of interest rate and inflation movement on long term liabilities.
- 60% in return seeking investments comprising exposure to predominantly credit-based asset classes, plus allocations to other growth asset classes such as equities and infrastructure.

Credit risk

The Plan is subject to credit risk as it invests in bonds, OTC derivatives, repurchase agreements, asset backed securities and has cash balances. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

A summary of exposure to credit risk is given in the following table, the notes below which explain how this risk is managed and mitigated for the different classes:

Analysis of direct credit risk

As at 31 March 2026

	Investment Grade £'000	Non-Investment Grade £'000	Unrated £'000	Total £'000
Bonds & asset backed securities	549,179	-	-	549,179
Repurchase agreements	(388,275)	-	-	(388,275)
Cash	1,982	-	-	1,982
Pooled investment vehicles	-	-	749,549	749,549
	162,886	-	749,549	912,435

As at 31 March 2025

	Investment Grade £'000	Non-Investment Grade £'000	Unrated £'000	Total £'000
Bonds & asset backed securities	552,962	-	-	552,962
Repurchase agreements	(354,079)	-	-	(354,079)
Cash	10,332	-	-	10,332
Pooled investment vehicles	-	-	703,247	703,247
	209,215	-	703,247	912,462

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The table above shows the position at the year-end.

Credit risks on cash lent to counterparties under a reverse repurchase agreement is mitigated by bonds held by the Scheme under these agreements as set in note 14. Credit risk on repurchase agreements is mitigated through use of a range of collateral arrangements as disclosed in note 14.

Cash is held within financial institutions which are at least investment grade credit rated.

The Plan's holdings in pooled investment vehicles are designated as unrated. 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. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2026 £'000	2025 £'000
Authorised unit trusts	-	8,851
Open ended investment companies	749,549	694,396
	749,549	703,247

Indirect credit risk arises in relation to the underlying investments of pooled investment vehicles. This risk is mitigated by ensuring the investment manager diversifies the portfolio to minimise the impact of default by any one issuer.

Currency Risks

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets, either as segregated investments or through pooled investment vehicles. The Plan limits overseas currency exposure through a currency hedging policy using forward foreign currency contracts.

31 March 2026

	Gross Exposure £'000	Hedged Exposure £'000	Net Unhedged Exposure £'000
Euro	169,327	159,481	9,846
US Dollar	379,703	375,440	4,263
Other	89,784	(12,839)	102,623
	638,814	522,082	116,732

31 March 2025

	Gross Exposure £'000	Hedged Exposure £'000	Net Unhedged Exposure £'000
Euro	107,371	104,304	3,067
US Dollar	347,332	339,826	7,506
Other	39,479	7,446	32,033
	494,182	451,576	42,606

Notes to the Financial Statements (Cont)

18. Investment risk disclosures (Cont)

Interest rate risk

The Plan is subject to interest rate risk because some of the Plan's investments are held in bonds, interest rate swaps and cash. Under the Plan's LDI strategy, if interest rates fall, the value of the LDI investments will rise to help match the increase in the actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year-end the LDI portfolio comprised:

	2026	2025
	£'000	£'000
Direct		
Bonds	549,179	552,962
Indirect		
Cash PIV	6,649	8,717
	555,828	561,679

Other price risk

Other price risk arises principally in relation to the Plan's return seeking portfolio which included exposure to equities.

The Plan managed this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

19. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year-end:

	2026		2025	
	£'000	%	£'000	%
Arcmont Senior Loan Fund	57,990	6.2	52,471	5.6
SISF Global Multi-Credit Fund	84,850	9.1	58,063	6.2
Schroder AAA Flexible ABS Fund	79,393	8.5	75,375	8.1
SISF Securitised Credit Fund	203,690	21.7	192,929	20.6
M&G Versatile European Loan Fund	50,302	5.4	48,247	5.2
Quoniam Global Equities Enhanced Fund	56,048	6.0	-	-
PGIM High Yield Bond Fund	50,747	5.4	47,856	5.1

20. Current assets

	2026	2025
	£'000	£'000
Cash at bank	5,562	1,911
Cash in transit	207	-
Administration VAT receivable	114	123
Prepayments	-	2
	5,883	2,036

Notes to the Financial Statements (Cont)

21. Current liabilities

	2026 £'000	2025 £'000
Unpaid benefits	(730)	(793)
Advisers' fees payable	(615)	(584)
	(1,345)	(1,377)

22. Related party transactions

Transactions with related parties of the Plan have been disclosed in the annual report as follows:

- During the year £67,919 (2025: £63,758) was paid to BESTrustees in respect of fees for independent professional Trustee services.
- £282,723 (2025: £337,279) was reimbursed to ZF Automotive UK Limited in respect of costs incurred directly in relation to the internal Pensions Administration Department.

All of the above transactions were made in accordance with the Plan Rules.

23. Contingent Liabilities

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this at a future meeting and decisions will be made as to the next steps. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Plan has experienced historical transfers out which will be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these financial statements, it is not possible to estimate the value of any such adjustments at this time.

24. Employer-related investments

There were no direct employer-related investments at the year-end. Any potential indirect employer-related investment through pooled investment vehicles is unintentional and would represent a trivial amount of Plan net assets.

25. Capital commitments

As at 31 March 2026 the Plan had outstanding capital commitments with Arcmont Asset Management of £104.5m (2025: £20.4m), Pantheon of £14.6m (2025: £27.9m), Swiss Life of €25.9m (2025: €42.5m) and Barings Global Investment Funds Plc of £6.1m (2025: £6.1m).

Certificate of Adequacy of Contributions

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS AS REQUIRED BY REGULATION 10(6) OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME FUNDING) REGULATIONS 2005

Name of scheme: ZF UK Pension Plan

ADEQUACY OF CONTRIBUTIONS

1. In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 31 March 2024 can be expected to continue to be met for the period for which this schedule is to be in force.

The contributions shown in this schedule are not lower than I would have set had I had responsibility for setting the schedule of contributions, the statement of funding principles and any recovery plan.

CONSISTENCY WITH STATEMENT OF FUNDING PRINCIPLES

2. In my opinion, this schedule of contributions is consistent with the statement of funding principles signed by the Trustee on 4 June 2025 and by ZF Pension Sponsor UK Ltd on 5 June 2025.

Please note that the adequacy of contributions statement in this certificate relates to the plan's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the plan's full liabilities with annuities if the plan were to wind up.

Date	9 JUNE 2025
Name	Matthew Davis FIA CERA C.Act
Qualification	Scheme Actuary
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

Schedule of Contributions

ZF UK Pension Plan

Schedule of Contributions

Period of Schedule: 5 years from 30 June 2025 (or until such time as a revised Schedule of Contributions is agreed)

Under Section 227 of the Pensions Act 2004, the Trustee of the ZF UK Pension Plan ('the Plan') must put in place a Schedule of Contributions which is certified by the Scheme Actuary. This is the required Schedule of Contributions. The Scheme Actuary's certification is included in the appendix.

This schedule replaces the previous schedule dated 31 August 2022.

This schedule has been prepared with the agreement of ZF Pension Sponsor UK Limited and after taking the advice of Matthew Davis (the 'Scheme Actuary'). ZF Pension Sponsor UK Limited has been nominated as the employer representative to act on behalf of all participating employers in the Plan for scheme funding purposes. The participating employers are ZF Automotive UK Limited, ZF Lemforder UK Limited, ZF Services UK Ltd and ZF CV Distribution Limited (together 'the employers' and each an 'employer').

The obligations in this schedule will remain in force until such time as a revised Schedule of Contributions is agreed.

The Plan is closed to future accrual and so there are no members' contributions or employer contributions to cover the accrual of new benefits.

The Plan was over 100% funded on its Technical Provisions basis as at 31 March 2024. Consequently no employer contributions are required in respect of the Technical Provisions position at that date.

Employee contributions

No employee contributions are required under the Rules of the Plan.

Employer contributions: ordinary

No ordinary employer contributions are required.

Employer Contributions: Additional

In addition, the employers will:

1. Commence (or recommence) paying monthly contributions of £2.5 million per month to the Plan in the month immediately following the event that the funding level of the

Plan, calculated on the Technical Provisions Basis¹, has been less than 99% for any three consecutive month ends²;

2. Once contributions have commenced under 1. above, cease paying monthly contributions of £2.5 million per month to the Plan with effect from the month immediately following the event that the funding level of the Plan, calculated on the Technical Provisions Basis¹, has exceeded 101% for three consecutive month ends³.

Monthly contributions may commence and cease multiple times.

Under the rules of the Plan, ZF Pension Sponsor UK Limited as principal employer of the Plan shall at its sole discretion determine how the liability to pay such contributions shall be allocated between the employers having regard to the need to enable the Trustee to provide the benefits under the Plan and to preserve the solvency of the Plan (provided that the principal employer must allocate the full amount of such contributions and where there is no principal employer or the principal employer is unable to allocate the liability to pay such contributions, the power to do so shall be exercisable by the Trustee alone).

If monthly employer contributions are due to commence or cease the Scheme Actuary will inform the Secretary to the Trustee who will inform the employer representative and the employers as soon as is practical. The Scheme Actuary will provide such confirmation as soon as practical following the month end at which contributions are due to commence or cease.

All employer contributions shall fall due to be paid not later than 19 days after the end of the calendar month to which they relate or, if later, no later than 19 days after the end of the calendar month in which the Secretary to the Trustee informs the employer representative and the employers that contributions are due to commence.

The employers shall also pay to the Plan any additional employer contributions required from time-to-time on the advice of the Scheme Actuary in respect of augmentations or discretionary benefits, as required from time to time under the Plan's trust deed and rules.

Expenses, Levies and Fees

All expenses, levies (including the Pension Protection Fund levy⁴) and fees in connection with the Plan are met by the Plan.

¹ Assessed at the end of each month based on the monthly funding updates provided to the Secretary to the Trustee by the Scheme Actuary, using the Technical Provisions basis in force at the time updated for current market conditions.

² For example, if the funding level assessment was not less than 99% at 31 July, and was less than 99% at 31 August, 30 September and 31 October, then the monthly contributions would commence (or recommence) from November. The monthly contribution for November would fall due to be paid not later than 19 December, assuming the timing of the Scheme Actuary confirmation and Secretary to the Trustee actions set out above took place in November.

³ For example, if the funding level assessment had not exceeded 101% at 31 March, and exceeded 101% at 30 April, 31 May and 30 June, then the monthly contributions would cease from July. For the avoidance of doubt, the monthly contribution for June would be payable and would fall due to be paid not later than 19 July.

⁴ In the Plan accounts for the year ending 31 March 2024 the annual levy was £24,000.

Implementation Statement

Background

The regulatory landscape continues to evolve as Environmental, Social and Governance ('ESG') considerations become increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has maintained their focus around ESG policies and stewardship activities and is continuing to encourage compliance with regulatory guidance relating to voting and engagement policies and activities. The regulatory guidance recognises the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

This paper is to provide evidence that the Trustee continues to follow and act on the principles outlined in the Statement of Investment Principles ('SIP').

The SIP can be found online at the web address

<https://www.zfukpensions.co.uk/documents/sip.pdf?20240501>

This Implementation Statement details:

- actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustee has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2026 for and on behalf of the Plan including the most significant votes cast

Summary of key actions undertaken over the Plan reporting year

The Plan continued with climate change as its stewardship priority over the year.

As the Trustee has delegated the day-to-day management of the Plan's investments to the fund managers, it is important that the Trustee understands how they consider ESG and climate related risks and opportunities.

A sustainability integration assessment was produced by the Plan's investment consultant which summarised the Plan's managers' ESG capabilities. This occurred alongside a Task Force on Climate-Related Financial Disclosures ('TCFD') metrics data collection exercise in which the Plan's investment managers provided Scope 1, 2 & 3 carbon emissions data (to the extent where this was available).

In terms of the Plan's portfolio:

- There was a consolidation of the Plan's WABCO section and implementation of the new LDI benchmark at Schroders, which was agreed by the Trustee in the previous reporting year. This was completed in April 2025.
- The Trustee agreed to change the Plan's custodian from BNY to CACEIS. The change was primarily driven to improve the level of reporting received at each month end and the transfer was completed in July 2025.
- In Q3 2025, the Trustee agreed to redeem approximately 85% of the holdings in the Barings Multi-Asset Credit ('MAC') Fund. As part of a previously agreed strategy, the Trustee had instructed Barings to reinvest maturing assets into high-quality liquid credit with the intention of ultimately winding up the fund. The redemption proceeds were subsequently reinvested in the Schroders Global Credit Fund.

- In February 2026, following multiple reviews of the Plan's cashflow position in 2025, the Trustee agreed to change the Plan's target strategy. These changes included investing into new funds with Arcmont and Leadenhall and increasing the Plan's allocation to LGT frontier debt. The actions were completed post Plan year end.
- In Q1 2026, the Trustee began exploring the Plan's long-term objectives and the implications for its investment strategy. Following the reporting period, a new disinvestment strategy was agreed.

Implementation Statement

This report demonstrates that the Trustee of the ZF UK Pension Plan has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed **M Smaje**

Position **Professional Trustee, on behalf of BESTrustees Limited**

Date **10 September 2026**

Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge an agreed proportion of these risks using an LDI strategy to limit exposure, whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.	The Plan continued to hedge interest rate and inflation risk through its LDI portfolio. At year end the target hedge ratios were 60% on both interest rates and inflation, on a gilts-flat liability basis. During the reporting period, the Plan implemented a new LDI benchmark, which includes hedging the Plan's WABCO uninsured liabilities through the Schroders LDI portfolio.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay the Plan's routine cashflow requirements, and to meet regulatory guidance around providing collateral to the LDI portfolio.	The Trustee continues to invest in two, daily dealt, asset-backed securities ('ABS') mandates with Schroders. These two mandates act as 'first-call' collateral for the Plan's LDI portfolio. The Trustee has an agreement with Schroders that gives them discretion to disinvest capital from the ABS mandates if needed to meet collateral requirements in the LDI portfolio. This arrangement reduces the governance burden on the Trustee and reduces risk by making the process of moving capital into the LDI portfolio more efficient. At the beginning of the reporting period, the Trustee completed a liquidity analysis of the Plan's assets. Using cash flow forecasts provided by the illiquid asset managers, the Trustee assessed where and when proceeds from illiquid assets should be reinvested.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Plan's current asset allocation is monitored quarterly against the strategic target in an effort to minimise material deviations. During the reporting period, the Trustee agreed to implement new evergreen direct lending and insurance-linked securities ('ILS') mandates. The latter represents a new asset class for the Plan and is expected to exhibit a relatively low correlation with the other assets in the portfolio, thereby enhancing diversification. These mandates were implemented after the reporting period end.

Credit	Default on payments due as part of a financial security contract.	To appoint investment managers who look to manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default. For derivative contracts held directly by the Plan, the counterparties will be limited to those on the manager's approved panel and the contracts will be marked to market, with collateral posted frequently. The manager is expected to manage and limit excessive counterparty concentration.	The Trustee aims to reduce credit risk by diversifying its assets across a range of different credit issuers, providing exposures to a range of sectors and geographies. These positions are monitored on a quarterly basis relative to the target strategy in the Investment Performance Report. In Q1 2026, the Trustee agreed to invest in a new direct lending mandate with Arcmont. This investment is intended to replace some of the Plan's existing credit mandates as they wind down, while maintaining the Plan's diversified credit exposure. The investment was completed after the reporting period end.
Environmental, Social and Governance ('ESG')	Exposure to ESG factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	When appointing a new manager, the Trustee considers how they integrate ESG factors into its investment strategy.	The Trustee undertook a Sustainability Integration Assessment ('SIA') exercise in March 2026. This report summarised the managers' policies and approaches for managing ESG risks. On behalf of the Trustee, the Plan's investment consultant collated TCFD metrics data from the Plan's investment managers. The paper reported on carbon emissions data, the quality of the data provided and the Plan's progress against the data-related target established by the Trustee prior to the reporting period. The Plan's target was met, and the Trustee subsequently agreed a more ambitious TCFD data quality target to be assessed next year.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	The Trustee regularly monitors the level of unhedged currency risk in the Plan's investment strategy. If the unhedged currency position increases to a level that is deemed unacceptable, then the Trustee can introduce currency hedging.	The Trustee continued to monitor the Plan's unhedged currency exposure but did not take any action over the period.

Changes to the SIP

No changes were made to the SIP during the 12-month period to 31 March 2026.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Plan's policy with regards to ESG as a financially material risk. The Trustee has agreed a more detailed ESG policy which describes how it manages ESG risks in the Plan's investments. The Trustee believes that it should be responsible stewards of the Plan's assets.

The Trustee has an "integrated approach" to sustainable investing, with the policy stating that they will manage ESG risks whilst seeking positive ESG outcomes. The Trustee has formulated a set of ESG beliefs which underpin any investment decision, these are summarised below:

ESG Beliefs	
1.	Climate change and the expected transition to a low carbon economy is a financial risk to the Plan. The Trustee should consider climate risk factors in its investment decisions along with other risks.
2.	The Trustee should set the policies for Responsible Investment and climate risks, and delegate management to investment managers who will act in line with the Plan's policies where practical. It is necessary to know investment managers' policies and performance to do this properly.
3.	The Trustee believes that engaging with managers is more effective to initiate change than disinvesting and so will seek to communicate key ESG actions to the managers in the first instance. The Trustee prefers engagement to achieve this but would consider disinvestment, whilst also considering a range of other factors, if this is not effective.
4.	ESG factors can be financially material, and it is important to consider them for risk management. Managing these risks forms part of the fiduciary duty of the Trustee and can lead to better risk adjusted outcomes.
5.	The Trustee will seek to monitor key ESG metrics within the Plan's investment portfolio to understand the impact of its investments. The Trustee will consider its own and the Sponsor's ESG priority areas when setting targets for the managers.

The Trustee will implement the policy through the following steps:

Implementing the Policy	
1.	The Trustee will continue to develop its understanding of ESG factors through regular training on ESG and keep itself up to date on the latest sustainable investment opportunities.
2.	The Trustee's ESG beliefs will be reviewed regularly.
3.	The Trustee will consider ESG factors when selecting new investment managers.
4.	The Trustee will undertake regular reviews of the investment managers' approach to integrating ESG factors.
5.	After the review, the Trustee will feedback key comments and proposed actions to the managers, and then periodically receive updates on the managers' progress.
6.	The investment managers' stewardship and engagement activities will be monitored on an ongoing basis via the Plan's implementation statement.
7.	The Trustee has agreed climate change as its stewardship priority, and this will be clearly shared with the investment managers with the aim of influencing their stewardship activity.

ESG summary and actions with the investment managers

The Trustee has reviewed the managers' policies and processes for managing ESG factors. As part of this work, the Plan's investment advisor identified areas for improvement for each manager and the Trustee then selected three managers where it believes 1) there is room for improvement and 2) it is realistic that the manager will be able to make some progress on the engagement points set out.

It is important to note that the three managers have not necessarily been selected because they were the worst performing managers from an ESG perspective, but instead because the Trustee believes these are the managers where it's engagement can have the greatest impact.

Manager, fund	ESG Summary	Actions identified
Arcmont – Senior Loan Fund II	Arcmont, while presently without a net zero commitment, is embracing proactive measures towards environmental sustainability. The introduction of regular sustainability training for their investment team exemplifies this commitment. The company's foremost stewardship focus is mitigating climate change. Arcmont are a signatory of the 2020 UK Stewardship Code and public supporters of TCFD. Arcmont publish annual TCFD entity reports, with the most recent covering the 2024 calendar year. At fund level, Arcmont capture ESG risks in their sustainability assessments of borrowers, with a policy to not invest in low scorers. Arcmont will not knowingly invest in companies that violate the United Nations Global Compact ('UNGC') principles. These include companies that have significant revenue generation from thermal coal and controversial weapons.	Arcmont should continue to develop climate-related metrics by reporting forward-looking metrics. Arcmont should look to develop climate scenario analysis capabilities at a fund-level.
Barings – Global Multi-Credit Strategy Fund 3	Following the Trustee decision to waive the investment guidelines for the Global Multi-Credit Strategy Fund 3 in the previous reporting period, Barings are now only holding residual assets within the portfolio, and therefore the Trustee did not consider ESG engagement with this specific mandate to be meaningful.	No actions were identified in relation to this fund given the Trustee's decision to wind it up.
Barings – Global Private Loan Fund 3	Barings publish a firm-wide ESG policy on an annual basis which outline's the firm-level approach to sustainability integration and the objectives Barings have set. Barings have a dedicated Sustainability & ESG team that are responsible for developing and delivering the firm's ESG strategy. Barings conducts formal internal and external ESG training for all employees As long-term investors Barings use ESG analysis in the underwriting of the loans within the Fund, with climate, social and nature/biodiversity considered alongside credit risks. Barings have included sustainability-linked targets into 17% of the loans in the Fund with incentive discounts if certain sustainability objectives are met.	Barings should introduce regular ESG reporting at a fund level. Barings should consider developing climate scenario analysis capabilities at a fund level.

LGT – EM Frontier LC Bond Sub-Fund	LGT have a firm wide ESG policy which outlines firm-level approach to ESG integration and sets out objectives. LGT also publish an annual ESG report which outlines how ESG is being integrated into their portfolios. LGT have a net zero commitment, having set interim decarbonisation targets. LGT have an independent sustainability committee with associated sub-committees across asset classes which continuously review the policies and procedures across investment management, reporting and client services. The fund is classified as Sustainable Finance Disclosure Regulation ('SFDR') Article 8 and commits to invest at least 50% of the assets that are aligned with environmental and social characteristics set out by their in-house tool LGT CP ESG Cockpit. At the end of 30 April 2025, 98% (incl. collateral) of the fund's investments were aligned with environmental and social characteristics as defined by LGT. The fund is predominately exposed to sovereign risk, so LGT have a formal monthly meeting to update the qualitative country assessment which is both backward- and forward-looking.	LGT should consider modelling the fund under different climate change scenarios.
M&G – European Loan Fund	M&G produce an annual report which lays out the firm-wide ESG policy and outline's M&G's approach to ESG. In December 2024, the Firm's investing policy was updated to provide greater clarity of their sustainability objectives and how they are integrated into investment strategies. All investment portfolios are in scope of M&G's 2050 Net Zero target covering all AUM. M&G have a self-standing Stewardship & Sustainability ('S&S') team split into 5 sub-teams responsible for: Sustainable Investment Frameworks; Sustainable Investment Research, Sustainable Quant & Systems; Climate Investment & Net Zero and Corporate Finance & Stewardship. At least 70% of the Fund's NAV must be invested in assets that have environment or social characteristics and a minimum of 20% of NAV in sustainable investments as defined by M&G's proprietary ESG scoring system. All investments must meet a minimum threshold on this scoring system as well. The Private Credit team also conducts regular engagements with borrowers which seek to assess their governance models and their environmental and social operating guideline lines.	M&G should look to develop climate scenario analysis capabilities at a fund-level. M&G should consider including examples of engagements in regular reporting.

Pantheon Senior Debt Secondaries III	Pantheon has a firm-wide ESG policy which is reviewed annually however, it does not have any firm-level ESG objectives or stewardship priorities. Due to the challenges presented by not being direct investors, Pantheon do not have a net zero target but remain committed to utilising engagements with General Partners ('GPs') to advocate for climate initiatives and target setting. Fund-level engagement is limited given the Fund-of-Fund investment approach; however, Pantheon conduct an annual sustainability survey from which they produce a 1-5+ star sustainability rating for underlying GPs, they will then engage with low-scoring managers to discuss results and improvement actions. Pantheon recently launched their fund-level, TCFD-aligned Sustainability Insight Reports ('SIRs'). These reports will be updated on an annual basis and will include sustainability metrics and climate scenario analysis.	Pantheon should consider setting specific, fund-level sustainability objectives. Pantheon should look to introduce social-related metrics into fund reporting.
PGIM – Global High Yield Bond Fund	PGIM Fixed Income ('PGIM FI') has a dedicated ESG research team focussed on long-term projects and ESG frameworks alongside the investment credit analysts who focus on the sustainability analysis of individual investments. PGIM FI are members to several industry initiatives including the UN Principles for Responsible Investment and the 2020 UK Stewardship Code. PGIM FI are not currently a member of the Net Zero Asset Managers Initiative due to their concerns over the achievability of holding global temperature rise to 1.5°C. The fund is classified as Article 8 under SFDR as it promotes increased investment in issuers with lower carbon intensity and issuers identified as having a more positive impact on the environment and/or society. PGIM FI have an internal sustainability scoring system that is applied to every issuer within the Fund, any low scorers will not be held in the Fund.	PGIM should consider modelling the fund under different climate change scenarios. PGIM should consider introducing a minimum allocation to green assets.
Quoniam – Global Equities Index Enhanced Fund	Quoniam have a firm-wide ESG policy which outlines the firm-level approach and objectives, including a Net Zero commitment by 2050, with an interim goal of a 50% reduction by 2030 in relation to assets where Quoniam have full discretion. Proxy voting is conducted via the Union Investment Group (parent company of Quoniam). This allows for a collective effort to drive meaningful changes on behalf of the investors and collaborate with other teams within the Group. As a fund classified as Article 6 according to SFDR, the fund currently targets a better ESG rating and lower carbon intensity than the benchmark (MSCI World Standard). Human rights violators are excluded, as are companies with more than 10% of their revenues from coal production and more than 30% from coal power generation.	Quoniam should consider setting stewardship priorities at fund level. Quoniam should consider introducing thermal coal and tar/oil sands exclusions.

Schroders – LDI Portfolio	Schroders integrate an ESG assessment into the counterparty selection process. The screening of acceptable counterparties is done when the counterparty is onboarded and reviewed regularly. Should a counterparty fall below the desired thresholds, Schroders will conduct a deep dive to obtain the reasons for this and whether these should impact their trading with the counterparty. Schroders' Sustainability and Credit teams use a scorecard to assess around 150 banks globally on the scale of their fossil fuel financing activities, strength of long-term climate strategy and vision, as well as their sustainable financing capabilities, maturity of climate governance and risk management, and quality of climate reporting.	Schroders should consider increasing regular mandatory ESG training at firm level. Schroders should consider the effectiveness of green ABS issuance.
Schroders – AAA Flexible ABS Fund ('SAAF') and ISF Securitised Credit Fund ('SISZL')	Schroders considers a range of environmental, social and governance factors in its investment process through a combination of proprietary research, third-party data and ongoing engagement with market participants. The manager applies a range of exclusions, including controversial weapons, UN Global Compact violators and companies with significant exposure to thermal coal. As sustainability information is often limited within securitised credit markets, Schroders supplements publicly available data with information gathered directly from issuers and other parties involved in the underlying investments. This is used to identify potential risks that may affect the long-term performance of investments, including those related to climate change. Schroders report on engagements during the investment process, covering topics such as climate-related risks, data transparency, green securitisations and market regulation, and participates in industry initiatives aimed at improving disclosure standards and promoting best practice across securitised credit markets.	
Schroders - SISF Sustainable Global Multi-Credit	The fund maintains a higher overall sustainability score than its benchmark (the Bloomberg Multiverse (TR) ex Treasury A+ to B index (USD Hedged)) based on the Schroders' rating system. The fund will also invest at least 40% of its assets in sustainable investments. These must demonstrate a net positive effect towards a range of ESG metrics as scored by Schroders' proprietary tool. As of 31 December 2025, the fund has 12.3% of its AUM invested in green bonds versus the benchmark's 6.1% allocation. It also has a 6.1% allocation to social, sustainability-linked bonds versus the benchmark's 4.0% allocation.	

Swiss Life Global Infrastructure Opportunities Growth II Fund	Swiss Life have a general firm-wide sustainable policy which cover c.90% of their AUM. This policy covers the firm level approach to ESG and its objectives. Swiss Life have a dedicated in-house Group Sustainability Team consisting of c.73 employees. The team is responsible for the coordination, steering and implementation of sustainability initiatives and firm-wide sustainability integration, and allows Swiss Life to integrate sustainability considerations into its core asset management processes. The fund discloses under the Article 8 of the SFDR by promoting environmental (climate change mitigation and energy efficiency) and social (health and safety and diversity, equity and inclusion) objectives. Swiss Life do also use a sustainability scorecard within initial due diligence and ongoing monitoring of investments, to rate each company on their sustainability risk management.	Swiss Life should consider setting an explicit nature objective at a fund level. Swiss Life should consider providing case study examples of stewardship activities.
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Engagement

As the Plan invests via fund managers the managers provided details on their engagement actions for the 12 month period to 31 March 2026. The below table reflects the Plan's managers at 31 March 2026.

Fund name	Engagement summary	Commentary
Arcmont – Senior Loan Fund II	Total engagements: 26 Number of entities engaged: 21 Environmental: 12 Social: 5 Governance: 1 Strategy: 8	Arcmont primarily engages with borrowers through the use of sustainability-linked margin ratchets (which are borrowing terms linking the rate of interest charged to pre-agreed key performance indicators ('KPIs') and sustainability performance targets ('SPTs') associated with each KPI). Example of Fund level engagement: Global manufacturer of refractive surgical lasers – The company develops lasers for refractive and therapeutic corneal surgery for vision correction and Arcmont have provided financing to them. Arcmont actively engaged with the company to encourage meaningful improvements in the management of material ESG risks. Arcmont set two KPIs: - To encourage the company to effectively manage and reduce its greenhouse gas emissions; - To encourage the company to implement robust sustainability disclosures in line with EU sustainability-related regulations. Arcmont engaged via direct dialogue with the portfolio company, co-lender and sponsor. The company developed a credible strategy to achieve the objectives set. The company met its SPT for FY23 so were awarded a 0.025% reduction in their interest rate, however they did not achieve their FY24 or FY25 targets so were not awarded further discounts. Arcmont will continue engaging with and monitoring the company's progress against the targets set.
Barings – Global Private Loan Fund 3	Total engagements: 172 Number of entities engaged: 155 Environmental: 5 Social: 5 Governance: 162 Strategy: 0	Barings' Global Private Finance ('GPF') team may identify material ESG topics to engage on with private equity sponsors and management teams, typically during the due diligence process. Focus areas of such engagement may comprise of improved disclosure or changed behaviour related to the ESG topics identified. Example of Fund level engagement: Provider of legal research, analytics and rankings – The company provides legal research and information services to law firms and legal professionals globally. Barings supported a private equity sponsor in the acquisition of the business and implementation of sustainability considerations within the financing structure. The agreed performance targets include: - Address pay disparities aligning with societal and regulatory expectations for DEI - Sustain institutional knowledge through employee wellbeing & retention - Improve equitable access to training across employee levels and enhance job satisfaction - Improve visibility of ESG leaders and sustainability in the industry Barings were satisfied that all four performance targets were met during the reporting period.

Barings – Global-Multi Credit Strategy Fund 3	The Fund is in the process of winding down and now comprises a small number of remaining illiquid holdings. As such, Barings was unable to provide Fund-specific ESG engagement examples or data for the reporting period.	
LGT – EM Frontier LC Bond Sub-Fund	Total engagements: 20 Number of entities engaged: 10 Environmental: 0 Social: 0 Governance: 0 Strategy: 0 Other*: 20 *‘Other’ includes meetings to acquire information on funding strategy, ongoing reforms, monetary and FX policy and discussions about issuance of ESG labelled instruments.	LGT’s engagement consists of a constructive dialogue between the investment team and an issuer. This dialogue is important to gain an understanding of the recent development of a country, as well as in validating the data used in the country classification process. Active interaction with the local institutions gives LGT access to early signals, which are important when evaluating potential short-term ESG risks and opportunities in a country. Example of Fund level engagement: South American country – LGT engaged with representatives of the country’s government on the development of the country’s local bond market. Increasing the use of local currency borrowing can help reduce a country’s dependence on overseas funding and strengthen its ability to manage economic shocks. During the reporting period, the country continued to develop its local bond market and issued new local currency bonds. LGT’s discussions with government representatives focused on the potential benefits of these developments and the role they can play in supporting longer-term economic growth and financial stability. LGT subsequently invested in the new bond issuance.
M&G – European Loan Fund	Total engagements: 8 Number of entities engaged: 3 Environmental: 4 Social: 1 Governance: 2 Other*: 1 *‘Other’ includes cyber and AI.	M&G engage across corporates, governments, regulators, and industry bodies. M&G seek both positive change or impact at an individual issuer level; and seek to improve management of market-wide or systemic risks (such as climate risk). Example of Fund level engagement: A global sustainable packaging provider - provides reusable packaging used in the transportation of fresh food products. M&G engaged with the company’s ESG team to discuss its approach to reducing plastic use, improving product circularity and lowering the environmental impact of its operations. The company outlined how its containers are designed for repeated use and can typically be reused 50 to 60 times before replacement. M&G also discussed the sustainability of the transport network and encouraged the company to consider setting formal targets for recycled material content. M&G are continuing to engage and plan to provide feedback on the company’s new ESG strategy, with longer-term environmental objectives, prior to its publication.

Pantheon Senior Debt Secondaries III	Total engagements: 60 Number of entities engaged: 60 Environmental: 120 Social: 180 Governance: 60 Note: totals may not sum due to some engagements covering multiple topics	Within Pantheon's private debt platform, 60 General Partners ('GPs') completed Pantheon's annual sustainability survey in 2025. GPs essentially manage the underlying funds that Pantheon invest in. Pantheon had eight 'substantial' engagements through 1-on-1 calls with managers following the results of the annual survey. The calls were used to engage with GPs on ESG data collection, decarbonisation and biodiversity. Example of Fund level engagement: Example GP – As part of Pantheon's sustainability survey they shared feedback in the form of GP Sustainability Maturity Scorecards to all participating GPs. Pantheon's Global Head of Sustainability alongside the wider Sustainability Team hosted a 1-on-1 call and provided feedback around topics relating to biodiversity, specifically biodiversity metrics and portfolio heatmapping. The GP noted that they will consider further improvements in their Biodiversity score (currently rated below peers). Pantheon will continue to engage and host follow up calls as needed following the 2026 survey.
PGIM – Global High Yield Bond Fund	Total engagements: 11 Number of entities engaged: 11 Environmental: 19 Social: 11 Governance: 2 Other: 2 Note: totals may not sum due to some engagements covering multiple topics	PGIM consider engagement to be a meaningful direct dialogue with an issuer or stakeholder on an ESG topic (e.g. climate change, biodiversity, human rights, etc.) and believe that engagement is a key tool in their investment process. Example of Fund level engagement: AI cloud-computing company – PGIM engaged with the company's investor relations team to discuss the sustainability of its data centre operations and encourage greater ESG disclosure following the company's entry to the high yield market. PGIM note that the company's management have acknowledged, that despite the CEO's vision for creating a more sustainable infrastructure, the current priority of the company is growth thus limiting their ability to prioritise sustainability of operations. They stated plans to publish a sustainability report, but there is no concrete timeline so PGIM do not expect material progress in the near term. Following the engagement PGIM did not change the issuer's Impact Rating. While PGIM viewed the company's focus on infrastructure efficiency and renewable energy use as positives, these were offset by the absence of formal ESG targets, reporting and sustainability commitments. PGIM will continue to engage with the company and encourage the publication of measurable ESG objectives and progress against them.
Quoniam – Global Enhanced Equity Fund	Total engagements: 150 Number of entities engaged: 80 Environmental: 80 Social: 40 Governance: 30	Quoniam use a 3rd party company, Union Investment, to engage on behalf of investors. Union Investment defines engagement objectives based on material ESG risks identified through a combination of internal research and external data sources. Most engagements include specific objectives, such as improved disclosure, strategy enhancement, or governance changes. Example of Fund level engagement: Multinational building materials company – Union engaged with the company to address its transparency on climate strategy, lobbying activities and transition risks. The engagement aligns with Quoniam's stewardship objective to enhance climate-related financial disclosure and ensure consistency between corporate strategy and Paris-aligned pathways.

		Following multiple engagement with Investor Relations and C-level representatives, the company confirmed progress on operation measures such as energy efficiency and outlined key risks (e.g. demand environment). However, detailed disclosure on emissions drivers and climate-related financial risks remains limited so Union will continue engaging with a focus on improved transparency and alignment with investor expectations.
Schroders – LDI Portfolio	No. of engagements*: >35 *Number of meetings with public bodies / market participants conducted by the LDI team specifically.	Schroders engage with a wide range of market participants on ESG issues, including the Bank of England and the Debt Management Office on market liquidity and gilt issuance. They also engage with clearing houses in addition to existing and potential counterparty banks. Schroders actively engage on industry initiatives and regulation within the LDI sphere to represent views of their clients to key public bodies. Example of firm level engagement: UK government agencies - Schroders engaged with the UK Debt Management Office and the Bank of England on issues affecting the market for UK gilts. Discussions focused on government borrowing plans and proposed changes to market regulations. Schroders shared its views on how these changes could affect market stability and the ability of pension schemes to manage their assets efficiently. During the period, the government took feedback from market participants into account when developing its borrowing plans. Schroders believe this helped support a more stable market environment for long-term investors, including pension schemes, and continues to engage with policymakers on developments that may affect the operation of the UK government bond market.
Schroders – AAA Flexible ABS Fund ('SAAAF') Schroders – ISF Securitised Credit Fund ('SISZL')	Schroders do not currently provide this level of reporting for these funds.	Given the underlying investments in these securitised credit funds, Schroders are unable to provide a full data report on engagements. Schroders' primary engagement in securitised credit has been around agreeing an industry wide format to report climate data. Isio and the Trustee will continue to seek updates from Schroders on this, to see what reporting is possible in future.
Schroders – ISF Sustainable Global Multi-Credit Fund	Total engagements: 379 Number of entities engaged: 73 Environmental: 213 Social: 64 Governance: 82 Other: 20	The fund predominantly invests in corporate debt, and hence Schroders' engagement efforts are focused on interactions with companies. Schroders encourage management teams at portfolio companies to adapt to ESG changes and hold them accountable for doing so. Example of Fund level engagement: Technology holding company – Schroders engaged with this company following their inclusion in the climate engagement programme and recognising their growing data centre footprint and associated operational risks. Over the period Schroders attended multiple group calls and engaged with the company via emails. The company was receptive to engagement and provided additional detail on its plans to secure future energy supply for its data centres, while also considering the environmental implications of its continued expansion. Schroders plan to continue engagement with the company.

Swiss Life Global Infrastructure Opportunities Growth II Fund	Total engagements: 23	Swiss Life's engagement strategy focuses on two key areas: (1) insight-driven engagement to collect ESG data from their portfolio companies, and (2) outcome-oriented engagement aimed at driving positive outcomes on ESG issues that were identified at the asset level. Engagement activities in infrastructure equity can take various forms, such as board representation, exercising shareholder voting rights, participation in management meetings, or direct dialogue with management. Example of Fund level engagement: Radiopharmaceutical products company – Swiss Life identified targeted improvement areas for the company during the investment process using their proprietary ESG scoring framework. Shortly after investing, Swiss Life held a dedicated ESG workshop with the company's management to define an ESG action plan covering priority ESG governance pillars. Over the period, the company appointed a dedicated Head of ESG and implemented a roadmap focused on strengthening governance, improving ESG data collection and reporting, and clearly assigning responsibility for ESG-related activities. Progress was monitored through regular discussions between management, the board and shareholders. Swiss Life reported that these actions led to a measurable improvement in the company's ESG performance, with the business achieving the target score set at the time of investment. The company also recognised the role Swiss Life played in helping to establish its ESG framework and supporting the development of its longer-term ESG strategy.
	Number of entities engaged: 4	
	Environmental: 2	
	Social: 0	
	Governance: 21	

Voting (for equity/multi asset funds only)

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on its behalf.

The Plan's fund managers have provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2026.

Fund name	Voting summary	Examples of most significant votes	Commentary
Quoniam – Global Enhanced Equity Fund	Votable proposals: 5,128 Proposals voted: 5,128 (100% of votable proposals) For votes: 5,044 (c.98% of proposals voted) Against votes: 84 (c.2% of proposals voted) Abstain votes: 0 (0% of proposals voted)	Quoniam are a systematic quantitative manager, and therefore they are unable to assess the significance of votes for underlying investors in the pooled fund.	Quoniam use a proxy voting service called Broadridge ProxyEdge. Quoniam are a quantitative manager, and votes are executed based on defined criteria in the standing instructions with the proxy voting provider in line with Quoniam's proxy voting policy. Any votes that do not fit the standard criteria are referred to the portfolio management team for manual voting.

Statement of Investment Principles

Purpose of this Statement

This SIP has been prepared by the Trustee of the ZF UK Pension Plan (the “Plan”). This statement sets out the principles governing the Trustee’s decisions to invest the assets of the Plan.

The Plan’s investment strategy is derived from the Trustee’s investment objectives. These objectives have been taken into account at all stages of planning, implementing and monitoring the investment strategy.

Details on the Plan’s investment arrangements are set out in the Investment Implementation Document (“IID”).

Governance

The Trustee of the Plan makes all major strategic decisions including, but not limited to, decisions on the Plan’s asset allocation and the appointment and termination of investment managers.

It is the Trustee’s policy to exercise its investment powers in line with the Plan rules and applicable legislation. To this end, the Trustee takes appropriate written investment advice, including where required to do so by law, and other professional advice as necessary for securing compliance with its legal obligations. The Trustee believes that its investment advisers, Isio, are qualified by their ability in and practical experience of financial matters and have the appropriate knowledge and experience. The investment adviser’s remuneration may be via a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Plan.

The Trustee has established an Investment Committee (“IC”) to oversee the implementation of the Plan’s investment strategy, and to speed up the process of consultation with the Company on investment matters. The IC comprises representatives from:

- The Trustee
- The Company
- The Plan Secretary

The role of the IC is to conduct in-depth research on investment strategies and review objectives and the changes to investment strategies to achieve them.

Investment objectives

The Trustee invests the assets of the Plan with the aim of ensuring that all members’ current and future benefits can be paid. The Plan’s funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Plan’s circumstances. The Plan’s funding target is specified in the Statement of Funding Principles.

The Plan’s present investment objective is to achieve a return of around 2.3% per annum above the return on a liability matching portfolio of UK Government bonds.

Investment strategy

The Trustee takes a holistic approach to considering and managing risks when formulating the Plan’s investment strategy. The Trustee’s policies in relation to investment matters aim to be pragmatic and proportionate in the context of the circumstances of the Plan.

The Plan’s investment strategy was derived following careful consideration of the risks and financially material considerations set out in Appendix B. The considerations include the nature and duration of the Plan’s liabilities, the risks of investing in the various asset classes and also the strength of the sponsoring companies’ covenant. The Trustee considered the merits of a range of asset classes.

The Trustee recognises that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities.

This risk is managed by investing in some “matching” assets and investing in a suitably diversified portfolio of assets, which overall are expected to perform in excess of the liabilities over the long term. The matching assets are designed to mirror movements in the Plan’s liabilities to hedge risks associated with interest rates and inflation. This portfolio is expected to gain exposure to these factors through physical holdings in UK government bonds or derivatives. Outside of this portfolio, the Plan is expected to hold predominantly credit-based sub assets classes, however, may also make allocations to other growth asset classes such as equity and property. The balance between “matching” and “non-matching” assets is decided by considering the risks outlined in Appendix B and in particular, a key consideration is the strength of the Plan’s sponsoring employer.

The assets of the Plan consist predominantly of investments which are traded on regulated markets. The majority of investments can be realised quickly, if necessary, although there would be a risk of capital loss. The Trustee’s policy is that there should be sufficient investments in liquid or readily realisable assets to meet cash flow requirements, both for benefit payments and collateral calls, in most foreseeable scenarios.

The Trustee may use derivatives for efficient portfolio management to manage the Plan’s risk profile, including the Plan’s inflation and interest rate exposure, and to rebalance the Plan’s asset allocation as required from time to time. The Trustee authorises the use of derivatives within parameters agreed with each investment manager.

Leverage and collateral management

The Trustee will consider, and implement as required, all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Plan’s liability hedging (LDI) portfolio.

The Trustee has a stated collateral management policy. The Trustee has agreed a process for meeting collateral calls, should these be made by the Plan’s LDI investment manager. The Trustee will review this policy on a regular basis.

Further details on this can be found in the IID.

Investment Management Arrangements

The Trustee has appointed several investment managers to manage the assets of the Plan as listed in the IID. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments, although the Trustee will explain to its investment managers in advance, what they consider to be most significant votes in line with the Plan’s stewardship priority;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes investment managers’ policies, processes and views into account when selecting and monitoring managers. Alignment between the investment managers’ management of the Plan’s assets and the Trustee’s policies and objectives are a fundamental part of the appointment process of an investment manager and the ongoing oversight of the activity undertaken by the investment managers, as set out in the table below, on behalf of the Plan. The Trustee also takes into account the performance targets the investment managers are evaluated on when monitoring the investment managers’ performance.

The investment managers are required to exercise their discretion in selecting investments in accordance with all applicable laws and regulations, including section 36 of the Pensions Act 1995. The investment managers are also expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

The Trustee has appointed a custodian to operate alongside the investment managers in place. The custodian provides safekeeping for the assets and performs all associated administrative duties such as the collection of dividends.

Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the Plan's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	- The Trustee receives a quarterly performance report which details information on the underlying investments' performance and asset allocation, which are considered at the relevant IC meeting. - The Plan's investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures.	- There are significant changes made to the investment strategy. - Underperformance versus the performance objective over the period that this objective applies.
Environmental, Social, Corporate Governance factors and the exercising of rights	- The Trustee receives information from its investment advisers on the investment managers' approaches to engagement. - The Trustee will engage, via its investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Plan's stewardship priorities) regularly. The Trustee will share any agreed stewardship priorities to ensure alignment in voting and engagement activity.	- The manager has not acted in accordance with their policies and frameworks (including stewardship priorities). - The manager's stewardship policies and priorities are not in line with the Trustee's policies and any priorities in this area.

The Trustee's policies in relation to the Trustee's arrangement with asset managers, including the Trustee's policies in relation to the exercise of rights and engagement activities, are set out in more detail in Appendix C.

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will, where appropriate, review the relevant investment manager's appointment and will consider terminating the arrangement.

Employer-related investments

The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 except where the Plan invests in collective investment schemes that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Plan's total asset value. The Trustee will monitor this periodically to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice from its investment advisers.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. Before preparing or subsequently revising this Statement, the Trustee consulted the sponsoring company and took appropriate written advice. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Signed: Mike Smaje

Position: Trustee

Date: 19/06/2026

Appendix A – ESG Beliefs and Stewardship Priorities

The Trustee has agreed a set of ESG specific investment beliefs and these are set out in a separate ESG beliefs statement.

The Trustee has agreed climate change as its stewardship priority and this will be clearly shared with the investment managers.

As good stewards of its investments, the Trustee has set this stewardship priority in members' best interests. This priority will be communicated to investment managers to influence stewardship activity.

The Trustee recognises that climate change could pose systemic risks which could in turn affect the returns achieved from the investment strategy.

Appendix B – Risks, Financially Material Considerations (including ESG and climate change) and Non-Financial matters

A non-exhaustive list of risks and financially material considerations that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks / financially material considerations	Definition	Policy
Investment	The risk that the Plan's position deteriorates due to the assets underperforming.	• Selecting an investment objective that is achievable and is consistent with the Plan's funding basis and the sponsoring company's covenant strength. • Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Plan assets available to cover ongoing and future liability cash flows.	• Funding risk is considered as part of the investment strategy review and the actuarial valuation. • The Trustee will agree a funding basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Plan.	• When developing the Plan's investment and funding objectives, the Trustee takes into account the strength of the covenant, ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support.

The Plan is exposed to a number of underlying risks relating to the Plan's investment strategy, which are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Plan's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge an agreed proportion of these risks using an LDI strategy to limit exposure, whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay the Plan's routine cashflow requirements, and to meet regulatory guidance around providing collateral to the LDI portfolio.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit (including counterparty credit risk)	Default on payments due as part of a financial security contract.	To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Plan for the risk of default. For derivative contracts held directly by the Plan, the counterparties will be limited to those on the manager's approved panel and the contracts will be marked to market, with collateral posted frequently. The manager is expected to manage excessive counterparty concentration.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	When appointing a new manager, the Trustee considers how they integrate ESG factors into its investment strategy.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	The Trustee regularly monitors the level of unhedged currency risk in the Plan's investment strategy. If the unhedged currency position increases to a level that is deemed unacceptable, then the Trustee can introduce currency hedging.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	The Trustee has not imposed any constraints on the investment arrangements or managers employed relating to non-financial factors.

Appendix C

The Trustee has the following policies in relation to the investment management arrangements for the Plan:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	• In the Plan's segregated LDI portfolio (or wherever a segregated portfolio is used), the manager invests in line with the Investment Management Agreement. This has been tailored to be in line with the Trustee's policies. • Where the Plan is invested in pooled funds, there is no scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective (and considers the pooled funds' policies when appointing / monitoring managers). • The Plan's mandates for Private Debt, Private Debt Secondaries, and Infrastructure Equity are subject to a performance related fee.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements or pooled fund documents and, if it is not satisfied with the performance, will discuss with the relevant manager and consider escalation where appropriate. • The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of its ESG monitoring process. • The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee reviews fees from time to time and when appointing a new manager. • The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. • In carrying out these reviews and evaluations, the Trustee has regard to its investment policies in place from time to time.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustee will review the Total Expense Ratio of the managers from time to time and will ask for further information if required. In particular, excessive turnover by the investment manager will lead to an elevated Total Expense Ratio prompting further investigation by the Trustee.
The duration of the Plan's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Plan invests in. ◦ For closed-ended funds or funds with a lock-in period, the Trustee ensures the

	timeframe of the investment or lock-in is in line with the Trustee's objectives and Plan's liquidity requirements. ○ For open-ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
Voting Policy - How the Trustee expects investment managers to vote on its behalf	• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Plan's investment managers on its behalf. • The Trustee has delegated the exercise of any voting rights to the Plan's investment managers on the basis that voting rights should be exercised with the aim of preserving and enhancing long-term shareholder value. • The Trustee has set climate change as its stewardship priority for the Plan and has communicated this to the investment managers to make clear what they consider to be the most significant votes.
Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'. Relevant matters include (but are not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG governance.	• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Plan's investment managers on its behalf. • The Trustee, via its investment advisers, will engage with managers about 'relevant matters' (including the Plan's stewardship priorities) regularly. • Example stewardship activities that the Trustee has considered are listed below. ○ Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities. ○ Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the voting and engagement activity of its asset managers. The results of this analysis feeds into the Trustee's investment decision making. ○ Collaborative investor initiatives – the Trustee will consider joining/ supporting collaborative investor initiatives.