



Vascutek 2002 Pension Scheme Implementation Report

November 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Report

This Implementation Report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address <https://terumoaortic.com/policies/> changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Scheme 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 Scheme 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 they invest;
- voting behaviour covering the reporting year up to 30 June 2025 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf.

Summary of key actions undertaken over the Scheme reporting year

- The Trustee agreed to increase the liability hedge target to 100% of both interest rates and inflation on the Technical Provisions basis, with the new solution designed using cashflows from the recent Actuarial Valuation.
- On June 10, Isio and Trustee held an investment strategy session which was designed to ensure the portfolio was fully aligned with the Trustee's short and medium term goals for the Scheme. Isio provided the Trustee with some follow-up analysis post the meeting and are awaiting Trustee confirmation on whether further action is required.

Implementation Statement

This report demonstrates that the Vascutek 2002 Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed	 <small>Signed by: Lorna McGill E097D5244CC44B3...</small>
Position	Compensation and Benefits Manager
Date	13/1/2026

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 Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of these risks whilst ensuring compliance with all regulatory guidance in relation to leverage and collateral management.	The Trustee reviewed the suitability of the hedge level over the period and agreed to increase it to 100%.
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 members benefits as they fall due (including transfer values), and to provide collateral to the LDI/synthetic equity/credit manager.	The Trustee's investment strategy has a significant focus on improving liquidity, both on an ongoing basis and in times of market stress.
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 Trustee's previous decision making process around the revised investment strategy took market risks into account.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	The Trustee's previous decision making process around the revised investment strategy took credit risks into account.
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 Scheme's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process	The previous agreement of the revised investment strategy, included the appointment of L&G to manage a range of new mandates, incorporating the review of ESG considerations throughout the process.

		<p>3. A track record of using engagement and any voting rights to manage ESG factors</p> <p>4. ESG specific reporting</p> <p>5. UN PRI Signatory</p> <p>6. UK Stewardship Code signatory</p> <p>The Trustee monitors the managers on an ongoing basis.</p>
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.

Changes to the SIP

There have been no changes to the SIP over the reporting period.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme’s policy with regards to ESG as a financially material risk. This page details the Scheme’s ESG policy. The next page details our view of the managers, our actions for engagement and an evaluation of the engagement activity.

Risk Management	<ol style="list-style-type: none"> 1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee.
Approach / Framework	<ol style="list-style-type: none"> 3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies’ debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	<ol style="list-style-type: none"> 6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge. 8. The role of the Scheme’s asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers’ investment decisions.
Voting & Engagement	<ol style="list-style-type: none"> 9. The Trustee will seek to understand each asset managers’ approach to voting and engagement when reviewing the asset managers’ approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	<ol style="list-style-type: none"> 11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

Manager and Fund	ESG Summary	Actions identified	Engagement with manager commentary
L&G World Equity Index Fund	L&G continues to grow their dedicated and experienced ESG team. L&G are a member of 50+ ESG initiatives and networks and have a strong approach to Stewardship and Collaboration.	Isio proposes L&G should have their have their ESG metrics and data independently verified and consider reducing the exclusion threshold for revenue from coal.	At a firm level L&G is strong in their approach to ESG and voting/engagement. Isio engaged with the manager on behalf of the Trustee over the period. Following engagement, L&G is producing Scope 3 emissions for the Fund. L&G can report in line with TCFD and are progressing work around TNFD reporting.
L&G Diversified Fund	L&G’s monitoring and due diligence processes consistently includes ESG risks to support decisions.	Isio proposes that L&G should consider setting forward looking and quantifiable ESG objectives and introduce a formal ESG training program with defined priorities.	L&G to consider developing connections with leading academic institutions to develop robust risk management framework.
L&G Unconstrained Bond Fund	L&G has strong firm-level policies, and the Fund aligns with the Net Zero Investment Framework’s guidance on decarbonisation.	Isio proposes L&G should engage with more issuers on an annual basis and utilise third parties to independently verify ESG data reporting.	
L&G LDI Funds	L&G embeds ESG within their counterparty review process for the LDI funds via their Active ESG tool and engaging with counterparties. However, the LDI funds do not have any explicit objectives.	L&G should consider expanding the approach to assessing green gilts to complement a relative value assessment in order to create positive externalities within the funds. L&G should introduce a formal ESG training program with defined priorities and consider developing connections with leading academic institutions to develop robust risk management frameworks.	Following Isio’s engagement, L&G is working on enhanced ESG counterparty reporting for delivery to clients.

<p>IFM Global Infrastructure Fund</p>	<p>IFM has incorporated sustainable investment factors into the due diligence on new investments and ensures each asset has a net zero transition and an emissions reduction pathway in place.</p>	<p>IFM should develop an ESG scorecard on an annual basis and set up a stewardship policy with climate and social factors as explicit priorities.</p> <p>IFM should consider obtaining a UNPRI score across Strategy & Governance and Infrastructure Equity.</p>	<p>Following Isio engagement, IFM could continue to improve the reported carbon metrics for the Fund and provide social and nature-based metrics as part of regular reporting.</p>
<p>Partners Group Private Markets Credit Strategies ('PMCS') 2020 Fund</p>	<p>PG continue to demonstrate a strong firm-wide approach to ESG and have strong ESG teams and practices.</p> <p>They have a strong screening process in their investment approach, using industry recognised guidance, such as the UNGC principles.</p>	<p>Isio proposes Partners Group should begin regular reporting on fund-level temperature pathway alignment and emissions data.</p> <p>Partners Group should engage with a significant number of the underlying issuers and improve the reporting of these engagements.</p>	<p>Isio engaged with Manager on behalf of the Trustee over the period.</p> <p>Following this engagement, Partners Group are working to set Fund level ESG objectives and begin reporting on temperature pathway alignment and emissions data at a Fund-level.</p>

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 30 June 2025.

Fund name	Engagement summary	Commentary
L&G World Equity Index Fund	<p>Total Engagements: 1,418</p> <p>Environmental: 932</p> <p>Social: 325</p> <p>Governance: 132</p> <p>Other: 29</p>	<p>L&G's Investment Stewardship team are responsible for engagement activities across all funds. L&G share their finalised ESG scorecards with portfolio companies and the metrics on which they are based.</p> <p>Examples of significant ESG-related initiatives implemented by assets held in the Fund over the year include:</p> <p>Rio Tinto – L&G engaged with Rio Tinto since voting against their previous Climate Action Plan in 2022. L&G were concerned by the absence of quantifiable targets for Scope 3 emissions, and the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. L&G have engaged since then and has aimed to bridge the remaining gaps, particularly regarding the company's approach to Scope 3 emissions and customer decarbonisation. Rio Tinto has made substantive progress in this area. L&G continue their engagement, support the company's Climate Action Plan (Resolution 19) and monitor their progress.</p>

	<p>Nippon Steel – L&G have met with the company three times since co-filing the shareholder resolution and participated in a site visit, reflecting increased transparency and engagement with the shareholders. Specific commitments to improve in disclosures were noted during these interactions. Nippon Steel published its first ever Industry Association Review and a set of policy positions, including a pledge to advocate proactively in Japan for climate- and energy-related policies aligned with decarbonisation goals. These steps represent progress toward integrating strategic advocacy with long-term objectives. L&G will continue collaborating with the company to strengthen investor confidence and advance transparent advocacy efforts.</p>
<p>L&G Diversified Fund</p>	<p>Total Engagements: 2,753 Environmental: 2,075 Social: 473 Governance: 173 Other: 32</p> <p>An example of the ESG activity undertaken within the portfolio is:</p> <p>BP PLC – L&G have engaged with BP PLC for a number of years on the energy transition, which illustrates the challenges of matching ambition with action, and underscores the pivotal role of governance. While L&G supported BP’s climate transition plan in 2022, subsequent changes in strategy, combined with the decision to withhold a shareholder vote led L&G to vote against the re-election of the Chair in 2023 and again in 2025 on similar grounds. The pre-declaration of the 2025 vote highlighted governance concerns in particular. Although the resignation of Chair Helge Lund had already been announced, L&G argue that a clearer and swifter time frame for his departure would better facilitate an orderly transition than the initially proposed extended timeframe.</p>

<p>L&G Absolute Return Bond Fund</p>	<p>Total Engagements: 323</p> <p>Environmental: 191</p> <p>Social: 73</p> <p>Governance: 46</p> <p>Other: 13</p>	<p>An example of the ESG activity undertaken within the portfolio is:</p> <p>Nestle SA – L&G engaged with Nestle under the umbrella of ShareAction’s Healthy Markets Initiative and co-filed a shareholder resolution to address concerns that the company’s target for sales of healthy products would not lead to meaningful improvements in consumer health and dietary outcomes. L&G asked the company to publish more robust, measurable targets to increase healthier food choices. This resolution received support from approximately 11% of shareholders. Nestle made the decision to make improvements in nutrition reporting, including transparency of the ‘healthiness’ of product categories.</p>
<p>L&G LDI Funds</p>	<p>L&G have engaged with a number of industry participants on long term strategic issues in relation to LDI and has also been working with the government and policymakers on green gilts to encourage the integration of social impact programmes into the green gilt mandate.</p>	<p>L&G leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.</p>
<p>IFM Global Infrastructure Fund</p>	<p>IFM currently do not issue the total number of engagements that have occurred over the one-year period to 30 June 2025. Isio are actively engaging with the manager to encourage providing of such information.</p>	<p>IFM provide some case specific information about ESG-related initiatives for assets held in the Fund over the year.</p> <p>Examples of significant ESG-related initiatives implemented by assets held in the Fund over the year include:</p> <p>Manchester Airports Group– IFM actively engage with the company’s board and management on environmental and social matters. IFM is targeting Net Zero across all asset classes. The Group published its 2025 Sustainability Strategy, setting out an enhanced framework to delivering long-term environmental and social value. The key highlights included a</p>

		<p>strengthened commitment to achieving net zero carbon operations by 2038 and new initiatives to support skills development and employment in local communities.</p> <p>Buckeye Partners – IFM work closely with the company to drive and continuously improve safety performance. Following a record year in safety performance, Buckeye has continued to maintain its strong safety culture and standards, achieving a YTD zero recordable rates for both employees and contractors. Motor vehicle incident rates have also declined to 0.70, a significant improvement compared to the prior period report figure of 2.08. Additionally, there were no high-potential incidents reported. These results reflect Buckeye’s continued commitment to operational safety.</p>
<p>Partners Group Private Markets Credit Strategies ('PMCS') 2020 Fund</p>	<p>Total engagements: 26</p> <p>Environmental: 9</p> <p>Social: 9</p> <p>Governance: 8</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies; however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>An example of the ESG activity undertaken within the portfolio include:</p> <p>Envirotainer – Partners Group engaged with the management in relation to strategy, financial and reporting. In January 2025, the Program received proceeds from the full repayment of the first lien debt investment in Envirotainer. The full realisation generated an IRR of 11.4% and a TVPI of 1.26x.</p>

Voting (for equity/multi asset funds only)

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

The Scheme’s equity and diversified growth manager has provided details on its voting actions including a summary of the activity covering the reporting year up to 30 June 2025. The Trustee has adopted the manager’s definition of significant votes and has not set stewardship priorities. The manager has provided examples of votes they deem to be significant. When requesting data annually, via their investment consultant, the Trustee informs their managers what they deem most significant.

Fund name	Voting summary	Examples of significant votes	Commentary
L&G World Equity Index Fund	Meetings eligible to vote for: 2,839	Microsoft Corporation –	L&G’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by L&G, and they do not outsource any part of the strategic decisions. L&G’s use of ISS recommendations is purely to augment their research and proprietary ESG assessment tools.
	Resolutions eligible to vote for: 35,343	Date of the vote: 10/12/2024	
	Resolutions voted for: 99.93%	Approximate size of fund’s holding (as a % of portfolio): 4.1%	
	Resolutions voted with management: 79.37%	How L&G voted: For	
	Resolutions voted against management: 20.38%	Outcome of the vote: Fail	
	Resolutions abstained from: 0.25%	Summary of the resolution: L&G voted in favour of the resolution to report on AI data sourcing accountability, as the company is facing increasing legal and reputational risks related to copyright infringement associated with its data sourcing practices. The rationale behind this decision was that, although Microsoft appears to have a strong disclosures on its approach to	
	Resolutions voted contrary to proxy advisor: 15.37%		

		<p>responsible AI and related risks, shareholders would benefit from greater attention to risks associated with the use of third-party information to train its large language models.</p>
<p>L&G Diversified Fund</p>	<p>Meetings eligible to vote for: 10,460</p> <p>Resolutions eligible to vote for: 104,120</p> <p>Resolutions voted for: 99.87%</p> <p>Resolutions voted with management: 76.54%</p> <p>Resolutions voted against management: 22.13%</p> <p>Resolutions abstained from: 1.33%</p> <p>Resolutions voted contrary to proxy advisor: 14.37%</p>	<p>Apollo Global Management, Inc. –</p> <p>Date of the vote: 06/06/2025</p> <p>Approximate size of fund's holding (as a % of portfolio): 0.17%</p> <p>How L&G voted: Against</p> <p>Outcome of the vote: Pass</p> <p>Summary of the resolution: L&G voted against the election of director Marc Rowan, as it expects companies to separate the roles of Chair and CEO due to concerns about risk management and oversight.</p>

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