

BASF UK Group Pension Scheme

Annual Report & Financial Statements

For the year ended 31 December 2025

Scheme Registration Number: 10135237

Contents

Trustee and advisers	1
Trustee Report.....	2
Financial Developments & Financial Statements	2
Constitution & Management	2
GMP Equalisation.....	3
Trustee Responsibilities	3
Scheme Membership	4
Pension increases	5
Pension Flexibilities (Combined Sections DC)	6
Transfer Values	6
Report on Actuarial Liabilities	7
Investment Report.....	10
Statement of Investment Principles	10
Custody of Scheme Assets	10
Departures from the SIP.....	11
Taskforce on Climate-Related Financial Disclosures (TCFD).....	11
Investment Strategy	11
Investment Performance	13
Investment Assets	14
Transaction Costs	14
Trustee's policies in relation to voting rights	14
Trustee's policies on environmental, social and governance and ethical factors	15
Trustee's policy on the implementation of asset manager arrangements	16
Employer-related investments	17
Further information	17
DC Governance Statement.....	18
Introduction.....	18
Investment Arrangements	18
Internal Controls and Core Financial Transactions	22
Value, Charges and Transaction Costs.....	23
Value for Members	25
Trustee Knowledge and Understanding	26
Trustee Statement of DC Governance	27
Actuarial Certificates of Schedules of Contributions	28
Summary of Contributions	31
Independent Auditor Report	33
Fund Account for the year ended 31 December 2025.....	36
Statement of Net Assets (Available for Benefits) as at 31 December 2025	37
Notes to the Financial Statements.....	38
<i>Investments held and investment balance</i>	<i>66</i>
<i>Risk and return.....</i>	<i>66</i>
<i>Financial and non-financial considerations.....</i>	<i>66</i>

Trustee and advisers

Principal Employer	BASF plc		
Participating Employers	BASF Metals Ltd Chemetall Ltd	BASF Agricultural Specialities Ltd BASF Pharma (Callanish) Ltd	BASF Coatings UK Ltd
Trustee	BASF Pension Trustee Limited (until 31 December 2025) Directors: Ross Trustees Services Limited (trading as Independent Governance Group) (Chair) (represented by C Edmondson) Resigned as a director of BASF Pension Trustee Limited on 31 December 2025 Company appointed M Newbould (retired 31 December 2025) Member nominated R Portman (retired 31 December 2025) G Thomson (retired 31 December 2025) Ross Trustees Services Limited (trading as Independent Governance Group) (from 1 January 2026) (represented by C Edmondson (Chair)) Ross Trustees Services Limited is the sole Trustee of the Scheme (effective 1 January 2026) and is referred to as “the Trustee” throughout the rest of this report. The current directors of Ross Trustees Services Limited are C Edmondson, L Tutt, and G Suckling. Scheme Secretary: A Wilkins from 1 January 2026.		
Trustee Company Secretary to BASF Pension Trustee Limited (until 31 December 2025)	H Campbell	Pension Manager	A Wilkins
Administrator	Gallagher Benefit Services	Actuary	S Caine (Towers Watson Limited)
Independent Auditors	Crowe UK LLP	Legal Advisers	Arc Pensions Law
Investment Advisers	LCP (DB) Mercer Limited (DC)	Global Custodian	JPMorgan
Life Insurers	Metlife (appointed 1 July 2025) Legal & General (removed 1 July 2025)	Bankers	Lloyds Bank plc
Investment Managers	Group Section Insight Investment Management Limited Royal London Asset Management Limited Barings LLC Chemetall Section Legal & General Investment Management Limited (until October 2025) Insight Investment Management Limited (until October 2025)	BPP Section Insight Investment Management Limited Royal London Asset Management Limited Barings LLC Intermediate Capital Group plc Combined DC Sections Scottish Widows Limited	
	BPP Section Utmost Life and Pensions Aviva (formerly Friends Life) Chemetall Section Prudential Assurance Company Limited	Group Section Utmost Life and Pensions Phoenix Life Prudential Assurance Company Limited	

Trustee Report

The Trustee of the BASF UK Group Pension Scheme (the Scheme) presents the Annual Report & Financial Statements for the year ended 31 December 2025.

The Trustee met eleven times during the year ended 31 December 2025. Each Trustee Director had one vote, and a decision may be carried by simple majority. In the event of a tied decision, the Chair had the casting vote. During 2025 the Chair did not have to exercise their casting vote.

The powers of appointment and removal of the Trustee are vested in the principal employer and must be exercised by Deed. The Articles of Association of the corporate Trustee and the rules contain provisions for the appointment and removal of Trustee Directors. The Pensions Act 1995 gave members the right to elect some of the Directors of the Trustee Company. The Trustee satisfied the statutory requirement for at least one third of the directors to be member nominated.

Following consultation with the Company, BASF Pension Trustee Limited was replaced on 1 January 2026 by a Professional Corporate Sole Trustee ("PCST") service, provided by Ross Trustees Services Limited, trading as Independent Governance Group ("IGG"). A Pension Committee was also established to create an information channel between the Trustee and employees.

Financial Developments & Financial Statements

The financial statements included in this report are the accounts required by the Pensions Act 1995 and have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of the Act.

Constitution & Management

The Scheme is governed by the Trustee who is required to act in accordance with the Trust Deed and Rules, within the framework of pension and trust law. The Scheme was established by the principal employer, for the benefit of its employees and those of its fellow group and subsidiary companies. The assets of the Scheme are segregated from the finances of the principal and participating employers.

The Scheme has been granted tax exempt status being registered under Chapter 2, Part 4 of the Finance Act 2004. The Trustee knows of no reason why this approval may be prejudiced or withdrawn. The Scheme is made up of three segregated sections:

- BASF Performance Products Section (**BPP Section**)
- Chemetall Section (**Chemetall Section**) until 23 October 2025
- BASF Group Section (**Group Section**)

Both the Group Section and the BPP Section are hybrid schemes consisting of separate DB and DC sections. The Chemetall Section is a DB section.

BPP Section

The DB section closed to future accrual from 31 December 2015. All active DB members were automatically enrolled into the DC section and were categorised as BPP Transferred DB members. New employees are eligible for membership of the DC Section.

Chemetall Section

The DB section was closed to future accrual on 30 June 2018. Since 1 July 2018, all Chemetall Ltd employees accrue DC Benefits in the Group Section. The assets and liabilities for the Section were transferred to the Citrus Master Trust on 23 October 2025. The Section will be wound up during 2026.

Group Section

The DB section closed to future accrual with effect from 31 March 2012. All active DB members on 31 March 2012 were automatically enrolled into the DC section. In July 2018, Chemetall Ltd became a participating employer and all active employees were enrolled into the Group DC Section of the Scheme.

Trustee Report (continued)

Combined DC Sections

For presentation purposes, the DC section of the Group Section and the DC section of the BPP Section have been combined in these financial statements.

GMP Equalisation

In October 2018, the High Court determined that pension schemes are required to equalise pension benefits between men and women for the effect of guaranteed minimum pensions (GMP) which were accrued between 17 May 1990 and 5 April 1997.

In November 2020, a further ruling determined that transfers out of a scheme in respect of members who had contracted out of the state second pension must also be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 5 April 1997 between men and women.

The Trustee has reviewed, with their advisers, the implication of these rulings on the Scheme in the context of the rules of the Scheme and considers the total liability to be immaterial to the financial statements.

Trustee Responsibilities

Responsibilities in respect of financial statement

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

- Show a true and fair view of the financial transactions during the Scheme year and of the amount and disposition at the year-end of its assets and liabilities, other than liabilities to pay pensions and benefits after the year-end; and
- Contain the information specified in Regulation 3A of the Occupational Pension Schemes Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

The Trustee is also responsible for making available certain information about the Scheme in the form of an annual report.

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

Responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, reviewing, and revising (if necessary), a schedule of contributions showing the rates of contributions payable by or on behalf of employers and the active members 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 Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Trustee Report (continued)

Scheme Membership

The changes in membership during the year are as follows:

Combined DC Sections	Active	Deferred	Pensioner	Beneficiaries	Total
At 1 January 2025	715	2,259	-	-	2,974
Adjustments to prior year	(14)	1	-	-	(13)
New members joining	58	-	-	-	58
Members retiring	-	(47)	-	-	(47)
Members leaving prior to pensionable age	(55)	55	-	-	-
Deaths	(1)	(6)	-	-	(7)
Transfers out	-	(94)	-	-	(94)
At 31 December 2025	703	2,168	-	-	2,871

BPP Section	Active	Deferred	Pensioner	Beneficiaries	Total
At 1 January 2025	-	1,368	1,889	431	3,688
Adjustments to prior year	-	(7)	86	14	93
New beneficiaries	-	-	-	35	35
Members retiring	-	(72)	85	-	13
Deaths	-	(3)	(64)	(18)	(85)
Transfers out	-	(1)	-	-	(1)
At 31 December 2025	-	1,285	1,996	462	3,743

Chemetall Section	Active	Deferred	Pensioner	Beneficiaries	Total
At 1 January 2025	-	122	224	46	392
Adjustments to prior year	-	-	(1)	1	-
Members retiring	-	(7)	7	-	-
Deaths	-	-	(5)	(4)	(9)
Transfers out	-	(1)	-	-	(1)
Bulk Transfer Out to Citrus Chemetall	-	(114)	(225)	(43)	(382)
At 31 December 2025	-	-	-	-	-

Group Section	Active	Deferred	Pensioner	Beneficiaries	Total
At 1 January 2025	-	569	2,092	526	3,187
Adjustments to prior year	-	(5)	22	(1)	16
New beneficiaries	-	-	-	25	25
Members retiring	-	(61)	63	-	2
Deaths	-	(1)	(57)	(26)	(84)
Transfers out	-	(1)	-	-	(1)
At 31 December 2025	-	501	2,120	524	3,145

All Sections	Active	Deferred	Pensioner	Beneficiaries	Total
Total membership	703	3,954	4,116	986	9,759

Salary Links

The table below shows the number of members with a salary link.

Section	2025	2024
Chemetall DB Section	-	10
Group DB Section	1	2

DC Pensioners

For DC members, benefits are generally provided outside of the Scheme, leaving no liability within the Scheme. However, up to 5 April 2015, members with a small DC Account may have been provided with a pension within the Scheme.

Trustee Report (continued)

Scheme Membership (continued)

The table below shows the number of members where pensions had been purchased. Please note these pensioners are included in the membership movement tables on the previous page.

Section	2025	2024
BPP DB Section	13	9

Annuities

The number of members whose benefits are provided by annuities are:

Section	2025	2024
BPP DB Section	8	11
Chemetall DB Section	-	2

Multi-Section membership

Some individuals are members of both a DB section and DC section. Each membership is included below:

Section	Status	2025	2024
BPP DC Section	Active	45	47
	Deferred	416	447
Group DC Section	Active	658	668
	Deferred	1,752	1,812

Pension increases

During the year, pension increases were applied in accordance with the Scheme Rules as follows:

BPP	Benefit	Increase	Reference index
Main	Pre 1988 GMP	0.0%	Nil increasing
	Post 1988 GMP	1.7%	Increased by CPI to a maximum of 3%
	Pension in excess of GMP (accrued before 1 January 2007)	2.7%	Increased by RPI to a maximum of 5%
	Pension (accrued after 31 December 2006)	2.5%	Increased by RPI to a maximum of 2.5%
Pira – pre Oct. '96 joiners	Pre 1988 GMP	0.0%	Nil increasing
	Post 1988 GMP	3.0%	Fixed 3% increase
	Pension in excess of GMP (accrued before 1 June 2004)	5.0%	Fixed 5% increase
Pira - post September 1996 joiners	Pre 1988 GMP	0.0%	Nil increasing
	Post 1988 GMP	1.7%	Increased by CPI to a maximum of 3%
	Pension in excess of GMP (accrued before 1 June 2004)	2.7%	Increased by RPI to a maximum of 5%

Chemetall	Benefit	Increase	Reference index
Chemetall	Pension (accrued before 6 April 1997)	0.0%	Nil increasing
	Pension (accrued after 5 April 1997)	1.7%	Increased by CPI to a maximum of 5%
	Pension (accrued after 31 December 2005)	2.5%	Increased by RPI to a maximum of 2.5%
Process Inks	Pre 1988 GMP	0.0%	Nil increasing
	Post 1988 GMP	1.7%	Increased by CPI to a maximum of 3%
	Non-increasing pension	0.0%	Nil increasing
Winnetts	Pension in excess of GMP (accrued after 5 April 1997)	1.7%	Increased by CPI to a maximum of 5%
	Pension (accrued before 6 April 1997)	3.0%	Fixed 3% increase
	Pension (accrued after 5 April 1997)	1.7%	Increased by CPI to a maximum of 5%

Trustee Report (continued)

Pension increases (continued)

Group	Benefit	Increase	Reference index
All (excluding Sorex)	Pre 1988 GMP	0.0%	None
	Post 1988 GMP	1.7%	Increased by CPI to a maximum of 3%
Main	Pension in excess of GMP <i>(accrued before 6 Apr. '97)</i>	0.0%	(Discretionary benefit)
	Pension <i>(accrued between 6 Apr. '97 & 31 May '05)</i>	2.7%	Increased by RPI to a maximum of 5%
	Pension accrued after 31 May '05	2.5%	Increased by RPI to a maximum of 2.5%
Knoll, Wilton and Textiles	Pension in excess of GMP <i>(accrued before 1 June '05)</i>	2.7%	Increased by RPI to a maximum of 5%
	Pension <i>(accrued after 31 May '05)</i>	2.5%	Increased by RPI to a maximum of 2.5%
Engelhard	Pension in excess of GMP <i>(accrued before 6 Apr. '97)</i>	0.0%	(Discretionary benefit)
	Pension <i>(accrued between 6 Apr. '97 & 31 May '05)</i>	2.7%	Increased by RPI to a maximum of 5%
	Pension <i>(accrued after 31 May '05)</i>	2.5%	Increased by RPI to a maximum of 2.5%
BCC - Feb - pre Dec. '93 leaver	All pensions in excess of GMP	3.0%	Fixed 3% increase
BCC - Feb - post November 1993 leaver	Pension in excess of GMP <i>(accrued before 6 Apr. '97)</i>	0.0%	(Discretionary benefit)
	Pension <i>(accrued between 6 Apr. '97 & 31 May '08)</i>	2.7%	Increased by RPI to a maximum of 5%
	Pension <i>(accrued after 31 May '08)</i>	2.5%	Increased by RPI to a maximum of 2.5%
BCC - Harris	Pension in excess of GMP <i>(accrued before 1 June '08)</i>	2.7%	Increased by RPI to a maximum of 5%
	Pension <i>(accrued after 31 May '08)</i>	2.5%	Increased by RPI to a maximum of 2.5%
Cognis	Pension in excess of GMP <i>(accrued before 6 Apr. '97)</i>	2.7%	Increased by RPI to a maximum of 5%
	Pension <i>(accrued after 5 Apr. '97)</i>	2.7%	Increased by RPI to a maximum of 5%
Sorex	GMP	3.0%	Fixed 3% increase
	Pension in excess of GMP <i>(accrued before 6 Apr. '97)</i>	3.0%	Fixed 3% increase
	Pension <i>(accrued between 6 Apr. '97 & 31 Jan. '04)</i>	3.0%	Increased by RPI to a maximum of 5% and a minimum of 3%
	Pension <i>(accrued after 31 Jan. '04)</i>	2.7%	Increased by RPI to a maximum of 5%

Pension Flexibilities (Combined Sections DC)

The Trustee agreed that members may take advantage of flexible benefit options introduced by the UK Government in April 2015. The only exception to this is the members who are entitled to a GMP, in which case, a pension is secured via an annuity to cover the GMP.

Transfer Values

For DC members, transfer values will be equal to the value of the member's DC Account at the time of transfer.

For DB members, transfer values are calculated using assumptions chosen by the Trustee having taken advice from the Scheme Actuary. No discretionary benefits are included in the calculation.

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102 the financial statements do not include liabilities in respect of promised retirement benefits. Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled 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 Scheme members on request.

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method. The next valuation for all sections is scheduled for 31 December 2026. The latest full actuarial valuation was performed by the Scheme Actuary as at 31 December 2023 under the Scheme Specific Funding Regulations. It was completed in December 2024.

BPP Section

The valuation revealed the following (using the agreed assumptions):

▪ The value of the Technical Provisions was:	£681.5m
▪ The value of the assets at that date was:	£744.0m
▪ Past service (deficit) / surplus (technical provisions less assets):	£62.5m
▪ Funding level (assets ÷ technical provisions):	109%
▪ Buy-Out Basis Funding	99%

Recovery Plan

As there were sufficient assets to cover the technical provisions at the valuation date, a recovery plan is not required.

Significant actuarial assumptions

The main financial and demographic assumptions used to calculate the technical provisions are:

Financial assumptions		31 December 2023
Discount rate	WTW gilt curve+1.10% pa up to and including 2031; WTW gilt curve plus 0.25% pa after	
RPI inflation	WTW gilt-implied breakeven RPI curve	
CPI inflation	1% pa below the RPI inflation curve until 2030 and 0% pa below the RPI inflation curve after	
Enhanced revaluation	In line with the LPI pension increase assumption for RPI up to 5% pa, as below	
Deferred pension revaluation:	Relevant inflation curve and caps as appropriate	
▪ Accrued before 6 April 2009		
▪ Accrued after 5 April 2009		
Pension increases in payment:	Relevant inflation curve subject to the relevant caps and floors and to future inflation volatility of 1.1% pa using the Black model	
▪ LPI increases (CPI max 3% pa)		
▪ LPI increases (RPI max 5% pa)		
▪ LPI increases (RPI max 2.5% pa)		
Demographic assumptions		31 December 2023
Mortality base tables	'SAPS S4 All Pensioner' tables with a multiplier (male 107%, female 120.5%) applied to the underlying mortality rates, for each individual's year of birth	
Future improvements in longevity	CMI 2023 core projections model, 1.50% pa long term improvement rate, core value of the smoothing parameter (7.0), an initial addition to mortality improvements (A) parameter of 0.25% pa and no weight on 2020 experience	
Proportion married at retirement	85% for male members, 70% for female members	
Age difference assumption	Males 3 years older than dependant, Females same age as dependant	
GMP equalisation reserve	1.20%	
Allowance for commutation	An assumption that the member takes 75% of the maximum tax-free cash at retirement, based on the Scheme's commutation factors adjusted to allow for expected future increases in members' longevity.	
Ill health retirement from active:	1.25% loading to liabilities in respect of employed members	
▪ DB Section	Annual pensions amounting to £30k to come into payment over the period to the next valuation	
▪ DC Section		

Report on Actuarial liabilities (continued)

Chemetail Section

The valuation revealed the following (using the agreed assumptions):

▪ The value of the Technical Provisions was:	£34.4m
▪ The value of the assets at that date was:	£30.6m
▪ Past service (deficit) / surplus (technical provisions less assets):	(£3.8m)
▪ Funding level (assets ÷ technical provisions):	89%
▪ Buy-Out Basis Funding	76%

Recovery Plan

To eliminate this funding shortfall, the Trustee and the Company agreed that the following additional contributions would be paid by the Company:

- Regular contributions in respect of 2024, £1.36m, payable in equal monthly instalments.
- Lump sum in 2025, payable by end of February 2025: the lower of £1.75m or the technical provisions deficit as at 31 December 2024 (as estimated by the Scheme Actuary).
- Regular contributions thereafter if the technical provisions deficit at 31 December 2024 is:
 - Less than £1.75m: no further contributions
 - Greater than £1.75m: a maximum of £1.36m pa for the period required until 30 September 2025 (when the deficit is expected to be eliminated by).

Significant actuarial assumptions

The main financial and demographic assumptions used to calculate the technical provisions are:

Financial assumptions		31 December 2023
Discount rate	WTW gilt curve+1.35% pa up to and including 2031; WTW gilt curve plus 0.25% pa after	
RPI inflation	WTW gilt-implied breakeven RPI curve	
CPI inflation	1% pa below the RPI inflation curve until 2030 and 0% pa below the RPI inflation curve after	
Deferred pension revaluation	Relevant inflation curve and caps as appropriate	
Pension increases in payment:	Relevant inflation curve subject to the relevant caps and floors and to future inflation volatility of 1.1% pa using the Black model	
▪ LPI increases (CPI max 3% pa)		
▪ LPI increases (RPI max 5% pa)		
▪ LPI increases (RPI max 2.5% pa)		

Demographic assumptions		31 December 2023
Mortality base tables	'SAPS S4 All Pensioner' tables with a multiplier (male 103%, female 112%) applied to the underlying mortality rates, for each individual's year of birth	
Future improvements in longevity	CMI 2023 core projections model, 1.50% pa long term improvement rate, core value of the smoothing parameter (7.0), an initial addition to mortality improvements (A) parameter of 0.25% pa and no weight on 2020 experience	
Proportion married at retirement	85% for male members, 60% for female members	
Age difference assumption	Males 3 years older than dependant, Females same age as dependant	
GMP equalisation reserve	£0.2m	
Allowance for commutation	An assumption that the member takes 50% of the maximum tax-free cash at retirement, based on the Scheme's commutation factors adjusted to allow for expected future increases in members' longevity.	

Group Section

The valuation revealed the following (using the agreed assumptions):

▪ The value of the Technical Provisions was:	£390.2m
▪ The value of the assets at that date was:	£452.6m
▪ Past service (deficit) / surplus (technical provisions less assets):	£62.4m
▪ Funding level (assets ÷ technical provisions):	116%
▪ Buy-Out Basis Funding	110%

Report on Actuarial liabilities (continued)

Recovery Plan

As there were sufficient assets to cover the technical provisions at the valuation date, a recovery plan is not required.

Significant actuarial assumptions

The main financial and demographic assumptions used to calculate the technical provisions are:

Financial assumptions		31 December 2023
Discount rate	WTW gilt curve+1.10% pa up to and including 2026; WTW gilt curve plus 0.25% pa after	
RPI inflation	WTW gilt-implied breakeven RPI curve	
CPI inflation	1% pa below the RPI inflation curve until 2030 and 0% pa below the RPI inflation curve after	
Enhanced revaluation	In line with the LPI pension increase assumption for RPI up to 5% pa, as below	
Deferred pension revaluation:		
▪ Accrued before 6 April 2009	Relevant inflation curve and caps as appropriate	
▪ Accrued after 5 April 2009		
Pension increases in payment:		
▪ LPI increases (CPI max 3% pa)	Relevant inflation curve subject to the relevant caps and floors and to future inflation volatility of 1.1% pa using the Black model	
▪ LPI increases (RPI max 5% pa)		
▪ LPI increases (RPI max 2.5% pa)		

Demographic assumptions		31 December 2023
Mortality base tables	'SAPS S4 All Pensioner' tables with a multiplier (male 101%, female 110.5%) applied to the underlying mortality rates, for each individual's year of birth	
Future improvements in longevity	CMI 2023 core projections model, 1.50% pa long term improvement rate, core value of the smoothing parameter (7.0), an initial addition to mortality improvements (A) parameter of 0.25% pa and no weight on 2020 experience	
Proportion married at retirement	85% for male members, 70% for female members	
Age difference assumption	Males 3 years older than dependant, Females same age as dependant	
GMP equalisation reserve	2.60%	
Allowance for commutation	An assumption that the member takes 50% of the maximum tax-free cash at retirement, based on the Scheme's commutation factors adjusted to allow for expected future increases in members' longevity.	
Ill health retirement from active:	0.5% loading to liabilities in respect of employed members	
▪ DB Section	Annual pensions amounting to £75k to come into payment over the period to the next valuation	
▪ DC Section		

Investment Report

The overall management of the investments is the responsibility of the Trustee. However, the day-to-day management of the asset portfolio is the responsibility of the investment managers, who operate within the guidelines of their specific mandates.

Over the year under review, the investments of each Section were managed by:

BPP Section	Chemetall Section	Group Section	DC Sections
Barings Asset Management Limited ("Barings"), Intermediate Capital Group plc ("ICG"), Insight Investment Management Limited ("Insight"), Royal London Asset Management Limited ("RLAM").	Legal & General Investment Management ("LGIM"), Insight Investment Management Limited ("Insight").	Barings Asset Management Limited ("Barings"), Royal London Asset Management Limited ("RLAM"), Insight Investment Management Limited ("Insight").	Scottish Widows (the investment platform through which a range of investments are made available)

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, Statements of Investment Principles (SIP) have been produced by the Trustee following consultation with the Employer, in respect of both the DB Sections and the DC Sections. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk.

The SIP in respect of the DB Sections was reviewed and updated in November 2025. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. A copy of the latest SIP is available online at the following address [Pension Scheme Governance \(basf.com\)](https://www.basf.com/pension-scheme-governance).

The SIP in respect of the DC Section was reviewed and updated subsequent to the Scheme year end, in February 2026. The prior SIP was published in October 2024 following a review at that time.

Custody of Scheme Assets

BPP & Group Sections

The underlying pooled fund assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the pooled investment managers' custodians and the Trustee.

The Trustee has a direct relationship with JP Morgan as a global custodian of both assets. The Trustee reviews the procedures and controls operated by the custodian from time to time.

Chemetall Section

The underlying assets are held by several custodians who have agreements with the investment managers of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

Combined DC Sections

The assets are managed through pooled funds. The pooled fund managers are responsible for selecting and monitoring the custodian for the underlying assets within their funds.

Departures from the SIP

Changes made to the asset allocations over the year were primarily a product of market movements. Any other changes were considered in accordance with the investment strategy and policies as set out in the latest SIP.

Taskforce on Climate-Related Financial Disclosures (TCFD)

The Trustee produces a TCFD report, which is available on the [Pension Website](#) and can be accessed [here](#).

Investment Strategy

BPP & Group Sections

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Scheme's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

The Trustee's long-term strategic target is to achieve and maintain at least full funding on a gilts +0.25% pa basis. Having considered the maturity, cash flow profile and funding level of the BPP Section and Group Section, as well as the Trustee's view of the covenant of the Employer, the Trustee aims to achieve this target by 31 December 2026.

The Trustee recognises that until the long-term target is achieved, the Sections may have different investment strategies, with differing emphases on seeking outperformance or preserving capital.

For both Sections, the investment strategy is made up of a liability hedging strategy and credit investments, some of which are in run-off. The strategy is based around generating sufficient investment returns to meet the long-term strategic target, as set out above.

There is no formal rebalancing policy. The Trustee monitors the asset allocation from time to time. If material deviations between the allocations occur, the Trustee considers with its advisers whether it is appropriate to rebalance the assets. The split between LDI and ABS mandates is rebalanced at Insight's discretion, aiming to balance collateral adequacy, liquidity risks and generating investment returns.

The Trustee regularly reviews both Sections' investment strategy and asset allocation to ensure an appropriate balance between risk and return. The investment strategy of both Sections will be formally reviewed at least every three years, during the triennial actuarial valuation, and will normally be reviewed annually. The investment strategy will also be reviewed in response to any material changes with respect to the Scheme.

Chemetail Section

Prior to the bulk transfer, the Trustee, in agreement with the relevant Company, agreed to implement a de-risking policy, which was based on either the return required to reach full funding on a gilts+0.25% pa basis by the target date or the long-term gilts+0.25% pa funding level. The de-risking policy acted to reduce risk when the required return to reach the relevant funding target reduced, or the funding level increased.

Investment Strategy (continued)

Combined DC Sections

The fund range offered to members is accessed through an investment platform provided by Scottish Widows.

To cater for the different risk appetites of members, the Trustee offers three risk-profiled funds (the Adventurous, Moderate and Cautious Funds). These funds can be accessed under “LifePlan” and “FreePlan” structures (with or without lifestyling respectively). Lifestyling options are available to target different retirement benefit types; namely cash, annuity, and income drawdown (the latter two including an allowance for tax-free cash benefits of 25%).

The Trustee has also chosen to make available a further five FreePlan funds. These are the Pre-Retirement Annuity, Liquidity Environmentally Aware, Ethical, HSBC Islamic, and HSBC Sukuk Fund. The HSBC Sukuk Fund was added to the Scheme’s range in January 2026.

The underlying target asset allocation splits (at the pooled fund level) for the funds available to members are:

Fund	Underlying Funds	Allocation 31 Dec 2025 (%)	Allocation 31 Dec 2024 (%)
Adventurous	BlackRock Global Developed Fundamental Weighted Index	-	25.00
	BlackRock Global Minimum Volatility Index	25.00	25.00
	BlackRock MSCI World Index	25.00	-
	Allspring Emerging Market Equity	23.00	23.00
	L&G Future World Global Equity Index	27.00	27.00
Moderate	BlackRock Global Developed Fundamental Weighted Index	-	14.15
	BlackRock Global Minimum Volatility Index	14.15	14.15
	BlackRock MSCI World Index	14.15	-
	Allspring Emerging Market Equity	6.50	6.50
	Baillie Gifford Defensive Growth*	16.67	16.67
	Mercer Diversified Growth	16.67	16.67
	L&G Diversified	16.66	16.66
Cautious	L&G Future World Global Equity Index	15.20	15.20
	BlackRock Global Developed Fundamental Weighted Index	-	9.20
	BlackRock Global Minimum Volatility Index	9.20	9.20
	BlackRock MSCI World Index	9.20	-
	Allspring Emerging Market Equity	4.10	4.10
	Baillie Gifford Defensive Growth*	10.84	10.84
	Mercer Diversified Growth	10.83	10.83
	L&G Diversified	10.83	10.83
	L&G AAA-AA-A Corporate Bonds (All Stocks)	23.30	23.30
Pre-Retirement	Aquila Connect Up to 5 Year Index Linked Gilts	11.70	11.70
	L&G Future World Global Equity Index	10.00	10.00
Pre-Retirement	L&G Future World Annuity Aware	100.0	100.0
Cash	BlackRock Liquidity Environmentally Aware Fund	100.0	100.0
Ethical	L&G Ethical Global Equity Fund	100.0	100.0
HSBC Islamic	HSBC Islamic Global Equity Index Fund	100.0	100.0

*The Baillie Gifford Defensive Growth Fund was previously known as the Baillie Gifford Sustainable Multi Asset Fund. Baillie Gifford changed the name of the fund during the year.

Investment Strategy (continued)

The values of the funds in which members may invest are set out in the following table.

Investment Fund	31 December 2025 (£'000)	31 December 2024 (£'000)
Adventurous	83,252	77,976
Moderate	97,768	93,308
Cautious	25,911	20,500
Pre-Retirement Annuity	21,156	22,541
Cash/Liquidity Environmentally Aware	18,847	16,177
Ethical Global Equity	18,681	14,274
HSBC Islamic	15,488	17,238
Total	281,103	262,014

Figures may not sum due to rounding. All data provided by Scottish Widows.

Investment Performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of each Section over the one and three year periods to 31 December 2025, based on the performance of the investment managers after the deduction of fees.

	One year (%)	Benchmark	Three years (% pa)	Benchmark
BPP Section	3.6%	3.8%	0.9%	1.0%
*Chemetall Section	4.2%	3.9%	-	-
Group Section	4.6%	4.5%	3.1%	2.6%

Excludes AVC investments. Source: Data provided by JP Morgan for Group and BPP, and asset managers for Chemetall.

*For Chemetall, performance data is provided YTD until September 2025, since the scheme was transferred to Citrus Master trust in October.

Combined DC Sections

The Trustee receives quarterly reports from its investment adviser showing performance by manager and fund in absolute terms and relative to benchmarks. DC members are provided with quarterly performance information via online DC fund factsheets. Investment returns over periods to 31 December 2025 were:

	One Year	Benchmark	Three Year pa	Benchmark pa
Adventurous	15.5	15.3	12.4	12.7
Moderate	12.6	11.4	10.0	11.2
Cautious	10.2	9.4	8.1	8.8
Pre-Retirement Annuity	5.5	-1.0	3.0	0.2
Cash/Liquidity Environmentally Aware	4.3	4.2	4.7	4.7
Ethical	15.5	15.9	17.4	17.8
HSBC Islamic	13.0	13.0	23.0	23.1

All data provided by Scottish Widows. Fund returns shown net of charges.

Note, returns for the Cash / Liquidity Environmental Aware Fund include the performance of the new Liquidity Environmental Aware Fund since its inception in April 2024, chain-linked with the returns from the former L&G Sterling Liquidity Fund for periods prior to this.

Investment Assets

The following tables detail the distribution of each Section's invested assets at the financial year end by fund. Excludes AVC investments and cash held in the Trustee bank account.

Portfolio (BPP Section)	Asset Class	Allocation 31 Dec 25 (£'000)	Allocation 31 Dec 24 (£'000)
Barings Global Private Loan Fund II	Private Credit	4,318	8,896
Barings Global Private Loan Fund III	Private Credit	15,799	21,518
ICG Senior Debt Partners Fund III	Private Credit	9,162	20,166
ICG Senior Debt Partners Fund IV	Private Credit	11,873	17,870
Insight Buy and Maintain Credit	Buy and Maintain Credit	143,819	147,915
RLAM Buy and Maintain Credit	Buy and Maintain Credit	150,509	147,241
Insight High Grade ABS Fund	ABS	138,314	130,611
Insight LDI	LDI	176,379	159,819
Cash / NCA		240	242
Total		650,413	654,278

Portfolio (Chemetall Section)	Asset Class	Allocation 31 Dec 25 (£'000)	Allocation 31 Dec 24 (£'000)
LGIM Future World Fund	Global Equities	-	4,422
LGIM Future World Fund – GBP Hedged	Global Equities	-	4,411
Insight Buy and Maintain Bond Fund	Buy and Maintain Credit	-	2,033
Insight LDI High Grade ABS Holding Fund	ABS	-	5,915
Insight LDI Enhanced Selection Longer Nominal Fund	LDI	-	1,756
Insight LDI Enhanced Selection Longer Real Fund	LDI	-	1,734
Insight LDI Enhanced Selection Shorter Nominal Fund	LDI	-	1,690
Insight LDI Enhanced Selection Shorter Real Fund	LDI	-	1,683
Insight LDI GBP Liquidity Plus Holding Fund	Cash	-	1,391
Total		-	25,035

Portfolio (Group Section)	Asset Class	Allocation 31 Dec 25 (£'000)	Allocation 31 Dec 24 (£'000)
Barings Global Private Loan Fund II	Private Credit	4,318	8,896
Barings Global Private Loan Fund III	Private Credit	13,166	17,931
Insight Buy and Maintain Credit	Buy and Maintain Credit	77,849	78,427
RLAM Buy and Maintain Credit	Buy and Maintain Credit	102,078	100,080
Insight High Grade ABS Fund	ABS	146,463	138,306
Insight LDI	LDI	60,833	71,084
Cash / NCA		(257)	(260)
Total		404,450	414,464

Transaction Costs

The Trustee is aware that indirect transaction costs will be incurred through the bid-offer spread on investments within each Section's pooled investment vehicles and charges made within those vehicles.

Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement

Trustee's policies in relation to voting rights (continued)

with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, considering the long-term financial interests of the beneficiaries. The Trustee expects the managers to communicate their policies on stewardship from time to time, and provide reporting on the results of their engagement and voting activities regularly and at least once a year.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council.

The Trustee has selected some priority ESG themes to provide a focus for its monitoring of investment managers' voting and engagement activities. The Trustee reviews the themes regularly and updates them if appropriate. The Trustee communicates these stewardship priorities to its managers. If monitoring identifies areas of concern, the Trustee will engage with the relevant manager to encourage improvements.

Trustee's policies on environmental, social and governance and ethical factors

The Trustee has considered how ESG and ethical factors (including but not limited to climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee influences the Scheme's approach to ESG and other financially material factors through its investment strategy and manager selection decisions. The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) within the parameters of the mandates they are set. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it will seek to encourage its investment managers to improve their practices within the parameters of their funds. The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has applied a negative screening to the Scheme's assets whereby investments in companies that produce cluster munitions is prohibited. The Trustee circulates a list of companies that are involved in the production of cluster munitions to the Scheme's investment managers, who are asked to exclude investments in these companies from segregated accounts. The list of prohibited companies is updated annually by BASF SE, following which it is reviewed by the Trustee before being applied. The Trustee reserves the right to amend this policy from time to time and, if it is amended, will revise the SIP accordingly.

With the exception of cluster munitions, the Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

Trustee's policy on the implementation of asset manager arrangements

The Trustee delegates the day-to-day management of the assets to a number of investment managers. Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has signed agreements with the investment managers setting out the terms on which the portfolios are to be managed.

The Trustee can influence managers' investment practices where the Scheme invests in segregated mandates, however it has limited influence over managers' investment practices where assets are held in pooled funds. In both cases the Trustee encourages its managers to improve their practices where appropriate.

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

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer-term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). The Trustee assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone. Except in closed-ended funds, where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used to monitor the investment managers, the Trustee does not explicitly monitor portfolio turnover. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

Employer-related investments

Group, BPP, & Chemetall Sections

As at 31 December 2025 there were no assets invested in Employer-related investments in each Section, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

Combined DC Sections

The funds held are held in Life Fund wrappers. Our understanding is that these structures fall outside the scope of regulations for direct holdings of employer related investments.

Further information

Any queries or complaints about the Scheme, including requests from individuals for information about their benefits or for a copy of Scheme documentation, should be sent to:

	BASF UK Group Pension Scheme Gallagher Benefit Services PO Box 319 Mitcheldean GL14 9BF		basf@ajg.com
	0330 123 0647		www.buckhrosolutions.co.uk/basf

The Trustee report (pages 2 to 17), and Implementation Statement (pages 64 to 78) were approved by the Trustee on 28 July 2026 and signed on its behalf by:



Catherine Edmondson
Trustee Director



Luke Tutt
Trustee Director

DC Governance Statement

Introduction

This statement describes how the Trustee has governed the DC Section of the BASF UK Group Pension Scheme (the "Scheme") during the year. The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the Trustee to include an annual statement regarding governance in the annual report, and this statement covers the period from 1 January 2025 to 31 December 2025.

The Trustee is supported by a specialist professional DC adviser. The Trustee's legal adviser and representatives of the Scheme administrator also provide support and attend meetings to discuss DC matters when required. Day-to-day support to the Trustee is provided by the BASF In-House Pension Team.

Subsequent to the Scheme year end, the Trustee moved to a Professional Corporate Sole Trustee model ("PCST"). The appointed PCST is Ross Trustees Services Limited, trading as Independent Governance Group ("IGG").

The statement covers four principal areas:

- Investment, with focus on the Scheme's default investment arrangements
- Internal controls, with focus on the processing of core financial transactions
- Value for members, including details of the charges and transaction costs deducted from member funds
- The knowledge and resources available to the Trustee, including how the Trustee maintained the statutory levels of knowledge and understanding to govern the Scheme and how these help the Trustee to ensure that the Scheme is governed effectively.

Investment Arrangements

The Scheme's Statement of Investment Principles (SIP), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, can be accessed at [DC SIP](https://www.basf.com/gb/en/who-we-are/UK-Pensions/Pension-Scheme-Governance) (see also <https://www.basf.com/gb/en/who-we-are/UK-Pensions/Pension-Scheme-Governance> for a range of Scheme governance documents).

The SIP covers the Trustee's aims and objectives in relation to the investments, including the default investment arrangement. It also contains policies in relation to matters such as risk, diversification, and responsible investment. The SIP details why the Trustee believes the default investment arrangement to be designed in members' best interests.

There were no changes to the SIP during the year covered by this statement. Subsequent to the Scheme year-end, the SIP was reviewed and a revised copy was agreed and published in February 2026. The changes made related to:

1. Updating the SIP to reflect a change to the growth phase of the default investment strategy. Further details are provided below.
2. Adding details of a new fund that has been launched for members, the Sukuk Fund, which invests in Shariah-compliant financial certificates, often referred to as "Islamic bonds".

The Trustee took advice from its suitably qualified DC adviser when reviewing and updating the SIP.

[Default Arrangement](#)

The default investment arrangement during the year covered by this statement was the **Moderate Flexible Income LifePlan**. In January 2026, following a review of the strategy, the default was changed to the **Adventurous Flexible Income LifePlan**. Both strategies are lifestyle arrangements designed to help members planning to withdraw their benefits in a flexible way, typically through staying invested in retirement and drawing down on their savings over time (at the current time, this needs to be outside of the Scheme).

The main difference between the previous and new default arrangement is the level of risk in the growth phase, as outlined further below:

- The prior default investment arrangement (which was in place during the year to 31 December 2025) invested in the Moderate Fund until a member was 5 years away from their target retirement date, or their normal retirement date if the member did not actively select a target retirement date. The Moderate Fund is a blended fund that invests c50% in global equities and c50% in diversified growth funds.
- The new default investment arrangement (from January 2026) invests in the Adventurous Fund until a member is 5 years away from their target retirement date, or their normal retirement date if the member does not actively select a target retirement date. The Adventurous Fund is fully invested in global equities and the Trustee decided to switch to this fund in the “growth” phase of the strategy in the expectation that over the long term, this approach will contribute to higher long-term investment returns for members, and hence better retirement outcomes.

As highlighted above, both the Moderate Flexible Income LifePlan and the Adventurous Flexible Income LifePlan start to de-risk the investments when a member is 5 years from their target retirement date, or their normal retirement date if no choice has been made. The investments are gradually switched each quarter so that at the point of retirement the member's investments are invested in a multi-asset Cautious Fund which holds a range of growth and defensive assets, and a pooled Liquidity Environmentally Aware Fund which invests in cash and money market investments. Further details can be found in the SIP.

Asset Allocation Disclosure as at 31 December 2025

The Trustee makes available asset allocation information on the Scheme's funds through quarterly factsheets which are available to members online.

Additionally, the Trustee is required to set out in this statement the asset allocation of investments in default arrangements, at prescribed member ages. This is shown below for the default arrangement that was in place during the year, and the new default arrangement from January 2026. Note that as the strategic asset allocation of the Scheme's default investment arrangement does not change until a member is 5 years away from their target retirement date, the asset allocation at ages 25, 45, and 55 is identical.

Asset Allocation of the Moderate Flexible Income LifePlan (default arrangement as at 31 December 2025)

	Allocation – Age 25 (%)	Allocation – Age 45 (%)	Allocation – Age 55 (%)	Allocation – age 65 (%)
Cash	1.5	1.5	1.5	25.7
Bonds (corporate and government)	14.3	14.3	14.3	33.2
Listed Equities	70.5	70.5	70.5	34.4
Private Equity	0.0	0.0	0.0	0.0
Infrastructure	4.7	4.7	4.7	2.3
Property/Real Estate	3.7	3.7	3.7	1.8
Private Debt/Credit	1.5	1.5	1.5	0.7
Other	3.8	3.8	3.8	1.9

Source: Investment managers. “Other” category includes commodities and insurance-linked securities. Note that the Scheme does invest in some private equity and infrastructure assets on an indirect basis, though as these are publicly listed vehicles (e.g. private equity and infrastructure company shares) they are categorised as listed equities.

Asset Allocation of the Adventurous Flexible Income LifePlan (default arrangement from January 2026)

	Allocation – Age 25 (%)	Allocation – Age 45 (%)	Allocation – Age 55 (%)	Allocation – age 65 (%)
Cash	1.1	1.1	1.1	25.7
Bonds (corporate and government)	0.0	0.0	0.0	33.2
Listed Equities	98.7	98.7	98.7	34.4
Private Equity	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	2.3
Property/Real Estate	0.2	0.2	0.2	1.8
Private Debt/Credit	0.0	0.0	0.0	0.7
Other	0.0	0.0	0.0	1.9

Source: Investment managers. “Other” category includes commodities and insurance-linked securities. Note that the small allocation to property/real estate relates to listed assets. The investment manager has chosen to allocate these assets to property/real estate.

Review of the Default Investment Arrangement

The Trustee undertakes a strategic review of the default investment strategy on a triennial basis, or more frequently if required. The Trustee concluded its most recent strategic review of the default investment strategy in 2025 and discussed the review at meetings held on 13 February, 7 May, and 6 August and 5 November 2025. The review included:

- **Consideration of “off-the-shelf” defaults:** Recognising that some investment managers and pension providers offer ready-made default strategies, the Trustee considered whether such an approach could be suitable for the Scheme. This included detailed performance analysis and consideration of the membership profile.
- **Asset allocation review:** The Trustee reviewed the allocation of each of the three risk-profiled funds that are available within the Scheme and used in the LifePlan lifestyle options. This included consideration of private markets investments and new ways to manage risk, such as protected equity funds.
- **LifePlan review:** The Trustee reviewed the design of the glidepath (the timing and pace of de-risking) used in the LifePlan options, including whether alternative structures could improve member outcomes. To analyse the impact of changes to the structure, example member scenarios were considered to show the potential impact on retirement outcomes.

Following the work described above, it was agreed that the current target benefit of the default strategy (income drawdown) remained appropriate, and that it remained important to offer members a range of different target benefit types through a LifePlan structure, to meet the diverse needs of the membership.

The Trustee also concluded that off-the-shelf default options were unlikely to be suitable for the membership as they are not able offer the appropriate level of tailoring for the characteristics of the Scheme’s membership, and such products would reduce the level of choice and flexibility that the Scheme offers.

However, the Trustee agreed that it would be appropriate to make some changes to the default investment arrangement with a view to seeking to improve member outcomes at retirement. Firstly, to switch the growth phase of the arrangement from the Moderate Fund to the Adventurous Fund. The latter fund has higher

exposure to global equities and while it is recognised that this allocation is likely to increase the volatility of returns, especially over short to medium term periods, in the long term the Trustee considers that the new growth phase offers the opportunity of higher long-term returns for members. Secondly, the Trustee agreed to carry out further work to explore protected equity funds, which could offer a low cost, predictable way to manage equity market risk. These funds are relatively new to the DC market and the Trustee intends to carry out further due diligence in 2026.

Following the conclusion of the latest review in 2025, the next triennial review is due to start in 2028, or sooner if there is a significant change in the membership profile or other material circumstances of the Scheme.

Other Investment Changes

The Trustee reviewed the FreePlan (self-select) fund range during the year. Overall, the Trustee concluded that the range continues to meet the needs of members and decided to further broaden the range of options for Muslim members by adding a Sukuk Fund. A Sukuk is an Islamic financial certificate, similar to a bond in Western finance. Islamic law prohibits *riba* (interest), meaning traditional bonds are not viable investments or ways to raise capital for a business. Sukuk were created to link the returns and cash flows of debt finance to a specific asset being purchased. This fund was made available to Scheme members in January 2026.

Investment Governance activity

Over the year to 31 December 2025, performance and risk-based reviews were undertaken on a quarterly basis. These reviews incorporated independent quarterly reports from the Trustee's DC adviser.

The reports provided detailed analysis of the performance of the Scheme's investments against benchmarks, target performance levels and peer groups, as well as risk measures (for example, the volatility of returns) and the investment adviser's research ratings which provided a forward-looking assessment of the likelihood of a fund's performance objective being met. The Trustee discussed the reports at each meeting.

Net Investment Returns

Investment returns after charges and costs for the funds available to members are provided in the following tables. For the default investment arrangement, the analysis is for the strategy that was in place during the year and assumes a retirement age of 65. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle strategy, with the weightings as at the ages shown.

Default strategy – Moderate Flexible Income LifePlan - returns (net of fees) % p.a.					
Age of Member	1 Year	5 Years	10 Years	Since Inception	Inception Date
Up to age 60 (Moderate Fund)	12.6	6.6	6.8	6.3	1 April 2014
Age 65	8.7	4.1	4.2	N/a see footnote	1 April 2014
FreePlan (self-select) funds - returns (net of fees) % p.a.					
Fund	1 Year	5 Years	10 Years	Since Inception	Inception Date
Moderate	12.6	6.6	6.8	6.3	1 April 2014
Adventurous	15.5	9.2	10.1	9.0	1 April 2014
Cautious	10.1	4.5	5.0	5.1	1 April 2014
Ethical	15.5	13.5	13.8	13.0	1 April 2014
Islamic	13.0	14.8	16.4	15.6	1 April 2014
Pre-Retirement Annuity	5.5	-6.0	0.7	1.8	1 April 2014
Liquidity Environmentally Aware	4.3	3.0	1.7	N/a see footnote	See footnote

The Liquidity Environmentally Aware Fund has an inception date of 22 April 2024. For longer periods, its performance has been “chain-linked” with that of the prior cash fund, the Sterling Liquidity Fund. As the two funds have different inception dates, since inception figures are not available.

Source: Scottish Widows. Fund returns shown net of all member-borne charges and costs.

Internal Controls and Core Financial Transactions

The Scheme has appointed a professional third-party administrator, Gallagher.

The Trustee has received assurance from the Scheme Administrator, and has taken steps to seek to ensure, that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments, and payment of benefits to members. Our processes in this regard are documented below.

Administration

The Trustee has established service level agreements (SLAs) with the third-party administrator which include target timescales for processing core financial functions relating to contribution handling, quoting, switching, and paying benefits. The target timescales are all well within applicable statutory timescales.

The Trustee monitors SLAs on a quarterly basis. Over the year to 31 December 2025, the average percentage level of SLAs achieved across the Scheme stood at 97%. The average level for “DC processing” transactions was 96%.

SLAs are reported on an “end-to-end” measurement system. An individual query or member request may be opened and pended at various touchpoints. The service level used for each step is aggregated and at the point the case is closed the aggregated time is measured against the individual case service level. The ultimate driver is to improve members’ experience and provide a proactive service, while reducing the time work is open and active with the administration team.

The administrator also provides reporting each quarter on core financial transaction performance. This shows how many instances of different transaction types (e.g. investment switches, transfers in / out, death related payments) are processed within target.

The quarterly administration reports include commentary on any service issues or trends. In addition, the Trustee takes a proactive approach to questioning the administrator about their service levels.

The administrator aims to complete monthly DC unit reconciliations and bank reconciliations, along with periodic ad-hoc testing of administration processes.

Finally, the Trustee also has oversight of the core financial transactions of the AVC arrangements with Prudential and Utmost. Transactions are very limited given the small number of members involved and the closed nature of the policies, but no issues have been identified with core financial transactions in respect of these legacy arrangements. In 2026, the Trustee commissioned a review of the AVC arrangements to further strengthen our governance in this regard.

Broader Controls

The Trustee has sought to ensure that detailed disaster recovery plans are in place with the administrator, other relevant third parties, and within the sponsoring employer.

The Trustee maintains and monitors a risk register which includes risks in relation to core financial transactions, along with details of mitigation strategies adopted by the Trustee.

All third-party providers are required to share their data security and cyber risk policies with the Trustee. These policies are reviewed, and the parties are questioned on any areas requiring clarity. The risk register has a dedicated section covering cyber risks, with detailed mitigation strategies documented for different aspects of cyber risks for each third-party provider.

A professional firm has been appointed to undertake an annual audit of the Scheme.

The Trustee receives the administrator's annual assurance report on internal controls. In respect of the most recent report received, the Independent Service Auditor's opinion was that, in all material aspects, the administrator's controls were suitably designed and those tested operated effectively. The internal controls audit report is reviewed by the Trustee.

The Trustee is pleased to confirm that all Scheme operations have been maintained successfully during the year. All monthly contributions have been paid on time. Key administration functions such as preparing benefit quotations, issuing benefit payments, investing monthly contributions, and updating member records continue to be processed promptly by the administrator.

In the last Scheme year there have been no material administration service matters or internal control issues that, in the opinion of the Trustee, required reporting to The Regulator.

The Trustee is confident that the processes and controls in place with the administrator are robust and will ensure that the requirements of regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 have been met, and that core financial transactions have been processed promptly and accurately.

Value, Charges and Transaction Costs

The range of the levels of charges and transaction costs applicable to the default investment arrangement during the period are detailed in this section. All funds available to members have total expense ratios (TERs) that fall below the defined contribution charge cap of 0.75% per annum.

There are no performance-based fee structures in place within the Scheme.

During the year covered by this statement, the Trustee secured reduced fees for all funds available to members. The new fee rates are reflected in the table below, and further details are provided in the Value for Members section.

In the following table, we set out the charges and transaction costs applicable to the funds used in the default investment arrangement and other investment funds on 31 December 2025. Funds used as part of the default investment arrangement during the year are shown in blue. As noted earlier, in January 2026, the growth phase of the default option was switched from the Moderate Fund to the Adventurous Fund and hence this fund is also highlighted in blue.

Fund	TER* (% p.a.)	Transaction Costs** (%)
Adventurous	0.36	0.03
Moderate	0.33	0.07
Cautious	0.26	0.05
Pre-Retirement Annuity	0.12	0.00
Liquidity Environmentally Aware	0.13	0.02
Ethical	0.25	0.01
Islamic	0.21	0.01

Source: Scottish Widows.

* A "total expense ratio" reflects the total costs associated with managing and operating an investment fund, including investment management fees, fund legal fees, investment platform fees and any other expenses.

** When buying and selling investments, transaction costs can be incurred. Such costs are not explicitly deducted from a fund but are captured in its performance (i.e., the higher the transaction costs, the lower the returns). The FCA's guidance to investment managers (Policy Statement 17/20) has been used in calculating and disclosing these costs.

Impact of Costs and Charges

Using data provided by the platform provider, Scottish Widows, and in accordance with Regulation 23(1)(ca) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Trustee has prepared illustrations detailing the impact of the costs and charges incurred by a member of the Scheme on their retirement savings pot. Statutory guidance has been considered when providing these examples.

To represent the range of funds available, we are required to show the effect on a member's savings of investment in the following:

- The default investment arrangement (during the year, this was the Moderate Flexible Income LifePlan, moving to the Adventurous Flexible Income LifePlan in January 2026)
- The fund available as a FreePlan (self-select) option with the highest charges (Moderate Fund)
- The fund available as a FreePlan (self-select) option with the lowest charges (Pre-Retirement Annuity Fund).

To show the impact across a typical working lifetime, the Trustee has based this on a member joining the Scheme at age 21, using a starting pot of £0. Detailed assumptions are noted below the following tables. The illustrations that follow take into account the following elements:

- Initial savings pot size
- Contributions, where applicable
- Real terms investment return gross of costs and charges
- Adjustment for the effect of costs and charges
- Time.

Values shown are estimates at the end of each year and are not guaranteed. The projected pension pot values are shown in today's terms.

Important note regarding illustrations: The investment return assumptions used in the projections are consistent with those used in the Scheme's Statutory Money Purchase Illustrations (SMPIs). Owing to a change in the way that these assumptions are derived, bond-based funds have higher expected return assumptions than might be considered typical for bonds. This leads to the projected fund values for the Pre-Retirement Annuity Fund appearing higher than for "growth" asset classes including the Adventurous and Moderate Funds. The illustrations are estimates only and are not predictions or guarantees.

Age	Default arrangement from January 2026		Default arrangement during 2025		Fund with the highest charges		Fund with the lowest charges	
	Adventurous Flexible Income LifePlan		Moderate Flexible Income LifePlan		Moderate Fund		Pre-Retirement Annuity	
	Pot size with no charges incurred (£)	Pot size with charges incurred (£)	Pot size with no charges incurred (£)	Pot size with charges incurred (£)	Pot size with no charges incurred (£)	Pot size with charges incurred (£)	Pot size no with charges incurred (£)	Pot size with charges incurred (£)
21	0	0	0	0	0	0	0	0
25	22,250	22,040	21,460	21,210	21,460	21,210	22,250	22,180
30	56,050	54,980	51,580	50,360	51,580	50,360	56,020	55,670
35	97,740	94,890	85,700	82,670	85,700	82,670	97,650	96,720
40	148,880	143,010	124,230	118,390	124,230	118,390	148,680	146,770
45	211,330	200,800	167,640	157,810	167,640	157,810	210,960	207,520
50	287,310	269,930	216,410	201,230	216,410	201,230	286,700	281,000
55	379,470	352,400	271,090	248,970	271,090	248,970	378,500	369,590
60	490,950	450,510	332,270	301,380	332,270	301,380	489,490	476,110
61	513,980	470,520	345,310	312,500	345,340	312,450	514,300	499,850
62	535,830	489,370	358,600	323,880	358,700	323,730	540,060	524,470
63	555,070	505,880	371,460	334,970	372,360	335,220	566,800	550,000
64	571,390	519,800	383,830	345,730	386,320	346,910	594,550	576,470
65	585,420	531,690	395,850	356,270	400,590	358,820	623,350	603,910

- 1) To make the analysis representative of the membership, the Trustee has based this assumed member on data sourced from the administrator, as part of triennial investment strategy reviews. The assumed member is age 21, with a normal retirement age of 65, using a starting pot size of £0 (i.e. a new joiner) and a salary of £32,000 p.a. which is assumed to increase in line with inflation + 1% p.a. The member's total contributions are assumed to be 16% of the member's salary per year.
- 2) Inflation is assumed to be 2.5% p.a. over the long term.
- 3) Investment return assumptions are consistent with the assumptions used in the Statutory Money Purchase Illustrations for the Scheme as at 31 December 2025.
- 4) As required under the regulations, the transaction costs used in the illustrations above are an average of the costs provided for the 5-year period to 31 December 2025. For the Liquidity Environmentally Aware Fund which was introduced in March 2024, historical transaction costs prior to this period are for the Sterling Liquidity Fund which was in place before March 2024.
- 5) Where transaction costs are negative, it has been assumed that these are zero, on the grounds of prudence and as negative costs are not expected to continue consistently over time.

Value for Members

The Trustee has assessed the extent to which the charges and transaction costs set out above represent good value for members.

In order to form a view on value for members, the Trustee conducted an extensive benchmarking exercise during 2024 / 2025 and sought an independent review of charges from a third-party consultant who is not the Trustee's appointed ongoing DC adviser. This was in order to obtain a different perspective and thoroughly test the fees that members pay. The review included consideration of:

- Costs borne by members (both annual management charges and total expense ratios)
- Consideration of alternative platforms, funds, and structures (including "bundled" providers and off-the shelf default options)
- The fund range available to members
- Investment fund and platform quality

- Governance considerations
- Additional member services, including at retirement options, services, and member tools available.

While the review was positive overall, on the fund range and services offered to members, we identified an opportunity to re-negotiate fees. The Trustee is pleased to confirm that we secured a fee reduction on all funds, as summarised below. The new fee basis was implemented in April 2025.

Fund	Previous TER (% p.a.)	TER from April 2025 (%)
Adventurous	0.40	0.38
Moderate	0.41	0.36
Cautious	0.32	0.28
Pre-Retirement Annuity	0.14	0.12
Liquidity Environmentally Aware	0.14	0.13
Ethical	0.28	0.25
Islamic	0.38	0.36

The Trustee has concluded that the Scheme offers good value for money relative to peers including other potential arrangements of a similar size and nature (using data from Isio and Mercer), and relative to options available to the Trustee with alternative investment managers and providers.

The Trustee recognises that a range of pension scheme vehicles are available in the market, noting any changes would ultimately be the employer's decision. The Scheme has benefit features in the Scheme rules, which currently preclude some of these options being viable, but the Trustee remains very open to considering a wide range of design models in future, with value for members in mind.

A proportionate approach is adopted for assessing the closed legacy AVC arrangements with Prudential and Utmost on the basis that the AVC holdings are relatively modest. The Trustee is in the process of reviewing these arrangements and note that there are no immediate concerns. It is also noted that there can be reasons why certain AVC arrangements have particular value for individuals (for example, guarantees in respect of with-profits funds).

Trustee Knowledge and Understanding

The requirement under the Pensions Act 2004 (requirement for knowledge and understanding) has been met during the Scheme year by the Trustee in dealing with the whole Scheme (not just the DC Section).

During the year, the Trustee maintained arrangements for ensuring its Trustee Directors took personal responsibility for keeping up to date with relevant developments and each quarter considers training requirements. Training logs were maintained for each Director and training was provided regularly during meetings.

Subsequent to the Scheme year end, the Trustee moved to a PCST model. The appointed PCST, comply with the APPT Code of Practice for Sole Trusteeships. The appointed Professional Trustee for the Scheme is fully accredited and meets the annual requirements for continuous professional development.

During the year, the training topics considered relating to DC matters encompassed both dedicated training items as well as consideration of topical briefing papers provided by the Trustee's advisers. The topics included:

- Bundled versus unbundled DC pension provision (13 February 2025)
- Movements in gilt yields and their impact on DC schemes (13 February 2025)
- Inheritance tax changes relating to pensions (13 February 2025),

- Climate Change reporting update (7 May 2025)
- Private market investments training provided by an investment manager (6 August 2025)
- Protected equity funds training provided by an investment manager (6 August 2025)

The Trustee is conversant with, and has demonstrated a working knowledge of, the Trust Deed and Rules. If there are any ambiguities over the interpretation of the Trust Deed and Rules, legal advice is sought from the Scheme's legal advisers. A new consolidated Trust Deed and Rules was signed in June 2019 and the Trustee has put in place a risk control to arrange a "health-check" of the Scheme Rules by its legal advisers. This typically takes place every three years, or after any significant changes of legislation.

The Trustee is conversant with, and has a working knowledge of, the SIP. A review of the SIP was undertaken shortly after the Scheme year end, as noted earlier, and the Trustee used the SIP review as an opportunity to keep its knowledge of the SIP regularly maintained.

In addition, the Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance or selecting new advisers. No changes were made to the advisers during the Scheme year.

Trustee Statement of DC Governance

The Trustee considers that its systems, processes, and controls across key governance functions are consistent with those set out in The Pensions Regulator's General Code of Practice.



Catherine Edmondson
Chair of Trustee

Signed for and on behalf of Ross Trustees Services Limited as the Trustee of the BASF UK Pension Scheme

Actuarial Certificates of Schedules of Contributions

Actuary's certification of the Schedule of Contributions

Name of scheme: BASF UK Group Pension Scheme (BPP Section)

Adequacy of rates of contributions

- 1.1 I certify that, in my opinion, the rates of the contributions in this schedule of contributions are such that the statutory funding objective on 31 December 2023 could have been expected to continue to be met during the period for which the Schedule is in force.

Adherence to statement of funding principles

- 1.2 I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles (December 2024).

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



Stephen Caine
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited
4 December 2024

8 First Street
Manchester
M15 4RP

Actuary's certification of the Schedule of Contributions

Name of scheme: BASF UK Group Pension Scheme (Chemetall Section)

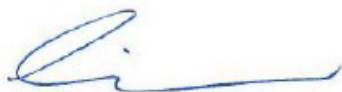
Adequacy of rates of contributions

- 1.1 I certify that, in my opinion, the rates of the contributions in this schedule of contributions are such that the statutory funding objective on 31 December 2023 could have been expected to be met by the end of the period specified in the recovery plan.
- 1.2 I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

- 1.3 I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles (December 2024).

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



Stephen Caine
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited
4 December 2024

8 First Street
Manchester
M15 4RP

Actuary's certification of the Schedule of Contributions

Name of scheme: BASF UK Group Pension Scheme (Group Section)

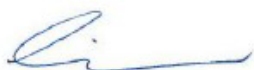
Adequacy of rates of contributions

- 1.1 I certify that, in my opinion, the rates of the contributions in this schedule of contributions are such that the statutory funding objective on 31 December 2023 could have been expected to continue to be met during the period for which the Schedule is in force.

Adherence to statement of funding principles

- 1.2 I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles (December 2024).

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



Stephen Caine
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited
4 December 2024

8 First Street
Manchester
M15 4RP

Summary of Contributions

This summary of contributions has been prepared by, or on behalf of the Trustee and is the responsibility of the Trustee. It sets out the employer and employee contributions payable to the Scheme under the Schedules of Contributions certified by the Scheme Actuary on 4 December 2024, for all sections containing defined benefits.

	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total (£'000)
Contributions required under the Schedule of Contributions					
Normal contributions (employer)	-	-	-	536	536
Salary sacrifice contributions (employer)	-	-	-	2,301	2,301
Normal contributions (employee) *	-	-	-	7	7
Deficit funding	-	1,750	-	-	1,750
As reported on by the Scheme auditors	-	1,750	-	2,844	4,594
Other contributions					
Bonus and redundancy sacrifice contributions	-	-	-	1,521	1,521
NI savings paid into member accounts	-	-	-	53	53
Salary sacrifice additional voluntary contributions	-	-	-	1,244	1,244
Additional voluntary contributions (employee) *	-	-	-	26	26
Deficit funding	-	113	-	-	113
Total other Contributions	-	113	-	2,844	2,957
Total reported in the financial statements	-	1,863	-	5,688	7,551

* The Employees normal and additional voluntary contributions are paid outside of salary sacrifice.

The deficit contributions of £1.75 million for the Chemetall Section were received shortly after the due date of 28 February 2025, as detailed below:

£113,333 was received on 7 March 2025 and £1,636,667 was received on 12 March 2025.

Approved by the Trustee on 28 July 2026 and signed on their behalf by:



Catherine Edmondson
Trustee Director



Luke Tutt
Trustee Director

Independent auditors' statement about contributions to the Trustee of BASF UK Group Pension Scheme

Qualified Statement about contributions

We have examined the summary of contributions to the BASF UK Group Pension Scheme for the year ended 31 December 2025 which is set out on page 31.

In our opinion, except for the effects of the departure from the Schedule of Contributions, referred on page 31, contributions for the Scheme year ended 31 December 2025 as reported in the summary of contributions on page 31 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 Scheme Actuary on 4 December 2024.

Basis of qualified statement about contributions

As explained on page 31, deficit funding contributions of £1.75 million were received later than the due date set out in the Schedule of Contributions for the Chemetall Section.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient 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 Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions, maintained and from time to time revised and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedules of 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 Scheme'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 Scheme's trustee those matters we are required to state to them 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 Scheme's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 28 July 2026

Independent Auditor Report

Opinion

We have audited the financial statements of BASF UK Group Pension Scheme for the year ended 31 December 2025 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 Scheme during the year ended 31 December 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Scheme 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 Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 Scheme 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.

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, 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or has no realistic alternative but to do so.

Auditor's 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 Scheme. 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 custodian and testing investment transactions to the investment manager/custodian reports.
- Non-receipt of contributions due to the Scheme from the employer. This is addressed by testing contributions due are paid to the Scheme in accordance with the Schedules of Contributions agreed between the employer and Trustee.
- Payment of large transfers out to invalid schemes or members. For individual transfers this is addressed through testing that there is evidence the receiving scheme is valid, the member identity is verified and of the authorisation of the amount and approval of the payment of the transactions. For bulk transfers, this is also addressed by agreeing to underlying accounting records, investment manager reports and confirming the transfer took place in accordance with relevant agreements and transfer deeds.

- 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.

Use of our Report

This report is made solely to the Scheme'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 Scheme'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 Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 28 July 2026

Fund Account for the year ended 31 December 2025

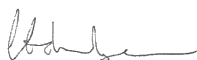
	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)	Total 2024 (£'000)
Contributions and benefits						
Employer contributions	-	1,863	-	5,655	7,518	9,349
Employee contributions	-	-	-	33	33	21
Total contributions (4)	-	1,863	-	5,688	7,551	9,370
Transfers in (5)	-	-	-	90	90	104
Other income (6)	2	-	-	338	340	12
	2	1,863	-	6,116	7,981	9,486
Benefits paid (7)	(36,492)	(1,781)	(25,052)	(3,951)	(67,276)	(67,412)
Payments to and on account of leavers (8)	(178)	(31,700)	(136)	(17,490)	(49,504)	(15,963)
Administrative expenses (9)	(1,955)	-	(1,959)	(1)	(3,915)	(2,074)
	(38,625)	(33,481)	(27,147)	(21,442)	(120,695)	(85,449)
Net withdrawals from dealings with members	(38,623)	(31,618)	(27,147)	(15,326)	(112,714)	(75,963)
Returns on investments						
Investment income (10)	23,399	459	11,266	31	35,155	37,248
Change in market value of investments (11)	1,076	1,632	8,274	31,291	42,273	(55,896)
Investment management expenses (12)	(1,138)	1	(829)	-	(1,966)	(2,554)
Net returns on investments	23,337	2,092	18,711	31,322	75,462	(21,202)
Net (decrease)/increase in the fund	(15,286)	(29,526)	(8,436)	15,996	(37,252)	(97,165)
Opening net assets	669,809	29,528	418,813	263,364	1,381,514	1,478,678
Transfers between sections (14)	(232)	-	(3,247)	3,479	-	-
Closing net assets	654,291	2	407,130	282,839	1,344,262	1,381,513

Statement of Net Assets (Available for Benefits) as at 31 December 2025

	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)	Total 2024 (£'000)
Investment assets (11)						
Equities	199	-	-	-	199	190
Bonds	686,764	-	352,382	-	1,039,146	1,030,925
Pooled investment vehicles (15)	185,615	-	165,957	281,103	632,675	662,144
Derivatives (16)	73,237	-	13,824	-	87,061	116,519
AVC investments (17)	-	-	790	399	1,189	1,357
Cash and cash equivalents (18)	3,135	-	5,952	-	9,087	9,102
Other investment balances (19)	6,066	-	3,593	-	9,659	11,305
Amounts receivable under reverse repurchase agreements (19)	19,369	-	21,427	-	40,796	27,152
	974,385	-	563,925	281,502	1,819,812	1,858,694
Investment liabilities (11)						
Derivatives (16)	(117,863)	-	(8,397)	-	(126,260)	(151,213)
Cash and cash equivalents (18)	(915)	-	(4,222)	-	(5,137)	(5,912)
Other investment balances (19)	-	-	(327)	-	(327)	(327)
Obligation to return bonds (19)	(19,899)	-	(21,697)	-	(41,596)	(25,600)
Amounts due under repurchase agreements (19)	(185,295)	-	(124,042)	-	(309,337)	(318,494)
	(323,972)	-	(158,685)	-	(482,657)	(501,546)
Total investments	650,413	-	405,240	281,502	1,337,155	1,357,148
Current assets (25)	6,858	2	4,702	2,393	13,955	29,524
Current liabilities (26)	(2,980)	-	(2,812)	(1,056)	(6,848)	(5,159)
Total net assets available for benefits	654,291	2	407,130	282,839	1,344,262	1,381,513

The financial statements summarise the transactions of the Scheme 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 Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report on actuarial liabilities on pages 7 to 9 of the annual report, and these financial statements should be read in conjunction with this report.

The financial statements on pages 36 to 63 were approved by the Trustee on 28 July 2026 and signed on their behalf by:



Catherine Edmondson
Trustee Director



Luke Tutt
Trustee Director

The notes on pages 38 to 63 form part of these financial statements

Notes to the Financial Statements

The BASF UK Group Pension Scheme is an occupational pension scheme established under trust. The Scheme has three defined benefit sections which are closed to future service accrual and a combined defined contribution section which is open to new members. The Scheme is registered under Chapter 2, Part 4 of the Finance Act 2004. Any queries should be sent to:

 BASF UK Group Pension Scheme Gallagher Benefit Services PO Box 319 Mitcheldean GL14 9BF	 BASF@ajg.com  0330 123 0647  www.buckhrrsolutions.co.uk/basf
---	---

Basis of preparation of the financial statements

The individual financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes Regulations 1996, Financial Reporting Standard (FRS) 102 and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) (SORP).

The financial statements are prepared on a going concern basis.

1. Identification of the financial statements

The Scheme is established as a trust under English law.

2. Summary of significant accounting policies

The Scheme's functional currency and presentational currency is the pound sterling (GBP). The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements:

Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affects the amounts reported for assets and liabilities as at the statement of net assets date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements.

Contributions

Contributions relating to wages and salaries earned in the financial year are included on the accruals basis in the payroll period it relates to at rates agreed between the Trustee and the participating employers for the year.

Bonus and redundancy sacrifice contributions and augmentations are accounted for in accordance with the agreements under which they are being paid. Additional, special and NI savings contributions are accounted for in accordance with the agreement under which they are paid or on the date when they are received.

Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions or other agreement under which they are being paid.

Transfer from and to other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers or payable to the pension plans of new employers for members who have left the Scheme. They are accounted for on an accrual basis on the date the Trustee of the receiving plan accepts the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made or received. Group transfers are accounted for in accordance with the terms of the transfer agreement.

2. Summary of significant accounting policies (continued)

Application of DB surplus to fund DC contributions

In accordance with the Scheme rules, during the year the Trustee applied part of the DB Section surplus to fund employer DC contributions. Amounts applied in this manner are accounted for as inter-section transfers, presented as a transfer out of the DB Section and a transfer in to the DC Section. These amounts are not recognised as employer contributions in the Scheme financial statements, as no new contributions were received from the employer.

Critical judgements – availability of surplus

The Trustee has considered legal advice and actuarial advice as to the availability of DB Section surplus and the power to apply surplus towards DC contributions under the Scheme rules. The Scheme Actuary has confirmed that the application of surplus does not prejudice the Statutory Funding Objective and complies with relevant legislative requirements. The Trustee considers this accounting presentation to be consistent with the SORP.

Benefits and payments to and on account of leavers

Pensions payable in respect of the year are accounted for by reference to the period to which they relate.

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accrual basis on the later of the date of retirement and the date the option is exercised. Other benefits are accounted for on an accrual basis on the date of retirement, death or leaving the Scheme as appropriate.

Administrative and other expenses

With effect from 1 January 2025, costs and expenses are borne and paid by the Scheme directly and are accounted for on an accruals basis.

Investment income

Dividend income (bonds and equities) is accounted for when the securities are quoted ex-dividend. Interest on cash deposits and bonds is accounted for by reference to the year to which it relates. Investment income is shown net of any tax withheld whilst any tax recoverable is included with the appropriate income.

Where income arising from the underlying investments of pooled investment vehicles is reinvested within the funds and reflected in the unit price, it is reflected in the change in market value. Where pooled investment income is received it is accounted for on an accruals basis.

Income arising from annuity policies held by the Trustee and received by the Scheme are included within investment income and are accounted for by reference to the period to which they relate.

Foreign currency conversion

Assets and liabilities in foreign currencies, including the effect of forward exchange contracts, are expressed in sterling at the rates of exchange ruling at the year end. Surpluses and deficits arising on conversion or translation are dealt with as part of realised and unrealised investment gains and losses. Other surpluses and deficits are dealt with as other receipts or payments as appropriate.

Annuity policies

The Trustee holds annuity policies with Aviva (formerly Friends Life) that fund part of the benefits accruing in respect of certain members. The costs of these policies were charged to the fund account in the period of acquisition. These policies remain assets of the Trustee but have been considered immaterial to be included within the financial statements.

2. Summary of significant accounting policies (continued)

Valuation and classification of investments

Investments are stated at fair value. Bonds and equities quoted on a recognised stock exchange are stated at bid price ruling at the year end. Bonds are stated at their clean prices and accrued income is accounted for within investment income. Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.

Exchange traded derivatives are stated at fair value determined using market quoted prices. For exchange traded derivative contracts which are assets, fair value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, fair value is based on quoted offer prices. Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the period end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering an equal and opposite contract at that date. Swap contracts are valued taking into account future expected net cash flows discounted for the time value of money.

Futures contracts are stated at fair value and using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. A clearing broker is used by the Scheme to settle all market traded futures contracts. Amounts due from the broker represent the initial margin (reflecting collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains and losses on closed futures contracts and any unrealised gains and losses on open futures contracts.

Derivatives are held to hedge the Scheme's exposure to interest rate, inflation and foreign currency risks. Net receipts and payments on the derivative contracts are recognised as investment sales and purchases respectively, with a corresponding movement in change in market value reflecting the realised gain or loss on the contract. Any unrealised gain or losses on contracts which are open at the year-end are also recognised in the change in market value.

AVC investments are included at values provided by the AVC providers or on a cash roll forward basis if the valuations are not received.

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 period, including profits and losses realised on the sales of investments during the year.

Under repurchase agreements, the Scheme 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.

For reverse repo agreements, the Scheme does disclose the securities received as collateral in the financial statements. The cash delivered to the counterparty is recognised as a receivable in the financial statements.

3. Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Contributions and benefits					
Employer contributions	-	1,360	-	7,989	9,349
Employee contributions	-	-	-	21	21
Total contributions (4)	-	1,360	-	8,010	9,370
Transfers in (5)	-	-	-	104	104
Other income (6)	6	-	3	3	12
	6	1,360	3	8,117	9,486
Benefits paid (7)	(33,697)	(2,194)	(25,585)	(5,936)	(67,412)
Payments to and on account of leavers (8)	(12)	-	(256)	(15,695)	(15,963)
Administrative expenses (9)	(1,034)	-	(1,041)	1	(2,074)
	(34,743)	(2,194)	(26,882)	(21,630)	(85,449)
Net withdrawals from dealings with members	(34,737)	(834)	(26,879)	(13,513)	(75,963)
Returns on investments					
Investment income (10)	24,714	529	11,972	33	37,248
Change in market value of investments (11)	(62,812)	(954)	(18,408)	26,278	(55,896)
Investment management expenses (12)	(1,355)	(15)	(1,184)	-	(2,554)
Net returns on investments	(39,453)	(440)	(7,620)	26,311	(21,202)
Net (decrease)/increase in the fund	(74,190)	(1,274)	(34,499)	12,798	(97,165)
Opening net assets	743,999	30,802	453,351	250,526	1,478,678
Transfers between sections (14)	-	-	(40)	40	-
Closing net assets	669,809	29,528	418,812	263,364	1,381,513

Statement of Net Assets	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Investment assets (11)					
Equities	190	-	-	-	190
Bonds	685,357	-	345,568	-	1,030,925
Pooled investment vehicles (15)	206,530	25,035	168,565	262,014	662,144
Derivatives (16)	101,528	-	14,991	-	116,519
AVC investments (17)	-	215	741	401	1,357
Cash and cash equivalents (18)	2,242	-	6,860	-	9,102
Other investment balances (19)	7,265	-	4,040	-	11,305
Amounts receivable under reverse repurchase agreements (19)	12,133	-	15,019	-	27,152
	1,015,245	25,250	555,784	262,415	1,858,694
Investment liabilities (11)					
Derivatives (16)	(142,829)	-	(8,384)	-	(151,213)
Cash and cash equivalents (18)	(857)	-	(5,055)	-	(5,912)
Other investment balances (19)	-	-	(327)	-	(327)
Obligation to return bonds (19)	(11,184)	-	(14,416)	-	(25,600)
Amounts due under repurchase agreements (19)	(206,097)	-	(112,397)	-	(318,494)
	(360,967)	-	(140,579)	-	(501,546)
Total investments	654,278	25,250	415,205	262,415	1,357,148
Current assets (25)	16,812	4,285	5,999	2,428	29,524
Current liabilities (25)	(1,281)	(7)	(2,392)	(1,479)	(5,159)
Total net assets available for benefits	669,809	29,528	418,812	263,364	1,381,513

4. Contributions

2025 Contribution Data	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Employer contributions					
Normal	-	-	-	536	536
Salary sacrifice	-	-	-	2,301	2,301
Bonus and redundancy sacrifice contributions	-	-	-	1,521	1,521
NI savings paid into member accounts	-	-	-	53	53
Sal. sacrifice - Additional voluntary contributions	-	-	-	1,244	1,244
Deficit funding	-	1,863	-	-	1,863
	-	1,863	-	5,655	7,518
Employee contributions					
Normal	-	-	-	7	7
Additional voluntary contributions	-	-	-	26	26
	-	-	-	33	33
Total contributions	-	1,863	-	5,688	7,551
Amounts funded by DB surplus *(inter-section transfers)	-	-	-	3,502	3,502

2024 Contribution Data	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Employer contributions					
Normal	-	-	-	3,666	3,666
Salary sacrifice	-	-	-	2,252	2,252
Bonus and redundancy sacrifice contributions	-	-	-	675	675
NI savings paid into member accounts	-	-	-	232	232
Sal. sacrifice - Additional voluntary contributions	-	-	-	1,164	1,164
Deficit funding	-	1,360	-	-	1,360
	-	1,360	-	7,989	9,349
Employee contributions					
Normal	-	-	-	3	3
Additional voluntary contributions	-	-	-	18	18
	-	-	-	21	21
	-	1,360	-	8,010	9,370

No future deficit funding contributions are due under both BPP and Group Sections Schedules of Contributions, which were certified by the Actuary on 4 December 2024.

To improve the Chemetall Section funding position, deficit funding contributions of £113,333 per month were paid by Chemetall Limited until 28 February 2025. This was followed by a lump sum payment of £1,636,667 in March 2025. No further contributions are payable under the Schedule of Contributions.

Following the valuation on 4 December 2024, in accordance with the deed dated 29 October 2019, the Trustee and the Company agreed that contingent security would continue to be provided by BASF SE in the form of an Underpin, which will pay into the Scheme under certain circumstances.

Amounts of £3,502k funded by DB surplus represent inter-section transfers and are not employer contributions for the purposes of the Scheme financial statements.

5. Transfers in

2025 Transfers In	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Individual transfers in	-	-	-	90	90
	-	-	-	90	90

2024 Transfers In	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Individual transfers in	-	-	-	104	104
	-	-	-	104	104

6. Other income

2025 Other income	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Claim on term insurance policies	-	-	-	331	331
Fees receivable	2	-	-	5	7
Sundry income	-	-	-	2	2
	2	-	-	338	340

2024 Other income	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Fees receivable	5	-	2	3	10
Sundry income	1	-	1	-	2
	6	-	3	3	12

7. Benefits paid

2025 Benefits paid	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Pensions	32,830	1,654	23,435	-	57,919
Commutation of pensions and lump sum retirement benefits	3,642	127	1,513	2,090	7,372
Purchase of annuities	-	-	-	908	908
Lump sum death benefits	20	-	104	953	1,077
	36,492	1,781	25,052	3,951	67,276

2024 Benefits paid	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Pensions	30,314	1,962	23,203	-	55,479
Commutation of pensions and lump sum retirement benefits	3,320	214	2,316	2,077	7,927
Purchase of annuities	-	-	-	2,327	2,327
Lump sum death benefits	63	18	66	1,532	1,679
	33,697	2,194	25,585	5,936	67,412

8. Payments to and on account of leavers

2025 Payments on account of leavers	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Individual transfers out	178	17	136	17,490	17,821
Group transfers out	-	31,683	-	-	31,683
	178	31,700	136	17,490	49,504

8. Payments to and on account of leavers (continued)

2024 Payments on account of leavers	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Individual transfers out	12	-	256	15,695	15,963
	12	-	256	15,695	15,963

The Group transfer to the Citrus Master Trust follows the closure of the DB Section to future accrual on 30 June 2018, after which all active members accrued DC benefits within the Group Section. With no ongoing accrual in the Section. The total group transfer out of £31,683k from the Chemetall Section comprised in-specie assets of £21,083k from Insight, £9,973k from L&G, £226k from Prudential, together with a residual cash bank balance of £401k, all transferred to the Citrus Master Trust on 23 October 2025.

The Chemetall Section will be wound up during 2026.

9. Administrative expenses

2025 Administrative expenses	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Administration and processing	284	-	320	-	604
Actuarial Fees	1,365	-	1,356	-	2,721
Audit Fees	65	-	65	-	130
Bank Charges	2	-	2	-	4
Legal & Professional Fees	186	-	138	-	324
Levies	28	-	40	-	68
Trustee Expenses	1	-	1	1	3
Other administration expenses	24	-	37	-	61
	1,955	-	1,959	1	3,915

2024 Administrative expenses	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Administration and processing	2	-	2	(2)	2
Actuarial Fees	1,031	-	1,031	-	2,062
Bank Charges	1	-	2	1	4
Other administration expenses	-	-	6	-	6
	1,034	-	1,041	(1)	2,074

During 2025, £1,096k (2024: £1,031k) was paid by both the BPP and Group sections in relation to GMP equalisation project fees. These costs are included within Actuarial fees.

With effect from 1 January 2025, costs and expenses are borne and paid by the Scheme directly.

10. Investment income

2025 Investment income	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Income from bonds	25,583	-	13,081	-	38,664
Dividends from equities	1	-	3	-	4
Income from pooled investment vehicles	5,990	444	2,493	-	8,927
Annuity income	4	-	34	-	38
Interest expense from repurchase agreements	(8,300)	-	(4,482)	-	(12,782)
Interest on cash deposits	111	15	80	31	237
Other investment income	10	-	57	-	67
	23,399	459	11,266	31	35,155

10. Investment income (continued)

2024 Investment income	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Income from bonds	25,237	-	14,298	-	39,535
Dividends from equities	1	-	(3)	-	(2)
Income from pooled investment vehicles	10,742	512	4,643	-	15,897
Annuity income	(3)	-	33	-	30
Interest expense from repurchase agreements	(11,427)	-	(7,103)	-	(18,530)
Interest on cash deposits	164	17	97	33	311
Other investment income	-	-	7	-	7
	24,714	529	11,972	33	37,248

11. Reconciliation of investments

BPP Section 2025	Opening Value at 1 Jan. 2025 (£'000)	Purchases at cost & derivative payments (£'000)	Sales & derivative receipts (£'000)	Change in market value (£'000)	Closing Value at 31 Dec. 2025 (£'000)
Equities	190	-	-	9	199
Bonds	685,357	113,939	(116,932)	4,400	686,764
Pooled investment vehicles	206,530	94,824	(121,074)	5,335	185,615
Derivatives	(41,301)	22,706	(17,489)	(8,542)	(44,626)
	850,776	231,469	(255,495)	1,202	827,952
Cash and cash equivalents	1,385			(126)	2,220
Other investment balances	(186,699)			-	(159,860)
Obligation to return bonds	(11,184)			-	(19,899)
	654,278			1,076	650,413

Chemetall Section 2025	Opening Value at 1 Jan. 2025 (£'000)	Purchases at cost (£'000)	Sales (£'000)	Change in market value (£'000)	Closing Value at 31 Dec. 2025 (£'000)
Pooled investment vehicles	25,035	6,100	(32,756)	1,621	-
AVC investments	215	-	(226)	11	-
	25,250	6,100	(32,982)	1,632	-

The Chemetall Section transferred to the Citrus Master Trust on 23 October 2025. Total sales of £32,982k comprised £22,595k from Insight, £10,161k from L&G and £226k from Prudential.

Group Section 2025	Opening Value at 1 Jan. 2025 (£'000)	Purchases at cost & derivative payments (£'000)	Sales & derivative receipts (£'000)	Change in market value (£'000)	Closing Value at 31 Dec. 2025 (£'000)
Bonds	345,568	40,049	(35,521)	2,286	352,382
Pooled investment vehicles	168,565	34,118	(44,227)	7,501	165,957
Derivatives	6,607	1,680	(1,418)	(1,442)	5,427
AVC investments	741	-	-	49	790
	521,481	75,847	(81,166)	8,394	524,556
Cash and cash equivalents	1,805			(120)	1,730
Other investment balances	(93,665)			-	(99,349)
Obligation to return bonds	(14,416)			-	(21,697)
	415,205			8,274	405,240

11. Reconciliation of investments (continued)

Combined DC Sections 2025	Opening Value at 1 Jan. 2025 (£'000)	Purchases at cost (£'000)	Sales (£'000)	Change in market value (£'000)	Closing Value at 31 Dec. 2025 (£'000)
Pooled investment vehicles	262,014	33,417	(45,595)	31,267	281,103
AVC investments	401	-	(26)	24	399
	262,415	33,417	(45,621)	31,291	281,502

Within the Combined Sections DC pooled investment vehicles totalling £281,103k (2024: £262,014k) are assets not allocated to members totalling £195k (2024: £173k).

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions, and stamp duty. In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

12. Investment management expenses

2025 Investment manager expenses	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Administration, management and custody	1,138	(1)	829	-	1,966

2024 Investment manager expenses	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Administration, management and custody	1,355	15	1,184	-	2,554

13. Taxation

The Scheme 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.

14. Transfers between sections

2025 Transfers between sections	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Transfers between sections	-	-	23	(23)	-
Amounts funded by DB surplus (inter-section transfers)	(232)	-	(3,270)	3,502	-
	(232)	-	(3,247)	3,479	-

2024 Transfers between sections	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Transfers between sections	-	-	(40)	40	-

The transfers between sections to or from the Combined DC section relate to payments made from the relevant section where members had both DC and DB funds.

The transfer of £3,502k represents cash amounts transferred from the DB Section to the DC Section to fund DC contributions. The application of surplus was supported by actuarial advice confirming the continued satisfaction of the Statutory Funding Objective and the appropriateness of the funding plan.

15. Pooled investment vehicles

2025 Pooled investment vehicles	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Equity	-	-	-	117,421	117,421
Bond	179,466	-	163,948	21,156	364,570
Diversified growth	-	-	-	123,679	123,679
Cash	6,149	-	2,009	18,847	27,005
	185,615	-	165,957	281,103	632,675

2024 Pooled investment vehicles	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Equity	-	8,833	-	109,487	118,320
Bond	199,061	2,033	165,134	22,542	388,770
Diversified growth	-	-	-	113,808	113,808
LDI	-	12,778	-	-	12,778
Cash	7,469	1,391	3,431	16,177	28,468
	206,530	25,035	168,565	262,014	662,144

16. Derivatives

The Trustee authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as explained in the Trustee report. At the year-end the Scheme had the following derivatives:

2025 Derivatives	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Derivative assets					
Futures	7	-	-	-	7
Swaps	72,651	-	13,644	-	86,295
Forward FX contracts	579	-	180	-	759
	73,237	-	13,824	-	87,061
Derivative liabilities					
Futures	-	-	-	-	-
Swaps	(117,799)	-	(8,395)	-	(126,194)
Forward FX contracts	(64)	-	(2)	-	(66)
	(117,863)	-	(8,397)	-	(126,260)
	(44,626)	-	5,427	-	(39,199)

2024 Derivatives	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Derivative assets					
Futures	-	-	3	-	3
Swaps	101,496	-	14,971	-	116,467
Forward FX contracts	32	-	17	-	49
	101,528	-	14,991	-	116,519
Derivative liabilities					
Futures	(13)	-	-	-	(13)
Swaps	(140,914)	-	(7,861)	-	(148,775)
Forward FX contracts	(1,902)	-	(523)	-	(2,425)
	(142,829)	-	(8,384)	-	(151,213)
	(41,301)	-	6,607	-	(34,694)

16. Derivatives (continued)

Objectives and policies

The investment managers have discretion over the investment of the Scheme's assets, subject to the restrictions set out in each Investment Management Agreement. Where permitted under their investment guidelines, the investment managers may invest in derivatives including futures, swaps, and options.

Futures

The Scheme had outstanding exchange traded futures at the year-end as follows:

BPP Section	No. of contracts	Economic exposure (£'000)	Expires	Asset value (£'000)	Liability value (£'000)
UK Fixed Interest Futures	1	450	3 months	7	-
Total 2025		450		7	-
Total 2024		568		-	(13)

Group Section	No. of contracts	Economic exposure (£'000)	Expires	Asset value (£'000)	Liability value (£'000)
Overseas Fixed Interest Futures	-	-	-	-	-
Total 2025		-		-	-
Total 2024		764		3	-

Swaps

The Scheme had outstanding derivative swap contracts at the year-end as follows:

BPP Section Nature	No. of contracts	Economic exposure (£'000)	Expires	Asset value (£'000)	Liability value (£'000)
Interest rate swaps	70	785,478	1-47 years	53,434	(103,014)
Inflation rate swaps	70	712,153	2-47 years	19,217	(14,785)
Total 2025		1,497,631		72,651	(117,799)
Total 2024		1,426,144		101,496	(140,914)

Under the OTC interest rate swaps, the Scheme had pledged collateral in the form of bonds at the year-end amounting to £45,902k (2024: £67,357k) and counterparties had deposited collateral in the form of bonds and cash of £367k (2024: £747k) and £1,615k (2024: £13,263k) respectively at the year-end. The collateral received is not reported within the Scheme's net assets.

Group Section Nature	No. of contracts	Economic exposure (£'000)	Expires	Asset value (£'000)	Liability value (£'000)
Interest rate swaps	33	144,659	5-48 years	5,061	(7,093)
Inflation rate swaps	35	195,390	2-39 years	8,583	(1,302)
Total 2025		340,049		13,644	(8,395)
Total 2024		293,161		14,971	(7,861)

Under the OTC interest rate swaps, the Scheme had pledged collateral in the form of bonds and cash at the year-end amounting to £266k (2024: £43,846k) and £nil (2024: 2,310k) respectively and counterparties had deposited collateral in the form of bonds and cash of £5,684k (2024: £627k) and £310k (2024: £2,967k) respectively at the year-end. The collateral received is not reported within the Scheme's net assets.

16. Derivatives (continued)

Forward FX contracts

The Scheme had open forward foreign exchange contracts at the year-end as follows:

BPP Section Settlement Date	No. of contracts	Currency bought	Currency sold	Asset value (£'000)	Liability value (£'000)
January 2026 to February 2026	3	GBP 1,543	EUR 1,753	11	-
January 2026 to February 2026	7	GBP 44,750	USD 59,425	568	-
January 2026 to February 2026	2	USD 3,172	GBP 2,423	-	(64)
Total 2025	12			579	(64)
Total 2024	12			32	(1,902)

Group Section Settlement Date	No. of contracts	Currency bought	Currency sold	Asset value (£'000)	Liability value (£'000)
January 2026 to February 2026	3	GBP 1,548	EUR 1,758	11	-
January 2026 to February 2026	5	GBP 12,534	USD 16,631	169	(2)
January 2026	1	USD 93	GBP 71	-	-
Total 2025	9			180	(2)
Total 2024	9			17	(523)

17. AVC investments

2025 AVC investments	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Utmost Life	-	-	-	2	2
Prudential Assurance Company Limited	-	-	790	397	1,187
	-	-	790	399	1,189

2024 AVC investments	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Utmost Life	-	-	-	2	2
Prudential Assurance Company Limited	-	215	741	399	1,355
	-	215	741	401	1,357

AVC investments are either invested with the above AVC managers or in the main fund within the DC funds. These policies secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year. AVC investments held within the DC funds as at 31 December 2025, amounted to £16,577k (2024: £15,104k).

18. Cash and cash equivalents

2025 Cash and cash equivalents	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Cash assets					
Sterling	3,059	-	3,139	-	6,198
Foreign currency	40	-	35	-	75
Margin accounts	36	-	2,778	-	2,814
	3,135	-	5,952	-	9,087
Cash liabilities					
Sterling	(58)	-	(1,827)	-	(1,885)
Foreign currency	-	-	(11)	-	(11)
Margin accounts	(857)	-	(2,384)	-	(3,241)
	(915)	-	(4,222)	-	(5,137)
	2,220	-	1,730	-	3,950

2024 Cash and cash equivalents	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Cash assets					
Sterling	2,148	-	3,108	-	5,256
Foreign currency	53	-	48	-	101
Margin accounts	41	-	3,704	-	3,745
	2,242	-	6,860	-	9,102
Cash liabilities					
Sterling	-	-	(1,767)	-	(1,767)
Margin accounts	(857)	-	(3,288)	-	(4,145)
	(857)	-	(5,055)	-	(5,912)
	1,385	-	1,805	-	3,190

19. Other investment balances

2025 Other investment balances	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2025 (£'000)
Other investment balances assets					
Accrued income	5,698	-	2,999	-	8,697
Other receivables	-	-	65	-	65
Insurance policies	11	-	-	-	11
Amount receivable under reverse repurchase agreements	19,369	-	21,427	-	40,796
Other investment balances	357	-	529	-	886
	25,435	-	25,020	-	50,455
Other investment balances liabilities					
Amount payable in respect of repurchase agreements	(185,295)	-	(124,042)	-	(309,337)
Other investment balances	-	-	(327)	-	(327)
Obligation to return bonds	(19,899)	-	(21,697)	-	(41,596)
	(205,194)	-	(146,066)	-	(351,260)
	(179,759)	-	(121,046)	-	(300,805)

19. Other investment balances (continued)

2024 Other investment balances	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total 2024 (£'000)
Other investment balances assets					
Accrued income	6,914	-	3,473	-	10,387
Other receivables	-	-	62	-	62
Insurance policies	11	-	-	-	11
Amount receivable under reverse repurchase agreements	12,133	-	15,019	-	27,152
Other investment balances	340	-	505	-	845
	19,398	-	19,059	-	38,457
Other investment balances liabilities					
Amount payable in respect of repurchase agreements	(206,097)	-	(112,397)	-	(318,494)
Other investment balances	-	-	(327)	-	(327)
Obligation to return bonds	(11,184)	-	(14,416)	-	(25,600)
	(217,281)	-	(127,140)	-	(344,421)
	(197,883)	-	(108,081)	-	(305,964)

As at 31 December 2025, £279,917k (2024: £276,189k) of bonds reported in Scheme assets are held by counterparties under repurchase agreements. The value of collateral held on these contracts was £6,098k (2024: negative £18,857k) and the collateral held is also in the form of UK Government bonds.

20. Defined contribution assets

Investments purchased are allocated to provide benefits to the individuals on whose behalf the contributions are paid. The market value of the pooled investment vehicles above can be analysed by section below:

2025 Defined Contribution assets	BPP DC Section (£'000)	Group DC Section (£'000)	Total 2025 (£'000)
Members' normal investments	39,385	224,937	264,322
Members' AVC investments	4,731	11,854	16,585
Trustee unallocated account	168	28	196
	44,284	236,819	281,103

2024 Defined Contribution assets	BPP DC Section (£'000)	Group DC Section (£'000)	Total 2024 (£'000)
Members' normal investments	38,192	208,545	246,737
Members' AVC investments	4,458	10,646	15,104
Trustee unallocated account	149	24	173
	42,799	219,215	262,014

21. Fair value determination

The fair value of financial instruments has been determined 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.

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted, and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 December 2024 or 31 December 2025.

The investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

2025 Fair value determination	Level 1 (£'000)	Level 2 (£'000)	Level 3 (£'000)	Total 2025 (£'000)
BPP Section				
Equities	199	-	-	199
Bonds	-	686,764	-	686,764
Pooled investment vehicles	-	144,462	41,153	185,615
Derivatives	7	(44,633)	-	(44,626)
Cash and cash equivalents	2,220	-	-	2,220
Other investment balances	5,698	357	11	6,066
Obligation to return bonds	-	(19,899)	-	(19,899)
Repurchase and reverse repurchase agreements	-	(165,926)	-	(165,926)
	8,124	601,125	41,164	650,413
Chemetall Section				
Pooled investment vehicles	-	-	-	-
AVC investments	-	-	-	-
	-	-	-	-
Group Section				
Bonds	-	352,382	-	352,382
Pooled investment vehicles	-	148,473	17,484	165,957
Derivatives	-	5,427	-	5,427
AVC investments	-	21	769	790
Cash and cash equivalents	1,730	-	-	1,730
Other investment balances	2,999	(262)	529	3,266
Obligation to return bonds	-	(21,697)	-	(21,697)
Repurchase and reverse repurchase agreements	-	(102,615)	-	(102,615)
	4,729	381,729	18,782	405,240
Combined DC Sections				
Pooled investment vehicles	-	281,103	-	281,103
AVC investments	-	-	399	399
	-	281,103	399	281,502
	12,853	1,263,957	60,345	1,337,155

21. Fair value determination (continued)

2024 Fair value determination	Level 1 (£'000)	Level 2 (£'000)	Level 3 (£'000)	Total 2024 (£'000)
BPP Section				
Equities	190	-	-	190
Bonds	-	685,357	-	685,357
Pooled investment vehicles	-	138,080	68,450	206,530
Derivatives	(13)	(41,288)	-	(41,301)
Cash and cash equivalents	1,385	-	-	1,385
Other investment balances	6,914	340	11	7,265
Obligation to return bonds	-	(11,184)	-	(11,184)
Repurchase and reverse repurchase agreements	-	(193,964)	-	(193,964)
	8,476	577,341	68,461	654,278
Chemetall Section				
Pooled investment vehicles	-	25,035	-	25,035
AVC investments	-	-	215	215
	-	25,035	215	25,250
Group Section				
Bonds	-	345,568	-	345,568
Pooled investment vehicles	-	141,738	26,827	168,565
Derivatives	3	6,604	-	6,607
AVC investments	-	18	723	741
Cash and cash equivalents	1,805	-	-	1,805
Other investment balances	3,473	(265)	505	3,713
Obligation to return bonds	-	(14,416)	-	(14,416)
Repurchase and reverse repurchase agreements	-	(97,378)	-	(97,378)
	5,281	381,869	28,055	415,205
Combined DC Sections				
Pooled investment vehicles	-	262,014	-	262,014
AVC investments	-	-	401	401
	-	262,014	401	262,415
	13,757	1,246,259	97,132	1,357,148

22. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed. 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 is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, each of which is further detailed as follows:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate and inflation rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates or expected inflation rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate and inflation 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.

22. Investment risk disclosures (continued)

The Trustee determined the investment strategy after obtaining written professional advice from its professional investment adviser. The Scheme has exposure to the aforementioned risks because of the investments held to implement the investment strategy, which is described in Investment Strategy section below. The Trustee manages investment risks, including credit risk and market risk, considering investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

The following tables summarise the extent to which the various classes of investments are affected by financial risks (as shown by an x):

BPP Section	Credit risk	Currency	Interest rate	Other price	2025 (£'000)	2024 (£'000)
Equities		x		x	199	190
Bonds	x	x	x	x	686,764	685,357
Pooled Investment Vehicles					185,615	206,530
▪ Direct	x	x	x	x		
▪ Indirect	x	x	x	x		
Derivatives	x	x	x	x	(44,626)	(41,301)
Other Investment balances	x		x		6,066	7,265
Repurchase & reverse repurchase agreements	x		x		(185,825)	(205,148)
Cash and cash equivalents	x	x			2,220	1,385
Total investments					650,413	654,278

Chemetall Section	Credit risk	Currency	Interest rate	Other price	2025 (£'000)	2024 (£'000)
Pooled Investment Vehicles					-	25,035
▪ Direct	x	x	x	x		
▪ Indirect	x	x	x	x		
AVC Investments	x	x	x	x	-	215
Cash and cash equivalents	x	x			-	-
Total investments					-	25,250

Group Section	Credit risk	Currency	Interest rate	Other price	2025 (£'000)	2024 (£'000)
Bonds (net)	x	x	x	x	352,382	345,568
Pooled Investment Vehicles					165,957	168,565
▪ Direct	x	x	x	x		
▪ Indirect	x	x	x	x		
Derivatives	x	x	x	x	5,427	6,607
Other Investment balances	x		x		3,266	3,713
Repurchase & reverse repurchase agreements	x		x		(124,312)	(111,794)
AVC Investments	x	x	x	x	790	741
Cash and cash equivalents	x	x			1,730	1,805
Total investments					405,240	415,205

Investment strategy

BPP & Group Sections

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Scheme's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

22. Investment risk disclosures (continued)

The Trustee's long-term strategic target is to achieve and maintain at least fully funding on a gilts +0.25% pa basis. Having considered the maturity, cash flow profile and funding level of the BPP Section and Group Section, as well as the Trustee's view of the covenant of the Employer, the Trustee aims to achieve this target by 31 December 2026.

The Trustee recognises that until the long-term target is achieved, the Sections may have different investment strategies, with differing emphases on seeking outperformance or preserving capital.

For both Sections, the investment strategy is made up of a liability hedging strategy and credit investments, some of which are in run-off. The strategy is based around generating sufficient investment returns to meet the long-term strategic target, as set out above.

There is no formal rebalancing policy. The Trustee monitors the asset allocation from time to time. If material deviations between the allocations occur, the Trustee considers with its advisers whether it is appropriate to rebalance the assets. The split between LDI and ABS mandates is rebalanced at Insight's discretion, aiming to balance collateral adequacy, liquidity risks and generating investment returns.

The Trustee regularly reviews both Sections' investment strategy and asset allocation to ensure an appropriate balance between risk and return. The investment strategy of both Sections will be formally reviewed at least every three years, during the triennial actuarial valuation, and will normally be reviewed annually. The investment strategy will also be reviewed in response to any material changes with respect to the Scheme.

Chemetail Section

Prior to the bulk transfer, the Trustee, in agreement with the relevant Company, agreed to implement a de-risking policy, which was based on either the return required to reach full funding on a gilts+0.25% pa basis by the target date or the long-term gilts+0.25% pa funding level. The de-risking policy acted to reduce risk when the required return to reach the relevant funding target reduced, or the funding level increased.

There was no formal rebalancing policy. The Trustee monitored the asset allocation from time-to-time. If material deviations between the allocations occurred, the Trustee considered with its advisers whether it was appropriate to rebalance the assets. For the BPP and Group Sections the split between LDI and ABS mandates was rebalanced at Insight's discretion, aiming to balance collateral adequacy, liquidity risks and generating investment returns. The Trustee regularly reviewed the investment strategy and asset allocation to ensure an appropriate balance between risk and return. The investment strategy of the Scheme was formally reviewed at least every three years, during the triennial actuarial valuation, and was normally reviewed annually. The investment strategy was also be reviewed in response to any material changes with respect to the Scheme.

22. Investment risk disclosures (continued)

Credit risk

Direct Credit risk – BPP & Group Sections

The sections are subject to credit risk through its investments in pooled investment vehicles and sole investor arrangements in bonds, over-the-counter (OTC) derivatives and cash balances. It is directly exposed to credit risk in relation to the solvency of the custodians of those investments.

As at 31 December 2025, around 100% of the sections assets (2024: BPP Section: 100%; Group Section: 100%) were invested in funds or securities that are significantly exposed to credit risk.

The managers of the sole investor bond portfolios manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each portfolio will vary over time, as the manager changes the underlying investments in line with its views on markets and specific securities.

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments and repurchase agreements to match the Section's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily so as to aim to limit credit risk to one day's market movements.

The sections holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Section's investments across a number of pooled funds.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

22. Investment risk disclosures (continued)

Direct credit risk – Pooled funds - Chemetall Section

The Section is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

The holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the investments across a number of pooled funds. The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

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

2025	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Total 2025 (£'000)
Open ended investment companies	144,462	-	148,473	292,935
Shares in limited partnerships	41,153	-	17,484	58,637
	185,615	-	165,957	351,572

2024	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Total 2024 (£'000)
Open ended investment companies	138,080	3,424	141,738	283,242
Shares in limited partnerships	68,450	-	26,827	95,277
Unit-linked life insurance policy	-	8,833	-	8,833
Irish ICAV	-	12,778	-	12,778
	206,530	25,035	168,565	400,130

22. Investment risk disclosures (continued)

Indirect credit risk – Bonds

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds.

BPP Section

The BPP Section is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the BPP Section's investments in the Barings Global Private Loans Fund II, Barings Global Private Loan Fund III, ICG Senior Debt Partners Fund III, ICG Senior Debt Partners Fund IV, and Insight High Grade ABS Fund.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, sectors and specific securities.

Group Section

The Group Section is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Group Section's investments in the Barings Global Private Loan Fund II, Barings Global Private Loan Fund III, and Insight High Grade ABS Fund.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

Chemetall Section

Prior to the bulk transfer, indirect exposure to credit risk arose from the investments in the Insight Buy and Maintain Fund, Insight High Grade ABS Fund, Insight LDI Enhanced Selection Longer Nominal Fund, Insight LDI Enhanced Selection Longer Real Fund, Insight LDI Enhanced Selection Shorter Nominal Fund and Insight LDI Enhanced Selection Shorter Real Fund.

The managers of the pooled funds that invested in fixed income managed credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund varied over time, as the manager changed the underlying investments in line with its views on markets, asset classes and specific securities. As at 31 December 2025, none (31 December 2024: 59%) of the sections assets were invested in funds or securities that were significantly exposed to credit risk.

The amount invested in each of these mandates is shown in the table within the Market risk section.

Indirect credit risk – Derivatives and repurchase agreements – Chemetall Section

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments and repurchase agreements to match the liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily so as to aim to limit credit risk to one day's market movements.

Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

22. Investment risk disclosures (continued)

BPP & Group Sections

Whilst the majority of the currency exposure of the assets is to Sterling, both Sections are subject to currency risk because some investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate.

The pooled funds are accessed via a Sterling share class. Further, the currency exposure that exists (direct and indirect) via the investments in overseas securities (e.g., bonds) is generally hedged back to Sterling, with minimal net exposure to overseas investments. The Scheme has negligible exposure to net direct and indirect currency risk.

As at 31 December 2025, 0% (2024: 0%) of the BPP Section's invested assets were invested in pooled funds that are significantly exposed to currency risk, around 0% (2024: 0%) of the Group Section's invested assets (i.e. excluding annuities) were invested in pooled funds that are significantly exposed to currency risk.

Chemetall Section

Prior to the bulk transfer, most of the currency exposure of the assets was to Sterling, the assets were subject to currency risk as some investments were held in overseas markets. The Trustee considered the overseas currency exposure in the context of the overall investment strategy and believed that the currency exposure that existed diversified the strategy and was appropriate. The Trustee managed the amount of currency risk by investing in pooled funds that hedged some of their currency exposure or implemented separate currency hedging arrangements.

The pooled funds were accessed via a Sterling share class. The Section was not subject to direct currency risk. The assets that were exposed to indirect currency risk were the LGIM Future World Fund (unhedged version), which invested in non-Sterling investments that were not currency hedged. The amount that was invested in each of these mandates is shown in the table at the end of this section.

The exposure to foreign currencies within the pooled funds varied over time as the manager changed the underlying investments but was not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held were at the discretion of the appointed fund managers. As at 31 December 2025, none (31 December 2024: 18%) of the invested assets were invested in funds or securities that were significantly exposed to indirect currency risk.

The net currency exposure at the current and previous year-ends was:

BPP Section	Direct exposure (£'000)	Indirect exposure (£'000)	Hedging (£'000)	2025 Net exposure after hedging (£'000)	2024 Net exposure after hedging (£'000)
Pound sterling (GBP)	606,797	(20,117)	43,870	630,550	632,942
Japanese Yen (JPY)	22	-	-	22	22
US dollars (USD)	41,963	-	(41,823)	140	110
Euros (EUR)	1,669	-	(1,532)	137	144
Other currencies	3,972	20,117	-	24,089	35,335
Total	654,423	-	515	654,938	668,553
<i>Unhedged foreign currency exposure</i>				3.72%	5.33%

22. Investment risk disclosures (continued)

Group Section	Direct exposure (£'000)	Indirect exposure (£'000)	Hedging (£'000)	2025 Net exposure after hedging (£'000)	2024 Net exposure after hedging (£'000)
Pound sterling (GBP)	388,888	(4,318)	14,011	398,581	305,261
US dollars (USD)	12,463	-	(12,295)	168	20
Euros (EUR)	1,575	-	(1,537)	38	121
Other currencies	2,249	4,318	-	6,567	11,287
Total	405,175	-	179	405,354	316,689
<i>Unhedged foreign currency exposure</i>				1.67%	3.61%

Interest rate and inflation rate risk

Interest rate and inflation risk is a material risk given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the assets hedges part of the corresponding risks associated with the Section's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the both BPP and Group Section invests in with material exposure to changes in interest rates are the Insight Buy and Maintain Credit, RLAM Buy and Maintain Credit and Insight LDI mandates.

At 31 December 2025, the proportions of assets were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk:

- **BPP Section:** approximately 72% (2024: 68%)
- **Chemetall Section:** 0% (2024: 36%)
- **Group Section:** approximately 59% (2024: 60%)

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Trustee believes that both BPP and Group Sections' assets are adequately diversified between different asset classes and within each asset class to manage this risk.

At 31 December 2025, the following proportions of assets (by Section) were invested in funds or securities that are significantly exposed to other price risk.

- **BPP Section:** approximately 21% (2024: 20%)
- **Chemetall Section:** 0% (2024: 59%)
- **Group Section:** approximately 36% (2024: 33%)

Combined DC Sections

The main priority of the Trustee when considering the investment policy for the Defined Contribution (DC) Section is to make available investment funds which serve to meet the varying investment needs and risk tolerances of the members. The Statement of Investment Principles outlines the investment objectives and strategy and can be accessed at [DC SIP](#).

The investment funds offered to members during the year are white label funds provided through an investment platform maintained by Scottish Widows as follows:

- Moderate
- Ethical
- Pre-Retirement Annuity
- Cautious
- Adventurous
- HSBC Islamic
- Liquidity Environmentally Aware

22. Investment risk disclosures (continued)

Shortly following the Scheme year-end, the HSBC Sukuk Fund was added to the range.

The Trustee has an agreement in place with Scottish Widows that sets out guidelines for the underlying investments held by the white label funds. The day-to-day management of the investment arrangements is the responsibility of Scottish Widows and the underlying fund managers, including the direct management of credit and market risks. The Trustee monitors the underlying risks by quarterly investment reviews.

Credit risk

The DC Section is subject to direct credit risk through its holding in unit linked insurance funds. Scottish Widows is regulated by the FCA and the PRA and maintains separate funds for its policyholders.

The Trustee monitors the creditworthiness of Scottish Widows by reviewing its “Security of Assets” report, which includes published credit ratings. Scottish Widows invests all funds in its own investment unit linked funds. In the event of default by Scottish Widows, the Scheme is protected by the Financial Services Compensation Scheme (FSCS) and may be able to make a claim for at least 90% of its policy value on claims relating to such events prior to 3 July 2015, and 100% of its policy value on claims relating to insolvency events on or after 3 July 2015, although noting that compensation is not guaranteed.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the white label funds. As members may choose their own investments from the range of funds offered by the Trustee, it should be noted that member level risk exposures will be dependent on the funds invested in.

At the Scheme year end, the Moderate, Cautious, Pre-Retirement Annuity and Liquidity Environmentally Aware funds were exposed to underlying credit risk.

Market risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by Scottish Widows as follows:

Fund	Exposed to>>>	Currency risk	Interest rate risk	Other price risk
Moderate		x	x	x
Adventurous		x		x
Cautious		x	x	x
Ethical		x		x
HSBC Islamic		x		x
Pre-Retirement Annuity			x	x
Liquidity Environmentally Aware			x	x

The Trustee has selected funds and considered the risks in the context of the investment strategy described here and in the SIP.

23. Concentration of investments (continued)

The following investments amounted to more than 5% of the total net assets of the Scheme:

	2025 (£'000)	2025 (%)	2024 (£'000)	2024 (%)
DB Sections				
Insight High Grade ABS Fund Open-End Fund GBP	284,777	21.2%	268,917	19.5%
Combined DC				
Moderate for BASF Fund	97,768	7.3%	93,308	6.8%
Adventurous for BASF Fund	83,252	6.2%	77,976	5.6%

24. Employer related investments

As at 31 December 2025, none (2024: none) of the investment managers had any direct exposure to BASF holdings (Equities or Bonds).

The funds held within the DC Section are held in Life Fund wrappers. Our understanding is that these structures fall outside the scope of regulations for direct holdings of employer related investments.

25. Current assets

2025	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Unallocated DC Section (£'000)	Total (£'000)
Amounts due from other sections	1,935	-	36	414	-	2,385
Prepaid pensions	3	-	1,585	-	-	1,588
Cash in transit	-	-	-	13	-	13
Cash balances	4,918	-	3,081	1,592	204	9,795
Bank interest	-	-	-	2	-	2
Other debtors	2	2	-	168	-	172
	6,858	2	4,702	2,189	204	13,955

2024	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Unallocated DC Section (£'000)	Total (£'000)
Employer contributions due	-	113	-	-	-	113
Amounts due from other sections	1,793	-	-	267	-	2,060
Prepaid pensions	1	129	1,675	-	-	1,805
Cash in transit	-	-	-	17	-	17
Cash balances	15,018	4,036	4,324	1,863	279	25,520
Bank interest	-	4	-	2	-	6
Fee rebate	-	3	-	-	-	3
	16,812	4,285	5,999	2,149	279	29,524

26. Current liabilities

2025	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total (£'000)
Unpaid benefits	643	-	150	822	1,615
Accrued expenses	562	-	518	-	1,080
Backdated pension increase	1,500	-	-	-	1,500
Funds received in advance	226	-	40	-	266
Other creditors	-	-	2	-	2
Amounts due to other sections	49	-	2,102	234	2,385
	2,980	-	2,812	1,056	6,848

2024	BPP Section (£'000)	Chemetall Section (£'000)	Group Section (£'000)	Combined DC Sections (£'000)	Total (£'000)
Unpaid benefits	567	1	163	1,404	2,135
Accrued expenses	71	6	52	-	129
Funds received in advance	189	-	46	-	235
Other creditors	329	-	271	-	600
Amounts due to other sections	125	-	1,860	75	2,060
	1,281	7	2,392	1,479	5,159

27. Related party transactions

The Scheme has received contributions in respect of two (2024: three) Trustee Directors who are contributing members of the Scheme and has paid benefits for one Trustee Director during the year (2024: three). All transactions were made in accordance with the Scheme Rules.

With effect from 1 January 2025, all costs and expenses are borne and paid by the Scheme directly and are reflected in these financial statements. Fees paid to the independent Trustee and Trustee Directors during the year amounted to £116k (2024: £106k).

28. Contingencies and commitments

Capital Commitments

The Scheme has outstanding investment capital commitments in relation to the private credit funds managed by Barings and ICG. Commitments contracted for the year end but not recognised as liabilities amount to £22,763k (2024: £22,763k) in the BPP Section and £5,112k (2024: £5,112k) in the Group Section. In the opinion of the Trustee, there were no other capital commitments as at 31 December 2025 (2024 - £Nil).

GMP Equalisation

In October 2018, the High Court determined that pension schemes are required to equalise benefits between men and women for the effect of guaranteed minimum pensions (GMP) which were accrued between 17 May 1990 and 5 April 1997. In November 2020, a further ruling by the High Court determined that transfers out of a scheme in respect of members who had contracted out of the state second pension must also be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 5 April 1997 between men and women. The Trustee has reviewed, with their advisers, the implication of these rulings on the Scheme in the context of the rules of the Scheme and considers the total liability to be immaterial to the financial statements.

29. Geopolitical and other matters

Geopolitical events, including Ukraine, trade tariffs, and conflicts in the Middle East, have impacted financial markets. The Trustee, in conjunction with its advisers, monitor the situation closely and determines any actions that may be necessary. This includes monitoring the investment portfolio, operational impact, and the covenant of the Sponsor. The extent of the impact on the investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

30. Subsequent Events

In January 2026, following a Trustee decision to change the DC default investment strategy, approximately £93 million of member assets were transitioned accordingly, unless a member elected to opt out of the change.

Implementation Statement

Executive Summary

The Trustee is required to produce an annual Statement to set out how, and the extent to which, the Trustee has followed its SIP during the year. This includes voting and engagement policies, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year.

This Statement should be read in conjunction with the SIP which can be accessed on the [Pension Website](#).

This Statement sets out how the Trustee has followed its SIP during 2025, including voting and engagement policies, and review of the SIP during the year.

There were no overall changes to the DC investment strategy (in terms of asset allocation) during the period covered by this Statement, though there were changes to the underlying equity funds within the Scheme's risk profiled funds, as described later in this Statement.

The Trustee continue to assess the performance of the Scheme's investments and appointed asset managers, and it has also reviewed the strategic objectives for its investment advisers in line with regulatory requirements.

The Trustee has set their stewardship priorities as follows:

- 1) Climate change
- 2) Diversity, equity, and inclusion
- 3) Business ethics & transparency

The Trustee has communicated to the managers and monitored their voting and engagement policies according to these priorities.

Glossary

IHPT means the BASF In-House Pension Team

SAA means the Trustee's Strategic Asset Allocation

SIP means the Trustee's Statement of Investment Principles

SLA means any Service Level Agreements agreed by the Trustee

Statement means this Implementation Statement

TOR means the Terms of Reference agreed between the Trustee and any sub-committees

Trustee means Ross Trustees Services Limited as the Trustee of the BASF UK Pension Scheme

Review of the SIP

The Trustee reviews each SIP at least triennially, or sooner in the event of a change to the investment strategy. The latest review date is detailed below, and details of any changes are provided later in this Statement:

SIP	Last Updated
DC Sections	January 2026
DB Sections	December 2025

DB Section: SIP policy assessments during the year

Progress against the long-term journey plan is reviewed as part of the quarterly performance monitoring and trigger monitoring reports. The Trustee is also able to view the progress on an ongoing basis using an online tracker provided by the Investment Consultant. As at the date of this Statement, the Group and BPP Sections were fully funded on a Gilts+0.25% per annum basis.

Investment strategy

The Trustee monitors the asset allocation quarterly and compares this to the strategic asset allocation. As the Group and BPP Sections are fully de-risked, the Trustee removed the de-risking triggers for these sections.

Implementation of the investment arrangements

No changes to the investment managers were completed in 2025. The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis, using the quarterly performance monitoring report. The Trustee kept using a traffic light system to monitor the asset managers. The most recent quarterly report shows that there are no urgent concerns over the funds used. The Trustee invites Insight & Royal London investment managers to present at Trustee meetings, at least once every two years.

Realisation of investments

The Trustee reviews the current and future cashflow requirements on a quarterly basis. Additionally, on a weekly basis, the Trustee receives the cash balances from the Scheme Administrator, to ensure there are enough funds to finance expected expenses. The Trustee policy is to have access to sufficient liquid assets to meet any outflows while maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

The investment managers have discretion over the timing of realisation of investments. The Trustee receives income from their Buy & Maintain and Private Credit portfolios, which is retained as cash and used for paying benefits. Following the established investment cashflow forecast, the Trustee decide, with support from its Investment Adviser, what disinvestments shall be done to meet the cashflow requirements. In 2025, funds were taken from the LDI portfolio due to the liquid nature of the mandate and the fact that capital can be released without affecting the level of hedging exposure provided.

Risk policy

Risks are monitored on an ongoing basis with the support from the Investment Adviser. The Trustee maintains a risk register, which is reviewed regularly in view of new risks and changes and presented at each meeting.

The strength of the employer's covenant is assessed bi-annually and in response to certain events, such as the divestitures and other structural changes. The Trustee's policy for risks, is to understand them and to address them, if necessary, based on advice from the Investment Adviser or information provided to the Trustee by the investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

The investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. The Trustee formally reviews the Scheme's funding position following preparation of the Scheme Actuary's annual report, to allow for changes in market conditions. On a triennial basis, the Trustee reviews the funding position following preparation of the triennial actuarial valuation, which allows for membership and other experience. The Trustee also informally monitors the funding position more regularly, at Trustee meetings and the Trustee can also monitor this daily.

DC Section: SIP policy assessments during the year

The SIP confirms the Trustee's policy to take professional advice from a suitably qualified DC Investment Adviser. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Trustee did not make any changes to the overall investment strategy (in terms of SAA) during the period covered by this Statement.

However, there was a change to the underlying equity funds that are used within the Scheme's three risk-profiled funds. The change was to replace the BlackRock Global Developed Fundamental Weighted Index Fund allocation with the BlackRock MSCI World Fund in the Moderate, Adventurous, and Cautious Funds (allocations of 14%, 25%, and 9% respectively). The reason for the change was that BlackRock closed the former fund at short notice in July 2025, requiring a replacement to be identified. The Trustee took advice from its Investment Adviser and selected the BlackRock MSCI World Fund as the replacement option on the grounds that this switch allowed the Scheme to retain broad global equity exposure in a low-cost manner.

The SIP was updated subsequent to the Scheme year end, in January 2026, following two changes that were implemented during that month. While these changes fall outside of the period covered by this Statement, they are noted here for completeness:

1. Switching the assets invested during the growth phase of the default investment strategy from the Moderate Fund to the Adventurous Fund.
2. Adding a new FreePlan (self-select) fund to the range, the Sukuk (Shariah Bond) Fund.

The Trustee took advice from its suitably qualified DC Investment Adviser when reviewing the SIP.

Investments held and investment balance

The SIP documents the types of investment used within the Scheme and the asset allocation of each investment fund (including the lifestyling arrangements for LifePlan strategies). The default investment option is reviewed at least triennially, and further details are provided in the Chair's Statement.

Risk and return

The Trustee considers risk from multiple perspectives as set out in the SIP.

Where the SIP relates to expected/target returns, the Trustee reviews the absolute performance, relative performance against a suitable benchmark, and against each fund's stated target performance (over the relevant time-period).

The Trustee reviewed the measurement of key investment risks on a quarterly basis during the year as part of regular investment reporting. These quarterly reports were provided by the DC Investment Adviser. DC risks on the risk register were a standing item at meetings during the year.

Financial and non-financial considerations

The SIP covers these matters. The risks identified in the SIP are considered by the Trustee to be financially material considerations.

As stated in the SIP, members' views will be considered in relation to financial and non-financial matters. In the context of non-financial considerations, an Ethical Fund is available for members to invest in which invests according to defined ethical guidelines, including non-financially material matters. An Islamic Global Equity Fund is also available for members, which invests according to Shariah principles (Islamic law as revealed in the Qur'an). Subsequent to the Scheme year end, a Shariah Bond Fund was also added to the range, which invests in Sukuk instruments. There were no updates to this policy during the year, but the risks identified and how they are measured, and managed formed part of the investment monitoring conducted during the year, as noted above.

Realisation of investments

The SIP notes *'The investment manager has responsibility for buying and selling the underlying assets. All pooled funds used are daily dealt'*. No changes to the liquidity of the funds used by the Scheme were experienced during the year.

The Trustee developed a new policy on investment in illiquid assets within the default investment strategy during the year and added this policy to the SIP in October 2024. In summary, the Scheme's default investment option does not include any direct allocation to illiquid investments. The Scheme has indirect exposure to illiquid assets within the default option through its investment in multi-asset diversified growth funds, where the investment managers have the discretion to include modest allocations to less liquid assets in their strategy. At the total default strategy level, this is not expected to be more than 2% at any point of the lifestyle investment strategy and relates primarily to physical property investments within one of the underlying funds.

Exercise of rights (including voting rights)

Further details on voting rights and engagement activities are set out in the voting section of this Statement.

Investment strategy & decisions with Trustee policies

There were no changes to policy during the year.

Asset manager decision making

There were no changes to policy during the year.

Asset manager performance evaluation

In line with the policies documented in the SIP, the Trustee has reviewed both short term and longer-term investment performance through quarterly investment reports.

The Trustee reviews annually the extent to which the Scheme provides value for members. This results of this assessment, which covers investment performance, costs and charges, and broader elements of member value, are disclosed in the Chair's Statement.

Portfolio monitoring

This relates to how the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range. The SIP refers to this topic, and there were no policy changes during the year. All costs and charges associated with investment management, including transaction costs, are disclosed in the Chair's Statement.

The Trustee will continue to monitor transaction costs on an annual basis but has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of such activities.

Asset manager arrangement duration

There were no changes to policy during the year.

Risk policy

Risks are monitored on an ongoing basis with the support from the Investment Adviser. The Trustee maintains a risk register, which is reviewed regularly in view of new risks and changes and presented as part of the documents for each Trustee meeting.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based on advice from the Investment Advisers or information provided to the Trustee by the Scheme's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

On a triennial basis, the Trustee reviews the investment strategy of the DC Section, which allows for the membership profile. The Trustee also monitors investment risks on a quarterly basis through reports prepared by the investment adviser.

Investment Governance

DB Sections

The Trustee assesses the performance of investments and asset managers on an ongoing basis as part of the quarterly monitoring reports it receives. The Trustee has agreed formal objectives for its Investment Adviser and reviews performance against these objectives on a quarterly basis.

DC Section

During the year, the full Trustee Board considered DC matters and attended DC-related Trustee meetings.

The Trustee is supported by an independent DC Investment Adviser, who also covers wider DC matters and governance, and attends DC meetings. The Trustee's legal adviser also provides support and attends relevant meetings when required. Day-to-day support to the Trustee is provided by the IHPT.

The Trustee meets with investment managers and investment platform provider when necessary. In years where there are no fund performance issues and the Trustee has other strategic and governance priorities investment manager meetings would not be considered essential. This is to ensure that governance activity is focused on the right areas to drive good outcomes for members, rather than having a fixed schedule approach.

Investment benchmarks and targets have been put in place for each investment manager, and performance is monitored on a quarterly basis against these measures. SLAs have also been established with the investment platform provider relating to operational performance. The SLAs cover investment transaction contract notes, queries, and maintenance of a microsite hosting fund information.

Non-Financial Matters

DB Sections

The Trustee policy is to delegate the consideration of financially material considerations including Environmental, Social and Governance ("ESG") considerations, voting and engagement to its investment managers and to consider these issues when making decisions regarding the selection or retention of investment managers. It seeks to appoint managers that have appropriate skills and processes to do this, and from time-to-time, reviews how its managers are taking account of these issues in practice.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the year, and it has continued to take advice on the selection and ongoing review of the investment managers from the investment adviser, who incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

DC Sections

As stated in the SIP, members' views will be considered in relation to financial and non-financial matters. In the context of non-financial considerations, an Ethical Fund is available which invests according to defined ethical guidelines, including non-financially material considerations. An Islamic Global Equity Fund and Sukuk (Shariah Bond) are also available, which invest according to Shariah principles (Islamic law as revealed in the Qur'an).

DB Sections: Strategic Asset Allocation

There were no changes to the strategic asset allocation of any section in 2025.

Section	Underlying Funds	New Allocation	Prior Allocation
Group Section	Insight LDI & ABS portfolio	50.87	50.01
	Insight Buy & Maintain Credit	19.10	18.73
	Royal London Buy & Maintain Credit	25.05	23.90
	Barings Private Credit funds	4.21	6.31
	Cash balance	0.77	1.05
BPP Section	Insight LDI portfolio	48.05	43.35
	Insight Buy & Maintain Credit	21.96	22.12
	Royal London Buy & Maintain Credit	22.98	22.02
	Barings Private Credit funds	3.02	4.48
	ICG Private Credit funds	3.21	5.65
	Cash balance	0.78	2.28

DC Section: Strategic Asset Allocation

There were no changes to the overall strategic asset allocation of the LifePlan strategies during the year.

However, as noted earlier, there was a change to the underlying equity funds that are used within the Scheme's three risk-profiled funds. The change was to replace the BlackRock Global Developed Fundamental Weighted Index Fund with the BlackRock MSCI World Fund in the Moderate, Adventurous, and Cautious Funds, with allocations of 14%, 25%, and 9% respectively. The reason for the change was that BlackRock closed the former fund at short notice in July 2025, requiring a replacement to be identified. The Trustee took advice from its Investment Adviser and selected the BlackRock MSCI World Fund as the replacement option on the grounds that this switch allowed the Scheme to retain broad global equity exposure in a low-cost manner.

Manager Selection, Review, & Monitoring

DB Sections

The Trustee maintained its regular monitoring of the investment managers, by reviewing quarterly investment performance reports and by having review meetings with the asset managers. Additionally, the Investment Adviser monitors the investment managers on an ongoing basis and informs the Trustee promptly about any significant updates or events that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification.

DC Section

The Trustee maintained its regular monitoring of the investment managers, primarily by reviewing quarterly investment performance reports provided by the DC Investment Adviser.

These reports include:

- Details of how each fund and underlying investment manager is delivering against their specific benchmark and targets over both short term and long-term periods.
- The experience that members in the default investment strategy have experienced, in both the growth phase and the de-risking phase of the strategy. This is assessed against inflation measures to ensure that the strategy delivers real returns above inflation.
- Investment risk metrics for the default investment strategy, including volatility and "maximum drawdown" statistics. This allows the Trustee to measure and monitor risks.
- Peer group analysis for key actively managed funds, comparing the performance of managers to alternatives available in the market.
- The investment research ratings including ESG related considerations. The research ratings denote the DC Investment Adviser's research views on the funds, including the prospects for the manager achieving the investment objectives and the extent to which ESG considerations are integrated in the manager's process, portfolio, and in their voting and engagement activities.

DB Sections: Voting and Engagement

In 2023, the Trustee, following guidance from the DWP, have set their stewardship priorities as being:

- 1) Climate change
- 2) Diversity, equity, and inclusion
- 3) Business ethics & transparency

The priorities were communicated to the investment managers, and the Trustee will regularly monitor, at least once per year, on their voting and engagement policies to ensure these priorities are considered.

Votes / Engagement in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers who don't hold listed equities, but invest in assets that had voting / engagement opportunities during the period:

Barings – Private Credit

Barings' investment professionals seek to understand the potential risks to and opportunities for an investment (including those related to ESG); to do so they may meet with government officials and corporate management teams, visit operational facilities, and analyse industry competitors. Once invested, they continue to monitor each investment to ensure that their thesis, including that on ESG matters, remains intact and that an investment's risk and return profile remains attractive relative to other opportunities available in the market. In 2025, Barings recorded 170 engagements with 157 issuers. An example of engagement was with a professional services firm that provides a broad range of accounting and business advisory services to fast-growing small and medium-sized enterprises (SMEs). The company has expanded significantly through a combination of organic growth and multiple strategic acquisitions, resulting in a sizeable workforce and a large, diversified client base. Support was provided to a private equity sponsor in connection with the acquisition of the business in early 2025. Both sponsor and management prioritised the establishment of an ESG-aligned loan, with ESG KPIs agreed and incorporated into the legal documentation in early 2026. The margin ratchet mechanism provides for pricing reductions linked to KPI performance, with a higher weighting applied to emissions reduction and additional adjustments based on the achievement of the remaining targets, subject to an overall cap per measurement period.

ICG – Private Credit (BPP only)

ICG has not changed its approach to Voting & Engagement compared with 2025. For strategies like SDP, which is the one invested by BASF, ICG has recorded 19 engagements covering 18 borrowers. An example of engagement as Imdev. The investment team maintains regular contact with ImDev's management and sponsors on Sustainability matters through board meetings. The company has identified Sustainability topics as a key pillar in its structuring and has appointed a Sustainability Manager and partnered with an external CSR advisor to define its Sustainability strategy. Initiatives include digitising operations to reduce paper use, alongside social initiatives such as market-aligned compensation and a profit-sharing scheme. As the business is acquisition-driven, the group also seeks to ensure newly acquired entities adhere to its Sustainability standards.

Insight – Buy & Maintain Credit, ABS and LDI funds

Insight considers ESG issues within their research process and has developed their own rating methodology using data from multiple third-party data providers. If Insight identifies material ESG risks, they engage to better understand the issues. On government bonds, Insight engages directly with the Debt Management Office, and via industry wide groups, such as Sustainable Investment and Finance Association and the Institutional Investors Group on Climate Change. On ABS, Insight engages with originators, other asset managers and regulators to improve and standardise data. For the B&M credit portfolio, one example of engagement was in Q4 2025, with Wells Fargo. Previous engagements highlighted concerns about the issuer withdrawing from key sustainability industry frameworks. This engagement aimed to understand the issuer's evolving sustainability strategy following the removal of its environmental and social risk framework and rollback of climate-related targets. The issuer provided limited clarity on its ESG priorities, indicating a shift toward business-growth and community activities rather than structured sustainability objectives. Additionally, Wells

Fargo no longer maintains a net-zero target for its lending book and has removed climate-related reports and policies from public disclosure, significantly reducing transparency. The engagement confirmed significant backtracking in the issuer's environmental and social risk management, withdrawal of key policies and sector exclusions, and reduced transparency following the removal of climate-related reports and targets. Given these developments, Insight believes Wells Fargo is not appropriate for portfolios with ESG characteristics.

Royal London Asset Management (RLAM) - Buy & Maintain Credit

RLAM's approach to engagement considers the strategic, environmental, social and governance risk management of investee companies. Engagement carried out jointly with investment specialists and RI teams is especially effective for fixed income assets where ESG external data typically lacks. In 2025, RLAM engaged with 38 entities invested for the BPP section and 40 entities invested for the Group section. An example of engagement was with Volkswagen AG, a global automotive manufacturer, with objective to review its climate strategy and commitments under the Net Zero Stewardship Programme. As outcome, Volkswagen's climate alignment improved following a 5% emissions reduction, though the company has not set up yet a target for Scope 3 Category 1 emissions (indirect emissions from purchased goods and services). Battery electric vehicle sales are expected to reach 11% in 2025, supported by affordable models and strategic partnerships in China. The company is preparing to meet the new EU's 2035 requirement for a 90% reduction in fleetwide emissions by transitioning towards electric and other low-emission vehicle production. Volkswagen also disclosed workforce training initiatives under its just transition approach. We will continue engagement to encourage stronger Scope 3 targets and progress on the transition to zero-emissions vehicles.

Voting and Engagement (DC Sections)

The Trustee maintains a training programme that includes matters relating to ESG and stewardship and has undertaken beliefs surveys to support maintenance of the voting and engagement policy. Trustee beliefs are reviewed periodically.

The Trustee has complied with the SIP on voting and engagement. The Scheme continued to invest solely in pooled funds, where voting and engagement activities are delegated to investment managers, with monitoring by the Trustee

Voting Activity during the Scheme Year

All Trustee holdings in listed equities are within pooled funds and therefore the Trustee is not able to direct how votes are exercised. However, the Trustee monitors voting activity through consideration of voting statistics and significant votes annually as part of producing this Statement. The Trustee itself has not used proxy voting services over the year, and in line with the SIP policy the Trustee has delegated investment voting rights to the investment managers. Most voting activity will arise in respect of public equities. In this Statement, we have included voting data on the Scheme's funds that hold equities.

The Scheme makes daily dealt and priced pooled funds available to members. These funds are "blended" in that the Scheme provides a single fund, but the underlying investments are spread across a range of funds.

Fund	Underlying Funds	Strategic %	Allocation
Adventurous	BlackRock MSCI World ¹	25.00	
	BlackRock Global Minimum Volatility Index	25.00	
	Allspring Emerging Market Equity	23.00	
	L&G Future World Global Equity Index	27.00	
Moderate	BlackRock MSCI World ¹	14.15	
	BlackRock Global Minimum Volatility Index	14.15	
	Allspring Emerging Market Equity	6.50	
	Baillie Gifford Defensive Growth ²	16.67	
	Mercer Diversified Growth	16.67	
	L&G Diversified	16.66	
	L&G Future World Global Equity Index	15.20	
Cautious	BlackRock MSCI World ¹	9.20	
	BlackRock Global Minimum Volatility Index	9.20	
	Allspring Emerging Market Equity	4.10	
	Baillie Gifford Defensive Growth ²	10.84	
	Mercer Diversified Growth	10.83	
	L&G Diversified	10.83	
	L&G AAA-AA-A Corporate Bonds (All Stocks)	23.30	
	Aquila Connect Up to 5 Year Index Linked Gilts	11.70	
	L&G Future World Global Equity Index	10.00	
Pre-Retirement Annuity	L&G Future World Annuity Aware	100.00	
Cash	BlackRock Liquidity Environmentally Aware Fund (LEAF)	100.00	
Ethical	L&G Ethical Global Equity	100.00	
HSBC Islamic	HSBC Islamic Global Equity Index	100.00	
Shariah Bond ³	HSBC Sukuk	100.00	

¹ Replaced the BlackRock Global Developed Fundamental Weighted Index Fund in July 2025.

² Formerly known as the Baillie Gifford Sustainable Multi Asset Fund.

³ Made available from January 2026.

Description of Voting Process

As shown in the previous table, the Scheme invests in underlying funds managed by various investment managers. Funds that invest in equities are managed by:

- Allspring Global Investments ("Allspring")
- Baillie Gifford & Co ("Baillie Gifford")
- BlackRock Inc. ("BlackRock")
- HSBC Global Asset Management ("HSBC")
- Legal & General Investment Management ("L&G")
- Mercer Global Investments Management Limited ("Mercer")

The voting policies of the managers have been received and considered by the Trustee and the Trustee deems these policies to be consistent with its investment beliefs.

Summary of voting behaviour over the year

The Trustee has been provided with the voting disclosures relating to the funds listed in the previous table, for the 12 months to 31 December 2025.

These are summarised in the table that follows, taking the funds that invest in public equities.

Data to 31/12/2025	Allspring Emerging Mkt Equity	Baillie Gifford Defensive Growth	BlackRock MSCI World	BlackRock Global Minimum Volatility Index	HSBC Islamic Global Equity Index	L&G Diversified	L&G Ethical Global Equity	L&G Future World	Mercer Diversified Growth
Value of Scheme assets (£ 000s)	26,565	19,107	37,031	37,031	18,681	19,094	15,488	39,930	19,104
No. of underlying equity holdings	118	131	1,298	342	100	6,166	1,128	3,236	N/A**
No. of meetings eligible to vote	147	66	1,385	368	108	9,539	1,207	5,881	7,272
No. of resolutions eligible to vote	1,435	847	20,201	5,409	1,627	100,740	16,886	59,848	88,395
% of resolutions voted	100%	98%	91%	97%	97%	100%	100%	100%	95%
% of resolutions voted with management	89%	96%	97%	97%	84%	76%	82%	79%	82%
% of resolutions voted against management	6%	3%	3%	3%	16%	23%	18%	20%	17%
% of resolutions abstained	5%	1%	0%	0%	0%	1%	0%	1%	1%
% of resolutions voted against recommendation of the proxy adviser	1%	N/A*	0%	0%	1%	15%	14%	9%	N/A**

Source: Investment Managers. Totals may not sum due to rounding.

* Baillie Gifford vote in line with their in-house policy, not with proxy voting provider policies.

** This fund does not invest in equities directly, instead it invests in underlying funds (18 funds as at 31 December 2025). There is no proxy adviser at the total fund level.

Most significant votes over the year

The Trustee has set their stewardship priorities as follows:

- 1) Climate change
- 2) Business ethics and transparency
- 3) Diversity, equity, and inclusion

In the following tables voting issues that arose within each fund (that hold equities with voting rights), that is considered significant, as it relates to Trustee priorities.

Fund	Allspring Emerging Market Equity	Company	Reliance Industries Ltd		
Item	Election of a director				
Stewardship priorities	Climate change and business ethics and transparency				
Rationale	Reliance is an Indian multinational conglomerate, and its businesses include energy, petrochemicals, natural gas, retail, entertainment, telecommunications, mass media, and textiles.				
	Allspring voted against the election of certain directors of the company's board on several occasions during the year, for two main reasons: 1. The company is a significant greenhouse gas emitter, but in Allspring's view has not disclosed sufficient information for shareholders to assess how the board oversees and manages climate-related risks and opportunities. 2. There were concerns around the level of independence within the board of directors (Allspring typically vote for an independent board that has a majority of outside directors who are not affiliated with the top executives and have minimal or no business dealings with the company to avoid potential conflicts of interest).				
Date of Vote	29 July and 29 August 2025	Voting Decision	Against	Outcome	Passed

Fund	Baillie Gifford Defensive Growth	Company	Enel		
Item	Vote on executive remuneration policy				
Stewardship priority	Business ethics and transparency				
Rationale	Enel is an Italian multinational manufacturer and distributor of electricity and gas.				
	Baillie Gifford opposed the company's proposed remuneration policy as it proposed a change in the "safety metric" used in remuneration calculations, which Baillie Gifford did not find appropriate. The context was that the company had experienced a significant figure related to fatalities (for example, an explosion and fire at the Enel Green Power hydroelectric plant at Lake Suviana in Italy in April 2024 caused multiple fatalities) and therefore Baillie Gifford did not see it appropriate for the company to change the safety metric used in calculating executive level variable compensation.				
	Baillie Gifford will feedback to the company as part of ongoing engagement.				
Date of Vote	22 May 2025	Voting Decision	Against	Outcome	Pass

Fund	BlackRock MSCI World	Company	Equinor ASA (“Equinor”)	
Item	Various shareholder proposals requesting climate change related actions (see details under rationale)			
Stewardship priority	Climate change			
Rationale	Equinor is a Norwegian energy company, and faced several climate and natural capital related shareholder proposals in its May 2025 Annual General Meeting.			
	BlackRock note that with regard to shareholder proposals addressing climate and natural capital-related risks and opportunities, a significant percentage during the year were overly prescriptive or focused on business risks that companies already had processes in place to address, making them redundant.			
	In the case of Equinor, two proposals requested that the company shut down its wind power business. BlackRock voted against these two proposals because, in their view, they lacked economic merit and would have been overly prescriptive to management’s decision making.			
Date of Vote	Another requested that Equinor disclose whether its energy production strategy is consistent with the expectations of the Norwegian State as a significant shareholder, concerning certain efforts to reduce greenhouse gas emissions. In response, the company stated that it does not see any mis-alignments as it relates to this matter between itself and the perspectives of its major shareholders. Again, in BlackRock’s assessment, the proposal would be overly prescriptive to management’s decision making. The proposals failed to gather significant support, ranging from from 0.1% to c. 4% voting in favour.			
	14 May 2025	Voting Decision	Against	Outcome

Fund	BlackRock Global Minimum Volatility Index	Company	Takeda Pharmaceutical		
Items	Approve annual bonus of certain Board Directors, and election of the Compensation Committee Chair				
Stewardship priority	Business ethics and transparency				
Rationale	At the June 2025 AGM of Takeda Pharmaceutical, a Japanese pharmaceutical company, BlackRock did not support the election of the Compensation Committee Chair and the approval of the annual bonus to certain board directors.				
	In BlackRock's assessment, there was a misalignment between pay and performance, alongside insufficient disclosure on the effectiveness of the remuneration policies in incentivising long-term financial value creation. The director election and annual bonus received, respectively, c.89% and c.68% support from shareholders, and BlackRock will continue to engage on executive remuneration arrangements as part of their ongoing stewardship activities.				
Date of Vote	25 June 2025	Voting Decision	Against	Outcome	Passed

Fund	HSBC Islamic Global Equity Index	Company	Tesla
Item	Report on the Use of Child Labor in Connection with Electric Vehicles		
Stewardship priority	Business ethics and transparency		
Rationale	A shareholder proposal requested that Tesla should report to shareholders (at reasonable cost and omitting proprietary information) on the extent to which its business plans with respect to electric vehicles and their charging stations involve, rely on, or depend on child labour. The proposal highlighted that every electric vehicle that Tesla produces requires a lithium-ion battery containing cobalt, and the majority of cobalt mined globally is produced in the Democratic Republic of Congo, where cobalt mining is often done by children in unsafe conditions. HSBC voted for this proposal, as they believe it would contribute to the better management of human rights issues and be in the interest of shareholders. While the proposal did not attain a majority vote, HSBC note that they will continue to vote on similar proposals in future. Votes still help to send an important signal to Tesla's management.		
Date of Vote	6 November 2025	Voting Decision	For Outcome Failed

Fund	L&G Diversified	Company	National Australia Bank Limited
Item	Shareholder resolutions to Approve Disclosure of Financed Deforestation and Approve Strategy to Eliminate Financed Deforestation		
Stewardship priority	Climate change		
Rationale	L&G voted in favour of two shareholder resolutions relating to deforestation. The first was to request that National Australia Bank publish details of the deforestation it finances. L&G voted for the proposal, as they expect companies to be taking sufficient action on climate and nature. Enhanced disclosure on financed deforestation exposure would improve transparency on material environmental and credit risks given the bank's meaningful exposure to agri-business lending. Additional, decision-useful disclosure aligned with credible frameworks such as the Accountability Framework Initiative (AFI) that recognises both legal and illegal deforestation risks, and quantifies exposure where practicable, would be beneficial to shareholders, in L&G's view. The second vote was to request that the company discloses its strategy to eliminate financed deforestation. L&G voted for this request, on the grounds that such disclosures would provide shareholders with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk.		
Date of Vote	12 December 2025	Voting Decision	For Outcome Failed

Fund	L&G Ethical Global Equity	Company	Deere & Company (“Deere”)		
Item	Shareholder resolution requesting a Civil Rights Audit				
Stewardship priority	Diversity, equity, and inclusion				
Rationale	Deere & Company is a US firm that manufactures agricultural, construction, and forestry machinery.				
	A shareholder resolution requested a Civil Rights Audit, aimed at evaluating potential bias in company policies following pressure relating to diversity, equity, and inclusion issues. L&G voted in favour on the basis that such an audit would be a transparent way for Deere to demonstrate that the company’s code of conduct is operating as it should, and that there are no inequalities based on gender or ethnicity, which may cause potential legal and / or financial risks to the company.				
	While the proposal failed to pass (this is typical for shareholder resolutions which are not supported by management), it had c29% support, which showed shareholder interest in external oversight.				
Date of Vote	26 February 2025	Voting Decision	For	Outcome	Failed

Fund	L&G Future World	Company	PepsiCo		
Item	Shareholder resolution requesting a Third-Party Racial Equity Audit				
Stewardship priority	Diversity, equity, and inclusion				
Rationale	A group of shareholders called for PepsiCo's board to oversee a third-party audit to assess and produce recommendations for improving the racial impacts of its policies, practices, products, and services.				
	The proposal noted that PepsiCo has not employed a third-party auditor to assess and further develop its racial equity strategy, claiming that the requested audit is unnecessary in part because of its work with Management Leadership for Tomorrow's Racial Equity Certification Program. While it was noted that this is valuable work, the shareholders who put forward the request felt that it was not a substitute for an independent racial equity audit.				
	L&G voted in favour of the proposal, as they consider diversity and inclusion to be a material risk. The vote gained close to 18% support, sending an important message to the company's management.				
Date of Vote	7 May 2025	Voting Decision	For	Outcome	Failed

Fund	Mercer Diversified Growth	Company	Apple		
Item	Shareholder proposal regarding abolishing inclusion and diversity program and policies				
Stewardship priority	Diversity, equity, and inclusion				
Rationale	A conservative group, the National Center for Public Policy Research (NCPPr), called on Apple to abolish its Diversity, Equity, and Inclusion (DEI) policies, saying they expose firms to "litigation, reputational and financial risks".				
	This came at a time when other large US technology firms, including Meta (the parent company of Facebook) and Amazon have scaled back their DEI programmes amid an “anti-ESG” backlash. US President Donald Trump has been highly critical of DEI policies.				
	The investment manager voted against the shareholder proposal (i.e. the manager wanted Apple to continue to implement DEI policies) because they believe that Apple has strong compliance measures and effective oversight of legal and regulatory risks. Additionally, the company maintains clear non-discrimination policies and aligns its oversight with market standards and there are no known controversies regarding employee discrimination linked to Apple's DEI efforts.				
	Apple shareholders overwhelmingly rejected the proposal to dismantle the company's DEI programmes.				
Date of Vote	25 February 2025	Voting Decision	Against	Outcome	Failed

Source: Investment Managers.