



Implementation Statement

Charles Wells Directors' Pension
Scheme – Year to 30 November 2025

Background to the Implementation Statement

Background

The Department for Work and Pensions ('DWP') has set regulations to improve disclosure of financially material risks. These regulations recognise Environmental, Social and Governance ('ESG') factors as financially material and require schemes to consider how these factors are managed as part of their fiduciary duty. The regulations require schemes to detail their policies in their Statement of Investment Principles ('SIP') and demonstrate adherence to these policies in an implementation statement.

Statement of Investment Principles

The SIP can be found online at the web address <https://www.wellsandco.com/customer-service/pensions> and recent changes to the SIP are detailed in this statement.

Implementation Statement

This implementation statement provides evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- Actions the Trustee has taken to manage financially material risks and implement the key policies in the Scheme's SIP.
- The current policy and approach with regard to ESG and the actions taken to manage ESG risks.
- The extent to which the Trustee has followed the Scheme's policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandates.
- It is noted that one of the requirements for the implementation statement is to cover the Trustee's and the investment managers' approach to voting rights attached to investments (where applicable). During the year to 30 November 2025 there were no voting rights attached to the investments, which were either credit based or through derivatives. This statement is therefore focussed on the Trustee's and the investment managers' approach to engagement and stewardship.

The previous implementation statements are available upon request.

Summary of the key actions undertaken over the Scheme reporting year

The Trustee monitors the Scheme's investments on an ongoing basis, including receiving regular reporting from the Trustee's investment adviser and the investment managers.

Reporting includes monitoring the Scheme's asset allocation versus the strategic allocation detailed in the SIP, reviewing the performance of the investment managers versus relevant benchmarks and their stated objectives, and monitoring investment risks.

The SIP was updated during the reporting period to reflect changes in the Scheme's investment strategy, following the Trustee's decision (agreed in the previous reporting period) to invest the proceeds of a previous Semi-Liquid Credit holding in the M&G Total Return Credit Fund to reduce risk and further support liquidity. The Trustee keeps the Scheme's SIP under ongoing review.

The Trustee updated the liability hedging benchmark over the period reflecting changes in market conditions and to more closely align with the liability profile. The target hedge was maintained at 100% of the interest rate and inflation risks inherent in the Scheme liabilities, based on the Technical Provision basis.

Alongside traditional investment considerations, the Trustee considers ESG factors, for example hearing from the investment managers at Trustee meetings. The Trustee's investment adviser regularly meets with the investment managers to review their ESG policies and practices.

Implementation Statement

This statement demonstrates that the Trustee of the Charles Wells Directors' Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Risk management policies and implementation

As outlined in the SIP, the Trustee adopts an integrated risk management approach. The three key risks associated with this framework and how they are managed is stated below.

Further, a summary of the actions the Trustee has taken to implement this framework over the 12-month period to 30 November 2025 is included.

Risk	Definition	Policy	Actions taken in implementing the policy
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets. 	<ul style="list-style-type: none"> The Trustee monitors the performance of the Scheme's assets versus the investment objective on an ongoing basis.
Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	<ul style="list-style-type: none"> Funding risk is considered as part of the investment strategy reviews and the actuarial valuations. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time. 	<ul style="list-style-type: none"> The Trustee receives regular funding updates. As part of the actuarial valuation process the Trustee receives funding advice from the Scheme Actuary. An appropriate funding basis was agreed based on, amongst other considerations, the investment strategy.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	<ul style="list-style-type: none"> When developing the Scheme's investment and funding objectives, the Trustee takes account of the strength of the covenant, ensuring the level of risk the Scheme is exposed to is at an appropriate level for the covenant to support. 	<ul style="list-style-type: none"> The Trustee receives regular updates on the financial performance of the sponsoring company. As part of the actuarial valuation process the Trustee receives covenant advice from its advisers.

Risk management policies and implementation: continued

As outlined in the SIP, the Scheme is exposed to a number of underlying risks and financially material considerations relating to the Scheme's investment strategy.

The Trustee's policies in respect of these issues, including how financially material considerations are taken into account in the selection, retention and realisation of investments are summarised below. A summary of the actions the Trustee has taken to implement the policies over the 12-month period to 30 November 2025 is also included.

Risk	Definition	Policy	Actions taken in implementing the policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge broadly 100% of these risks on the Technical Provisions basis through the LDI portfolio.	During the reporting year, the liability hedging benchmark was refreshed, with the target hedge levels maintained at 100% of interest rate and inflation risk of the Scheme liabilities on a Technical Provisions basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members' benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Trustee monitors the level of liquid assets available to the LDI manager on an ongoing basis. Sufficient liquidity was maintained over the period to ensure all cashflow requirements were met in a timely and cost-efficient manner.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustee maintained a diversified portfolio over the year to 30 November 2025.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	The Trustee maintained a diversified portfolio of credit assets over the year to 30 November 2025. The Scheme's allocation to the BlackRock Diversified Debt Fund manages credit

			<p>risk through significant diversification across private credit strategies, alongside diversification of sectors and geographies.</p> <p>The liquid credit strategies with Aegon and M&G generally focus on higher credit quality issuers and further manage risk through their active management and underwriting process.</p> <p>The Trustee's investment adviser meets with the investment managers on a regular basis to monitor portfolio risk.</p>
Environmental, Social and Governance ("ESG")	Exposure to ESG factors, including but not limited to climate change, which can affect the performance of the Scheme's investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion:</p> <ol style="list-style-type: none"> 1. Responsible Investment Policy / Framework 2. Consideration of ESG factors integrated into investment process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory <p>The Trustee monitors the managers on an ongoing basis.</p>	<p>The Trustee has carried out an in-depth review of the investment managers' ESG policies and practices.</p> <p>The Trustee's investment adviser meets with the investment managers regularly to monitor their ESG policies.</p>
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To invest in funds that hedge all or the majority of currency risk.	The vast majority of Scheme assets were held in sterling denominated assets over the period.

Changes to the SIP

Changes were made to the Trustee's SIP to reflect changes in the Scheme's investment strategy, namely the increased allocation to M&G. There were no other changes to the Scheme's SIP during the reporting year. The Trustee keeps the SIP under review.

Current approach and implementation of ESG and Stewardship policies

The “Stewardship of investments” section of the SIP outlines the Trustee’s policies in relation to stewardship of the investments, including ESG.

Stewardship

All decisions about the day-to-day management of the assets have been delegated to the investment managers. This includes decisions about:

- Selection, retention, and realisation of investments including taking into account all financially material considerations in making these decisions.
- The exercise of rights (including voting rights) attaching to the investments.
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes the investment managers’ policies in the above respects into account when selecting and monitoring the investment managers.

In order to ensure the investment managers’ stewardship of the Scheme’s assets is in line with the Trustee’s policies, the Trustee and Trustee’s investment adviser meet regularly with the investment managers, with discussions including ESG matters. .

Environmental, Social, Governance (‘ESG’) factors and the exercising of rights

The framework for monitoring the managers from an ESG perspective is set out in the SIP as outlined below.

Method for monitoring and engagement:

- The investment managers provide periodic reports on how they have engaged with issuers regarding social, environmental, and corporate governance issues.
- The Trustee receives information from its investment adviser on the investment managers’ approaches to engagement.

The Trustee will engage, via its investment adviser, with investment managers and/or other relevant persons about relevant matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflict of interest, risks, social and environmental impact and corporate governance. Circumstances for additional monitoring and engagement:

- The manager has not acted in accordance with their policies and frameworks.
- The manager’s policies are not in line with the Trustee’s policies in this area.

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

As outlined on the following page, the Trustee has previously undertaken a review of the investment managers from an ESG perspective and has met with the investment managers to discuss their policies and practices. The Trustee is comfortable that the investment managers' ESG policies and practices satisfy its requirements.

The Trustee's investment adviser engages with the investment managers on a regular basis including regarding ESG factors.

The Trustee expects that the investment managers will engage with investee companies, including on ESG factors. A summary of the investment managers' engagement activity over the year to 30 November 2025 is outlined later in this report.

ESG summary

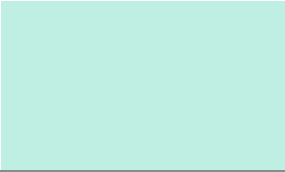
The Trustee has carried out a review of the investment managers from an ESG perspective with the assistance of the Trustee's investment adviser. The key findings of the review are summarised below.

The investment managers are integrating ESG factors within their investment decisions. Each of the managers has demonstrated that ESG factors are being given significant attention at a business level, highlighted by in-house ESG teams, ESG policies and engaging with third parties on ESG issues.

The credit managers (Aegon, Alcentra, BlackRock and M&G) have outlined that ESG factors are considered within their analysis of companies, broader risk management and the delivery of long-term returns. Schroders have outlined the steps they are taking to integrate ESG factors through their engagement with counterparties.

A summary of the individual investment managers' ESG policies and practices is outlined below.

Manager	ESG Summary
Aegon Absolute Return Bond Portfolio	<p>Aegon possess sufficient ESG specialists and robust processes for integrating ESG factors. Aegon have a well-developed Responsible Investment framework and has committed to the Net-Zero Asset Managers' Initiative.</p> <p>In addition, Aegon issue a semi-annual ESG report for the Fund, providing details such as the distribution of ESG ratings, summaries of engagement activities, illustrative case studies, and key carbon-related metrics.</p>
Alcentra Direct Lending Portfolio	<p>Alcentra have a specialist team dedicated to supporting the business in achieving its ESG-related objectives. This team is responsible for coordinating ESG activities across the organisation and ensuring consistent approach. ESG is integrated within its fundamental credit and risk analysis.</p>
Schroders LDI	<p>Schroders have a strong team providing ESG support at a business level and incorporate ESG into LDI counterparty analysis.</p>
BlackRock Diversified Private Debt	<p>BlackRock maintain a firmwide ESG policy that guides its investment processes. Within the Direct Lending and Opportunistic Credit sleeves, BlackRock use quantitative scorecards, but this is only qualitative for Real Estate Debt.</p> <p>BlackRock have incorporated ESG-linked ratchets into some loan structures whereby coupons fall/rise depending on whether the underlying firms meet/fail ESG objectives.</p>
M&G Total Return Credit Investment Fund	<p>M&G have a well-integrated sustainable investment policy that ensures ESG considerations are incorporated across all stages of the investment process with their scorecard regularly updated in line with evolving ESG practices.</p> <p>M&G have identified firm-wide engagement targets focused on Climate Change, Diversity & Inclusion, and Biodiversity. Engagements are recorded centrally and maintained by the Stewardship & Sustainability team.</p>



M&G are a signatory to a number of key organisations, have a UNPRI score of A+ and are a member of various organisations such as Climate Bonds Initiative and Impact Management Project.

Engagement

The Trustee delegates the day-to-day management of the Scheme's assets to investment managers. Details of the investment managers' engagement actions, including a summary of the engagements for the year to 30 November 2025, are included below.

Manager	Engagement summary	Commentary
<p>Aegon Absolute Return Bond Portfolio</p>	<p>Total engagements: 53*</p> <p>Environmental: 33</p> <p>Social: 6</p> <p>Governance: 14</p> <p><small>*This is based on the 2025 calendar year rather than the year to 30 November 2025.</small></p>	<p>As bond investors, Aegon do not have voting rights and therefore company engagement is a key part of the ESG process. Engagements are carried out on an ongoing basis as part of the risk analysis and due-diligence process.</p> <p>Aegon identify key issues, including ESG factors, and look to encourage company management to implement best practices from an ESG perspective. Aegon have incorporated a number of sustainable regulatory initiatives which aim to standardise asset manager disclosures around sustainability.</p> <p>An example of a significant engagement is:</p> <p>SSE plc: At SSE's AGM Aegon raised concerns about SSE's progress towards a long-term decarbonisation strategy particularly the gap between its ambitious net-zero goals and its current position as a high emitter. While SSE plays a crucial role in the transition to low-carbon electricity systems in the UK and Ireland, Aegon believe further progress is required for company to meet all the criteria as laid out in the Climate Action 100+ Net Zero Company Benchmark.</p> <p>Aegon have engaged with SSE collaboratively for several years, focusing on how the company can strengthen its transition plan. Discussions have included strengthening its ambition and strategy and committing to net zero in a challenging geopolitical environment.</p> <p>Consequently, this remains a priority engagement for Aegon, with the long-term objective of ensuring SSE meets all the criteria set out in the Climate Action 100+ Net Zero Company Benchmark. Priorities for 2026 include the policy environment, the development of a credible scope 3 reduction strategy, and the company's approach to future investment in carbon-intensive assets. While progress continues, the desired outcome has not yet been achieved. It will continue to be a priority until SSE's transition strategy fully aligns with investor expectation.</p>

Alcentra Direct Lending Portfolio

Total engagements:
370*

*This is based on engagements during the year to 31 December 2025 rather than the year to 30 November 2025. This is a firm-wide Alcentra number, not just the fund that the Scheme is invested in.

Alcentra have continued to improve on their Fund-level engagement reporting to provide a number of engagements for specific topics.

An example of a significant engagement is:

Energy-based medical solutions: As part of Alcentra's ESG integration efforts, Alcentra aim to encourage sustainable performance across portfolio companies through ESG-linked lending. The margin adjustment mechanism is tied to ESG criteria, enabling borrowers to benefit from margin reductions when they perform well against agreed KPIs. This structure is used to incentivise continuous improvements on material sustainability issues.

Alcentra engaged with a portfolio company regarding an existing ESG Margin Ratchet, where the KPI had originally been set in 2022. The company requested a reset of the baseline after missing the metric in its most recent reporting period. While some reasonable arguments were presented, Alcentra emphasised that ESG KPIs are intended to be ambitious, forward-looking targets. This resulted in the decision to maintain the original KPI without adjustment.

This engagement demonstrates Alcentra's commitment to upholding the credibility and integrity of ESG-linked facilities. By resisting pressure to weaken KPI requirements, Alcentra reinforced expectations that targets remain stretching and meaningful. Allowing under-ambitious KPIs would contradict established ESG principles and increase the risk of greenwashing accusations for all stakeholders. Alcentra will continue to monitor performance closely and ensure that ESG-linked mechanisms drive genuine and measurable sustainability outcomes.

Schroders LDI

Total engagements:
956*

*Given the characteristics of the underlying portfolio assets, opportunities for engagement with individual borrowers are limited. Therefore, Schroders have provided firm-level engagement information in place of detailed fund-level reporting. This is based on engagements during 31 December 2025 rather than the year to 30 November 2025.

Throughout 2025, Schroders engaged extensively across a broad range of organisations, including corporates, governments, financial counterparties, regulators, and industry bodies, reflecting their commitment to addressing both issuer-specific risks and wider system-level challenges. Engagement activity remained a core component of Schroders' stewardship approach, with a strong emphasis on material topics such as climate mitigation, climate oversight, human capital management, natural capital and biodiversity, governance, and transparency.

An example of a significant engagement is (noting this is a broader Schroders example rather than LDI specifically where there are more limited engagement opportunities):

Deforestation thematic engagement: In 2021, Schroders joined the Financial Sector Deforestation Action (FSDA) commitment to use best efforts to eliminate agricultural commodity-driven deforestation. These discussions brought together portfolio managers and sustainability specialists, drawing on scorecard analysis, due-diligence findings and insights from four years of sustained strategy. The firm has used this to press companies for clearer strategies, stronger governance structures and more transparent reporting frameworks. As this work continues, Schroders will remain focused on monitoring progress,

prioritising companies where risks remain material, and escalating stewardship tools where expectations are not met.

BlackRock do not share a log of fund engagements for private credit portfolios; however, they have provided qualitative information on their approach.

BlackRock define engagement as a collaborative process with borrowers that includes setting and monitoring ESG-linked targets, annual ESG data requests, and direct sustainability-focused discussions. BlackRock's approach spans due diligence, offering ESG-related pricing incentives, and supporting portfolio companies with tools to improve disclosure and emissions measurement. Engagement varies by deal structure and access to management, with stronger influence where BlackRock is a key lender. Overall, BlackRock aim to encourage improved ESG performance particularly on climate, biodiversity, labour rights, and ED&I using margin ratchets, dialogue, and their climate transition rating to track progress.

An example of a significant engagement is:

Project Davinci: Envodos – BlackRock's engagement aimed to support the portfolio company's sustainability progress, focussing on decarbonisation and net zero target setting. BlackRock initiated a 6-week program with climate partner ERM, including a C-suite workshop with key executives. The largest emissions reduction opportunity identified was the switch to recycled aluminium, plastic, and rubber. A target setting working group was formed to investigate material sourcing and product design for a new model with Paris-aligned targets. Discussions with the portfolio company's CFO are ongoing about integrating a margin ratchet linked to the decarbonisation roadmap. The company now provides annual carbon emissions reporting and continues to work towards net zero targets.

BlackRock Diversified Private Debt Fund

Total engagements: 41
Environmental: 33
Social: 2
Governance: 6

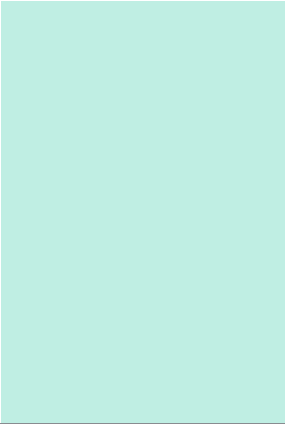
M&G adopt a systematic approach to engagement in which predetermined objectives are established beforehand and evaluated based on the results of engagements. M&G monitor the success of an engagement by assessing whether they have met their objectives and log this into a wider system.

M&G analysts are expected to show a more detailed understanding of key ESG risks that impact the issues which they oversee. If engagements are considered necessary, analysts engage with issues supported by M&G's Sustainability and Stewardship Team, enabling them to utilise their understanding and consider sustainable themes, effectively using their developed expertise.

An example of a significant engagement is:

ING Groep NV: M&G met with ING's Head of Stakeholder Engagement and a representative from Investor Relations to review progress on the bank's climate strategy, following earlier discussions where M&G had strongly encouraged the company to seek Science Based Targets Initiative (SBTi) validation, publish forward-looking milestones, and resume reporting to substantial developments since the previous engagement, including reinstating CDP reporting and releasing updated climate milestones covering the bank's transition roadmap. The

M&G Total Return Credit Investment Fund



company also confirmed that its strategy now includes phasing out financing for upstream oil and gas by 2040.

M&G reiterated the importance of transparent and science-aligned climate ambition, particularly regarding SBTi validation and climate-aligned lobbying disclosures. ING acknowledged that lobbying transparency remained an area where more detail could be provided and confirmed that it was in the process of strengthening its advocacy disclosures. Following the meeting, ING wrote to M&G to confirm that its climate targets had successfully been validated by SBTi – making it the first Global Systemically Important Bank to achieve this.

Voting

There were no voting rights attached to the Scheme's investments over the 12-month period to 30 November 2025. The majority of the assets are credit based, where there are no voting rights attached.

