



VWS Final Salary Division of the Veolia UK Pension Plan (the Plan)

Summary Funding Statement to all Members – March 2026

Please also let us know if you're unable to read this letter. We can provide this in alternative formats including braille and coloured paper.

Why have you issued this Statement?

Veolia UK Pension Trustees Limited (the Trustee) must, by law, provide you with an annual statement of how the Division is funded and remind you of the results of the last formal actuarial (funding) valuation and any plans in place to improve the funding position. This is known as the Summary Funding Statement (the Statement).

The Statement relates solely to the VWS Final Salary Division of the Plan ("the Division").

Do I need to do anything because of this Statement?

No. You do not need to take any action as a result of this Statement, but I do recommend that you take time to read it and raise questions with the appropriate contact if there is anything you do not understand – see the "Where can I get more information?" section at the end of this Statement. You may wish to keep a copy of this Statement together with any other papers that you have received in connection with the Plan.

If you are considering leaving the Division for any reason, you should first consider obtaining independent financial advice. Please note that the Trustee is not able to give you any financial advice.

How is my pension funded?

The Division aims to provide members and their dependants with defined pensions and lump sums when members retire or die. Those benefits are provided by the assets of the Division allowing for investment income as well as contributions paid into the Division.

The assets of the Division are invested for the benefit of all members in a communal fund, which is completely separate from the Company (VWS (UK) Limited). It would be very unusual for any of the assets to be paid from the Division to the Company. As required by law, we confirm that no such payment was made since we last issued a funding statement.

Investments and insured arrangement: As discussed in the previous summary funding statement, the Trustee has been able to secure an insurance policy with PIC, a specialist insurer with significant experience in providing bulk annuity policies. Under this arrangement, PIC as the insurer is obliged to meet the agreed benefits over time, backed by the strict solvency requirements for insurers. Accordingly, the investment strategy of the Division now reflects the insurance policy with the policy matching the benefit obligations.

As noted in the previous summary funding statement, the day-to-day administration team with Isio remains as before. Your interaction with the Division at this time will therefore not change – it is just that the benefit obligations are now backed by insurance which is a pleasing development.

A copy of the Statement of Investment Principles and Implementation Statement regarding the Division can be found at:

https://pensions.veolia.co.uk/app/uploads/sites/6/2025/12/VUKPP-DB-SIP_Nov-2025.pdf

<https://pensions.veolia.co.uk/app/uploads/sites/6/2025/07/VUKPP-2024-Implementation-Statement.pdf>

Funding assessment: The Trustee obtains formal actuarial valuations every three years from the Scheme Actuary which provide an estimate of the monies needed today to meet the payment of benefits as they fall due, allowing for future investment returns. Actuarial update reports are prepared in the two intervening years between triennial valuations.

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The actuarial valuations include two main tests, both of which are summarised in the remainder of this statement:

- i Does the Division have enough money assuming that it carries on in the long term, as intended? This is known as the long-term position.
- ii Does the Division have enough money if the Division were to wind up? This is known as the solvency position.

Company contributions: Based on the actuarial valuations, the Trustee comes to an agreement with the Company on how much it should pay to keep the Division's funding on track against this target.

How does this interact with the PIC insurance policy? Now the Division has secured the bulk annuity policy with PIC, the benefit obligation is expected to be matched by the insurance policy. Accordingly, the funding level on the solvency basis is expected to be 100% at all times. There can be exceptions, and the main point to note with the Division is that the Trustee has been considering the project to equalise Guaranteed Minimum Pensions (GMPs) between males and females. This reflects part of the overall benefit which related to being contracted out of the State Pension arrangement. Following general developments in recent years (not related to our Division but for the pensions industry overall), the Trustee has been working to level up benefits for any inequalities in the GMP benefit calculation, with members being informed as necessary.

The Trustee and Company have since agreed on the total additional liabilities to add to the PIC bulk annuity policy (the true up premium) reflecting this equalisation work and other data work carried out since the insurance policy was initially secured with PIC. In early 2026, the Employer has paid the required contributions to fund the true up premium and accordingly, at the time of preparing this statement, the liabilities are matched by the bulk annuity policy. However, as the triennial valuation and actuarial update are based on the position as at 31 December 2024 and 31 December 2025 respectively (before the true up premium was paid) the funding position shows a deficit at those dates.

Given the above, the funding level of the Division is no longer a significant issue at all and reflects the excellent progress of the Division to be at this stage of insurance. For completeness however, we comment on the funding position of the Division below.

Summary of the Long-Term Funding Position

The last full actuarial valuation was carried out as at 31 December 2024 and an updated actuarial report has been prepared as at 31 December 2025. In summary:

£m as at 31 December	2024	2025
Liabilities	65.6	63.3
Assets	63.0	60.9
Funding level	96%	96%
Surplus / (Deficit)	(2.6)	(2.4)

31 December 2024 valuation: In the period between the 2021 and 2024 valuations, the Employer agreed to pay a significant contribution of £6 million to enable the Trustee to consider securing the benefits with an insurance company. Accordingly, the additional contributions were used to cover the difference between the previous funding basis and the cost of the bulk annuity policy. Actual inflation experience was also taken into account in the overall funding requirements to secure the bulk annuity policy. The 2024 valuation also took into account the true up premium which became known in early 2026.

Year to 31 December 2025: Over the year to 31 December 2025, the value placed on the insured liabilities fell, reflecting the changes to market yields over the year. This was broadly matched by fall in the value placed on the assets. As noted above, the deficit as at 31 December 2025 relates to the true up premium and therefore, the funding level remained broadly the same. The true up premium has since been paid in early 2026.

Funding the deficit: Given that the liabilities are matched by the PIC policy and the true up premium was scheduled to be paid by the Company, no contributions were deemed to be required other than the Company continuing to meet expenses and levies for the Division.

As required by law, the Trustee confirms that the Division is not subject to any modifications or directions imposed by The Pensions Regulator.

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Next actuarial review: A further actuarial update report will be due as at 31 December 2026, with the next triennial valuation being due as at 31 December 2027. As explained earlier, given the bulk annuity policy with PIC, the funding position is now largely academic but of course we will continue to keep you updated through these summary funding statements.

Summary of the Solvency Position

The extent to which a Division can pay for pension rights which have built up if the Division were to secure a bulk annuity policy and potentially wind-up is known as its solvency position. The valuation includes a test of the Division's solvency position. Of course, the Trustee has been able to secure a bulk annuity policy which was a really pleasing development for the Division. Please note that the Division continues as before, just with the benefits backed by the insurance policy. There is no current plan to convert the bulk annuity policy into individual policies whereby the policy would be between members and PIC – if that happened in future then the Division will have settled all liabilities and the Division could be wound up. Should such an outcome be possible in future we will of course communicate this with you.

As the Division has secured a bulk annuity policy, the difference between its solvency position and the long-term funding position discussed above is that the solvency position also makes an allowance for an expense reserve.

At 31 December 2024, the actuary had estimated that there would have been enough money to secure about 94% of the members' benefits earned up to that date with an insurance company, representing a shortfall of around £3.9 million based on insurance company terms. This shortfall mainly relates to the true up premium discussed previously but also includes an expense allowance. In reality, the Company continues to meet these expenses.

The fact that the Division has now secured the benefits is a great outcome. With the Company continuing to meet expenses, the Trustee has confidence in the solvency objectives being met for the Division.

What happens if the Division winds up?

As explained above, if at some point in future the Division winds up then the PIC policy would be converted to individual policies with PIC meeting the benefit obligations to you directly. This assumes that the costs to wind up the Division will have been met by the Company.

If the Company were to fail, the Trustee would try to recover as much of any additional amounts needed to cover the expenses to complete wind up. If those amounts could not be recovered then we expect the benefit with PIC would be adjusted albeit such an adjustment would likely be modest.

In an extreme case where benefits could not meet those provided by the Pension Protection Fund (PPF), then we expect the Division would enter the PPF with the appropriate benefits provided by the PPF. Please note, these wind up scenarios where benefits are not provided in full are included for completeness – such an outcome is not expected particularly given the positive position with the Division now the bulk annuity policy is in place.

A summary of the compensation available from the Pension Protection Fund is available on their website at www.ppf.co.uk

Where can I get further information?

Whether you are a deferred member or a pensioner member, if you have any queries, you may contact the Division Administrator, Isio, on:

Telephone: 0800 122 3590 (+44 203 372 2101 if calling from outside the UK)

Email: veolia@ISIO.co.uk

Please remember to quote your name or National Insurance Number and the name of the Division in full when contacting Isio to help them deal with your call more quickly. Please also inform Isio if you change address to help us to keep in touch with you.

The following additional formal Division documents are available on request. Please note that a small fee for copying may apply.

- *the Statement of Funding Principles*
- *the Schedule of Contributions*

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- *the Annual Report and Accounts*
- *the Scheme Actuary's Valuation Report*
- *the Scheme Actuary's Funding Update Reports*

Thank you for taking time to read this Statement.

Phil Chattle

Trustee Chair on behalf of the Veolia UK Pension Plan

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