

# DC Governance Statement

## The Default Arrangement

### Requirement

The Trustees are required to design the default arrangement in members' interests and keep it under review. The Trustees need to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Plan's membership.

The Plan is a Qualifying Plan for auto-enrolment purposes.

Members' funds are invested on Aon's delegated investment platform, through which funds are managed by Aon Investments Limited (AIL). The Trustees have designated the Aon Managed Retirement Pathway Fund range as the default arrangement for the Plan. The default arrangement is provided for new members who have not made an active choice with regards to their choice of investment.

The default arrangement is structured as a series of target date funds designed to provide members with an appropriate balance between risk and return over their lifetime, accessed through a single investment fund which provides exposure to a diversified mix of assets at retirement.

Details of the objectives and the Trustees' policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' (SIP). The Plan's SIP is attached however the aim is set out here for ease of reference:

*The aim of the default arrangement is to provide members with the potential for good levels of growth during the accumulation of their retirement savings through exposure to equities, and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take.*

This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a more broad-based and lower risk asset mix as members approach their target retirement date.

### Investment strategy review

The triennial investment strategy review relevant for this reporting period was completed on 13th May 2022. The review considered the suitability of the default arrangement and other fund options, with reference to the membership demographics and how members access their benefits, as well as industry data and wider trends.

A number of changes to investment strategy have been made during 2024. These changes are made at AIL's discretion as the Trustees' delegated investment manager. The changes are intended to improve the overall risk and return characteristics of the portfolio, on the basis of current market conditions and AIL's view of the investment outlook. There is no impact on the charges paid by members as a result of the changes, which are summarised below.

Over the first six months of 2024, several strategy changes were made. The introduction of government bonds within the Aon Managed Retirement Pathway Funds was brought forward to 15 years before retirement, from the existing 7.5 years before retirement. There was also an increased allocation to short-dated inflation linked government bonds at and in-retirement, as well as a reduction in exposure to corporate bonds and equities. These changes were made as a result of the increased yields available on these asset classes. The corporate bond portfolio was also adjusted to wholly invest in actively managed funds.

# DC Governance Statement

## The Default Arrangement (continued)

### Investment strategy review (continued)

A number of changes to the Aon Managed Global Equity Fund were made throughout the year. The allocation to multi-factor equities was decreased and the exposure to Climate Transition equities was increased. These changes were implemented throughout 2024, and the revised allocation was completed by 28 February 2025. These changes are expected to reduce performance variability versus the benchmark while maintaining the existing expected return / risk profile long-term.

A number of changes to the Aon Managed Diversified (Multi) Asset Fund were made throughout the year. This is an actively managed fund and relatively frequent changes to the underlying asset allocation are in line with the Trustees' expectations of AIL's management of the Fund:

- In Q1, there was an increase in the exposure to risk assets via an increased allocation to equities and corporate bonds, particularly Climate Transition equities, and a corresponding reduced allocation to cash. Also in Q1, the gold allocation in the fund was replaced with government bonds and asset backed securities, following the closure of the Invesco Physical Gold Fund.
- In Q2, an allocation to gold was introduced through the BlackRock Physical Gold Fund, with the aim of providing further diversification. This was accompanied by an increase in the cash allocation, and a decrease in the equity and corporate and government bond allocations.
- In Q3, the allocation to asset-backed securities and absolute return bonds was increased to take advantage of the continuing high interest rates. The allocation to gold was also increased, while the allocation to multi-asset credit and cash were reduced.
- In Q4, the allocation to absolute return bonds was increased, while the allocation to asset-backed securities was reduced.

Within the Aon Managed Diversified Multi-Strategy Bond Fund, during Q4 the allocation to absolute return bonds was increased, while the allocation to asset-backed securities was reduced.

Within the Aon Managed Global Impact Fund, there was an increase in the investment in the Mirova Global Sustainable Equity Fund, with a corresponding reduction in the Nordea Global Climate and Environment Fund over Q1 2024.

As investment decisions have been delegated to the investment manager, it is within the remit of AIL to make changes without the Trustees' approval. However, the Trustees typically review any changes made by AIL to the underlying asset allocation and managers used within the default arrangement and wider fund options available. Relevant information was provided on a quarterly basis through investment reports provided by AIL and discussed at each quarterly Trustee meeting.

The investment strategy is reviewed at least every three years, hence the next review is required to take place by 13 May 2025. At the time of writing, this review has been completed. The date, scope and outcome of the review will be formally reported in the governance statement covering the Plan year ending 31 December 2025. There are no changes proposed to the Plan's investment arrangements as a result of this review.

# DC Governance Statement

## The Default Arrangement (continued)

### Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Plan and is not calculated by reference to the value of the member's rights under the Plan, the Trustees must state the amount of any such performance-based fees in relation to each default arrangement.

The Trustees confirm that, in the Plan year, no performance-based fees were incurred by members in the default arrangement.

### Performance monitoring

The Trustees have monitored the performance of the default arrangement against agreed benchmarks on a quarterly basis during the period. In broad terms, performance was deemed to be consistent with the aims and objectives for the funds.

The performance of the default arrangement is also reviewed quarterly against inflation targets, so the strategy can then be amended by AIL either adjusting the de-risking period or amending the asset allocation at particular times, depending on the relative performance, as described above.

### Default arrangement asset allocation

The Trustees are required to disclose full asset allocations of investments for each default arrangement. The table below shows the percentage of assets allocated in the default arrangement to specified asset classes over the year to 31 December 2024.

The specified asset classes are:

Asset Class	Asset allocation as at 31 December 2024 (%)			
	25 years old	45 years old	55 years old	NRA (65 years old)
<b>Cash</b>	<b>0.3</b>	<b>0.3</b>	<b>1.4</b>	<b>2.6</b>
<b>Bonds</b>	<b>0.0</b>	<b>0.0</b>	<b>12.5</b>	<b>51.6</b>
<i>Corporate bonds</i>	0.0	0.0	0.7	1.5
<i>Fixed interest government bonds</i>	0.0	0.0	2.2	6.4
<i>Index-linked government bonds</i>	0.0	0.0	4.5	33.0
<i>Other bonds</i>	0.0	0.0	5.1	10.7
<b>Listed equities</b>	<b>90.8</b>	<b>90.8</b>	<b>73.2</b>	<b>30.9</b>
<i>UK equities</i>	3.0	3.0	2.4	1.0
<i>Developed markets equities (excluding UK)</i>	78.8	78.8	63.6	26.9
<i>Emerging markets</i>	9.0	9.0	7.2	3.0
<b>Infrastructure</b>	<b>1.3</b>	<b>1.3</b>	<b>1.0</b>	<b>0.3</b>
<b>Property</b>	<b>7.6</b>	<b>7.6</b>	<b>5.8</b>	<b>1.9</b>
<b>Other</b>	<b>0.0</b>	<b>0.0</b>	<b>6.1</b>	<b>12.7</b>

Source: Aegon and Aon Investments Limited. The asset allocations are for the appropriate Aon Managed Retirement Pathway Fund for a member at each of the ages shown as at the end of the reporting period. For example, a member aged 25 at the end of the reporting period is expected to retire in 2064, and so the asset allocation for the Aon Managed Retirement Pathway 2064-2066 Fund is shown.

# DC Governance Statement

## Net Investment Returns

**Requirement**  
 The Trustees are required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the Plan year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance.

We are required to show the net investment returns achieved over 1 year and 5 years for individual members aged 25, 45 and 55 at the start of the recommended 5-year reporting period. In each case, we show the performance of the appropriate Retirement Pathway Fund assuming the member retires at age 65 (for example, a member aged 25 at the start of the 5 year period, now with 35 years to retirement, would retire in 2059 and hence we show the performance of the Aon Managed Retirement Pathway 2058-2060 Fund).

<b>Performance to 31<sup>st</sup> December 2024:</b>			
<b>Default arrangement – Aon Managed Retirement Pathway Funds</b>	<b>Annualised Returns (%)</b>		
	Age of member at the start of the investment reporting period	1 year	5 year
	25	13.9	7.4
	45	13.6	7.4
	55	9.9	4.9

Source: Aegon and Aon Investments Limited

# DC Governance Statement

## Net Investment Returns (continued)

Performance to 31 <sup>st</sup> December 2024: Self-Select Investment Fund	Annualised Returns (%)	
	1 year	5 year
Aon Managed Short Term Inflation Linked Fund	2.3	3.4
Aon Managed Pre-Retirement Bond Fund	-3.8	-5.2
Aon Managed Liquidity Fund	5.3	2.2
Aon Managed Global Equity Fund	15.5	8.5
Aon Managed Global Impact Fund*	10.3	N/A
Aon Managed Property and Infrastructure Fund	3.0	1.6
Aon Managed Diversified Multi Asset Fund	9.8	4.1
Aon Managed Passive Corporate Bond Fund	1.6	-1.0
Aegon BlackRock UK Equity Index Fund	8.4	4.2
Aegon BlackRock World (ex-UK) Equity Index Fund	20.7	12.8
Aegon BlackRock Emerging Markets Equity Index Fund	10.2	2.4
Aegon HSBC Islamic Global Equity Index Fund **	29.0	16.5

Source: Aegon and Aon Investments Limited

\* Aon Managed Global Impact Fund was added to the Plan's default in January 2021, and as a self-select option in Q4 2021.

\*\* Aegon HSBC Islamic Global Equity Index Fund was added to the plan as a self-select option in Q3 2022.

# DC Governance Statement

## Member Borne Charges and Transaction Costs

**Requirement**

The Trustees should regularly monitor the level of charges borne by members through the investment funds.

The Trustees are also required to confirm that the total costs and charges paid by any member in the default arrangement have not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the overall costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

The member borne costs and charges consist of the following:

- **Charges:** these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;
- **Transaction costs:** these are not explicit and are incurred when the Plan's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustees have set out the costs and charges that were incurred by members, rather than the employer, over the statement year in respect of each investment fund available to members. These comprise the Total Expense Ratio and, insofar as we are able to, transaction costs.

The charges and transaction costs have been supplied by Aegon, the Plan's investment platform provider. Where transaction costs have been provided as a negative cost (profit), a floor of 0% has been used by the Trustees to avoid potentially understating the overall level of costs and charges.

The transaction costs shown below are calculated using the standardised method set by the Financial Conduct Authority.

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### i) Default arrangement – Aon Managed Retirement Pathway Fund

The Aon Managed Retirement Pathway Fund (targeting drawdown) automatically moves member’s assets between different investment funds as they approach their target retirement date. This is illustrated in the chart below:



The TER that a member paid over the year therefore depended on their term to retirement. The TER ranged from 0.30% p.a. to 0.31% p.a., which was within the 0.75% p.a. charge cap for plans that are used for auto-enrolment.

Transaction costs ranged between 0.06% p.a. and 0.09% p.a., and the total cost associated with the Aon Managed Retirement Pathway Fund (targeting drawdown) was between 0.37% p.a. and 0.40% p.a. The full list of TERs for the Aon Managed Retirement Pathway Funds is shown in Appendix 1.

Aon Managed Retirement Pathway Funds	TER % p.a.	Transactions Costs % p.a.	Total costs % p.a.
Aon Managed Retirement Pathway Fund (default – targeting income drawdown)	0.30 – 0.31	0.06 – 0.09	0.37 – 0.40

Note that the highest / lowest TERs and transaction costs shown above might apply to different Aon Managed Retirement Pathway Funds, hence the aggregate range is not necessarily the sum of the highest / lowest TERs and transaction costs.

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### ii) Self-select investment funds

In addition to the Aon Managed Retirement Pathway Fund members also have the option to invest in a further two ranges of target date funds targeting annuity or cash at retirement, and twelve individual funds.

The TERs and transaction costs for each of these funds (where members of the Plan had investments over the year) are shown in the following tables:

<b>Aon Managed Retirement Pathway Funds</b>	<b>TER % p.a.</b>	<b>Transactions costs% p.a.</b>	<b>Total costs% p.a.</b>
Aon Managed Retirement Pathway to Annuity Fund	0.28	0.00	0.28
Aon Managed Retirement Pathway to Cash Fund	0.28	0.01 – 0.13	0.29 – 0.41
<b>Objective &amp; Asset Class Based Fund</b>	<b>TER % p.a.</b>	<b>Transactions Costs% p.a.</b>	<b>Total costs % p.a.</b>
Aon Managed Short Term Inflation Linked Fund	0.17	0.05	0.22
Aon Managed Pre-Retirement Bond Fund	0.29	0.00	0.29
Aon Managed Liquidity Fund	0.17	0.01	0.18
Aon Managed Global Equity Fund	0.21	0.05	0.26
Aon Managed Global Impact Fund	0.76	0.10	0.86
Aon Managed Property and Infrastructure Fund	0.36	0.11	0.47
Aon Managed Diversified Multi Asset Fund	0.30	0.02	0.32
Aon Managed Passive Corporate Bond Fund	0.18	0.00	0.18
Aegon BlackRock UK Equity Index Fund	0.06	0.07	0.13
Aegon BlackRock World (ex-UK) Equity Index Fund	0.06	0.02	0.08
Aegon BlackRock Emerging Markets Equity Index Fund	0.26	0.00	0.26
Aegon HSBC Islamic Global Equity Index Fund	0.35	0.00	0.35

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### iii) Illustrations of the cumulative effect of cost and charges

#### Requirement

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustees have provided three illustrations of their cumulative effect on the value of typical Plan members' savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out in the notes below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Plan they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

Each illustration (A, B and C) is shown for a different type of member invested in the Aon Managed Retirement Pathway Fund which is the default investment arrangement. Illustrations are shown as a chart and a table as follows:

- Each chart shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied.
- As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments in the tables. In line with the guidance, we show the projected retirement savings if the typical member were invested in the fund within the range offered by the Plan which attracts the highest charges – the Aon Global Impact Fund and the fund which attracts the lowest charges– the Aegon BlackRock World (ex-UK) Equity Index.

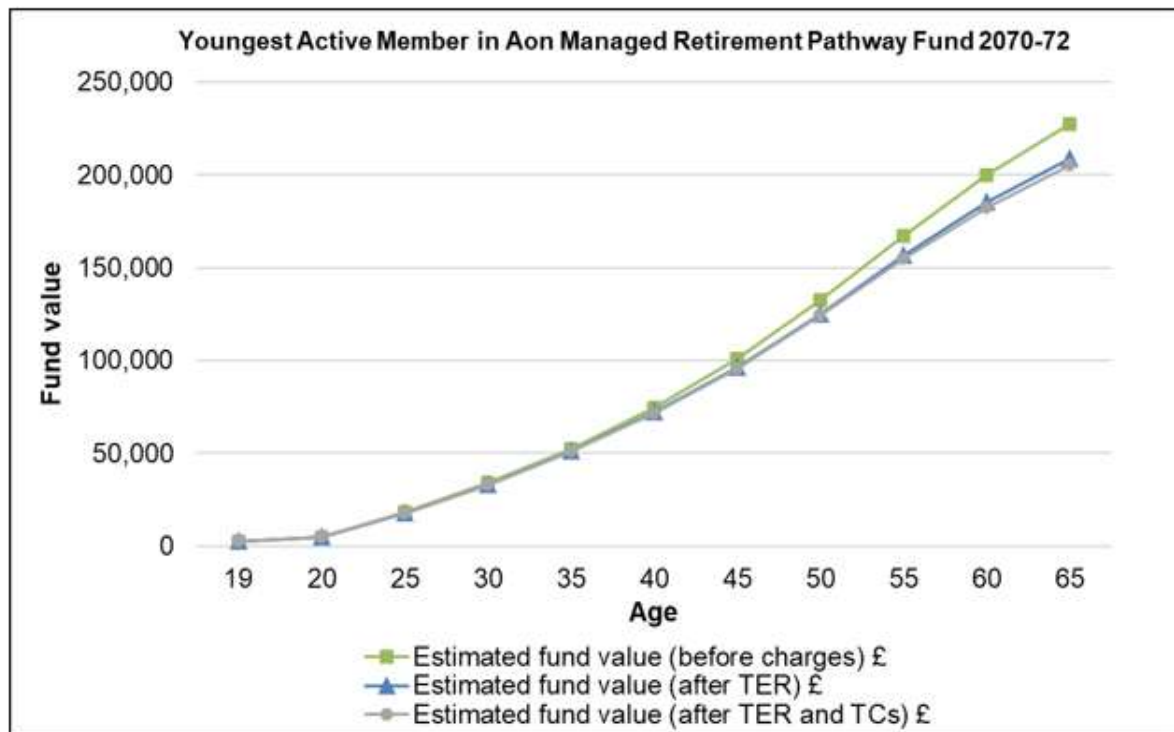
All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of expected future inflation.

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### iii) Illustrations of the cumulative effect of cost and charges (continued)

**Illustration A:** is based on an active Plan member who has **46** years to go until their retirement at age 65. The member has a current salary of **£19,000**, current fund value of **£2,500** and future contributions of 12% of salary. The member is invested in the **Aon Managed Retirement Pathway Fund 2070-2072**.



# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### iii) Illustrations of the cumulative effect of cost and charges (continued)

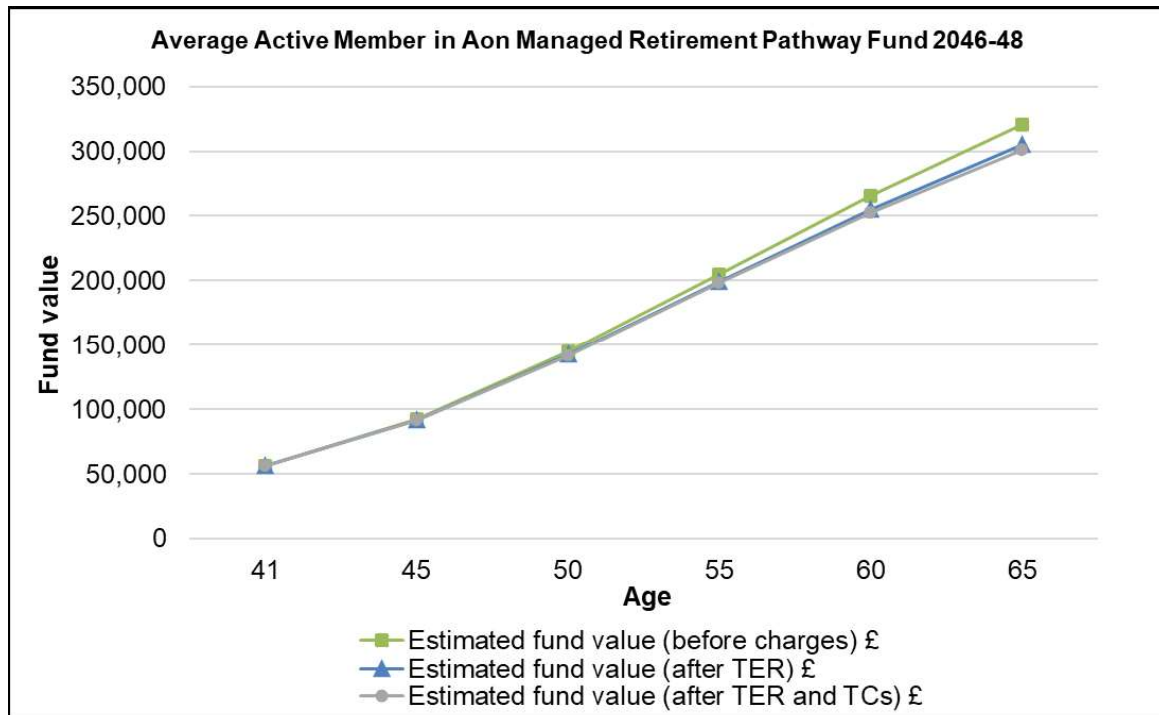
Projected Pension Account in today's money									
Age	Aon Managed Retirement Pathway Fund			Aon Managed Global Impact Fund			BlackRock World (ex-UK) Equity Index Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
19	2,500	2,500	0	2,500	2,500	0	2,500	2,500	0
20	4,880	4,870	10	4,910	4,880	30	4,880	4,870	10
25	18,090	17,870	220	18,650	18,100	550	18,030	17,980	50
30	33,780	33,060	720	35,680	33,830	1,850	33,580	33,440	140
35	52,440	50,810	1,630	56,790	52,540	4,250	51,980	51,650	330
40	74,610	71,550	3,060	82,960	74,800	8,160	73,740	73,120	620
45	100,950	95,790	5,160	115,400	101,290	14,110	99,480	98,430	1,050
50	132,260	124,100	8,160	155,610	132,790	22,820	129,930	128,270	1,660
55	166,890	154,690	12,200	205,460	170,270	35,190	165,940	163,440	2,500
60	199,660	182,450	17,210	267,260	214,860	52,400	208,530	204,890	3,640
65	227,630	204,930	22,700	343,870	267,900	75,970	258,910	253,760	5,150

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### iii) Illustrations of the cumulative effect of cost and charges (continued)

**Illustration B:** is based on an active Plan member who has **24** years to go until their retirement at age 65. The member has a current salary of **£55,000** and has future contributions of **12%** of salary. The member has a current fund value of **£56,000** and is invested in the **Aon Managed Retirement Pathway 2046-2048**.



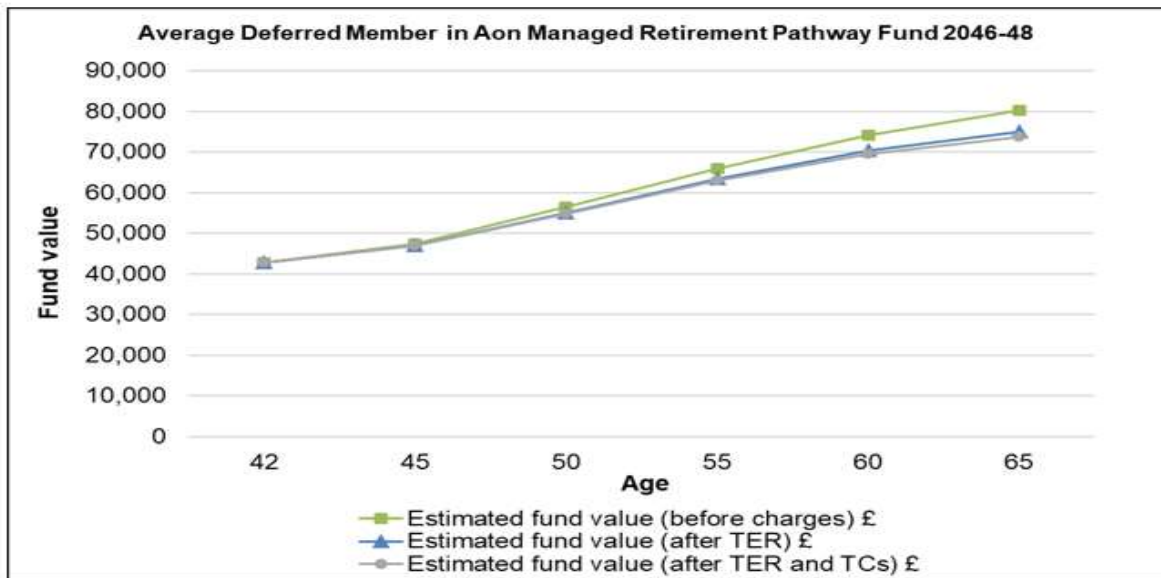
Projected Pension Account in today's money									
Age	Aon Managed Retirement Pathway Fund			Aon Managed Global Impact Fund			BlackRock World (ex-UK) Equity Index Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
41	56,000	56,000	0	56,000	56,000	0	56,000	56,000	0
45	92,250	91,190	1,060	94,950	92,320	2,630	91,960	91,740	220
50	145,210	141,820	3,390	154,060	145,420	8,640	144,250	143,570	680
55	205,070	197,870	7,200	227,340	208,590	18,750	206,110	204,660	1,450
60	265,180	252,430	12,750	318,180	283,750	34,430	279,280	276,680	2,600
65	320,610	301,000	19,610	430,790	373,160	57,630	365,820	361,570	4,250

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### iii) Illustrations of the cumulative effect of cost and charges (continued)

**Illustration C:** is based on a deferred member (a member who is no longer making contributions into their Pension Account) who has **23** years to go until their retirement at age 65. The member has a current fund value of **£42,750** and is invested in the **Aon Managed Retirement Pathway 2046-2048**.



### Projected Pension Account in today's money

Age	Aon Managed Retirement Pathway Fund			Aon Managed Global Impact Fund			BlackRock World (ex-UK) Equity Index Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
42	42,750	42,750	0	42,750	42,750	0	42,750	42,750	0
45	47,410	46,930	480	48,630	47,440	1,190	47,280	47,180	100
50	56,350	54,840	1,510	60,290	56,440	3,850	55,920	55,620	300
55	65,920	63,030	2,890	74,730	67,150	7,580	66,150	65,560	590
60	74,160	69,540	4,620	92,640	79,880	12,760	78,240	77,280	960
65	80,210	73,700	6,510	114,850	95,030	19,820	92,540	91,100	1,440

**Important**  
 Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the strategy) when making investment decisions.

# DC Governance Statement

## Member Borne Charges and Transaction Costs (continued)

### Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- Annual salary growth and inflation is assumed to be 2.5% per annum.
- The starting fund values and future contributions used in the projections are representative of the average for the Plan.
- The projected annual returns on assets and costs and charges used in the illustrations are shown in the table below. The Funds shown in bold make up the Aon Managed Retirement Pathway Fund.
- The projected annual returns shown in the table are the net returns, after the TER and transaction costs shown have been deducted.
- The returns used in the projections have been determined in line with the Financial Reporting Council's guidance, AS TM1 v5.1, effective 6 April 2024. The gross return assumptions are prescribed in the guidance, on the basis of the historical price volatility of underlying funds.

Fund	Projected annual returns	TER %p.a.	Transactions Costs%p.a.	Total costs %p.a.
Aon Managed Initial Growth Phase Fund*	6.0	0.31	0.04	0.35
Aon Managed Global Impact Fund*	7.0	0.31	0.12	0.43
Aon Managed Diversified Asset Fund*	4.0	0.31	0.14	0.45
Aon Managed Diversified Multi Strategy Bond Fund*	2.0	0.31	0.44	0.75
Aon Managed Passive Corporate Bond Fund*	4.0	0.31	0.04	0.35
Aon Managed Short Term Inflation Linked Fund*	2.0	0.31	0.03	0.34
Aon Managed Up to 5 Year UK Gilt Index Fund*	2.0	0.31	0.06	0.37
Aon Managed Global Impact Fund (self-select)	7.0	0.76	0.12	0.88
Blackrock World (ex UK) Equity Index Fund	6.0	0.06	0.01	0.07

\* The TERs for the Retirement Pathway Funds overall, rather than the TERs of the component funds, have been used to accurately reflect the member-borne charges for the RPFs.

The Aon Managed Global Impact Fund is modelled within both the Retirement Pathway Funds (using the overall TER for the RPF) and as a self-select fund (using the TER for the Global Impact Fund itself). Separate entries showing the TER values used in each circumstance have been included).

For the Aon Managed Retirement Pathway Fund the projection takes into account the changing proportion invested in the different underlying funds.

- The transaction costs have been averaged over a 5 year period in line with statutory guidance to reduce the level of volatility, and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- Member data used is as at 31st December 2024.

# DC Governance Statement

## Value for Members Assessment

**Requirement**

The Administration Regulations require the Trustees to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

The Trustees are required to assess, on an annual basis, whether the Plan delivers good value for members.

As the Plan assets were in excess of £100m at the end of the Plan year, the Trustees are not required to perform the assessment on the "prescribed" basis (involving comparison with three alternative large schemes).

There is no legal definition of "good value" or the process of determining this for Plan members. Therefore, working in conjunction with our advisers, Aon, the Trustees have developed their cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Plan relative to the costs and charges they pay.

The main highlights of the assessment are set out below:

The costs have been identified as the TER and Transaction Costs and are set out in the "Member Borne Charges and Transaction Costs" section of this statement. The Trustees have considered the benefits of membership under the following four categories: Plan governance, investments, administration and member communications and engagement. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

The Trustees' beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

**Plan governance**

- The Trustees believe in having robust processes and structures in place to support effective management of risks and ensure members' interests are protected, increasing the likelihood of good outcomes for members.
- Plan governance covers the time spent by the Trustees to ensure the Plan is run in compliance with the law and regulation, including taking account of the interests of its members.

The Trustees have historically carried out an annual assessment against the DC Code of Practice and governance framework, to ensure that they are meeting best practice. Future assessments will be made in line with the requirements of the General Code. To date, actions have been put in place following this assessment in order to address any gaps and progress has been followed over the Plan year to ensure these are completed.

# DC Governance Statement

## Value for Members Assessment (continued)

### Investments

- The Trustees believe that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.
- The Plan offers three ranges of target date funds, designed for members wishing to access their benefits flexibly at retirement via income drawdown, annuity purchase or by taking cash. There is also a range of self-select funds covering a variety of member risk profiles and asset classes. The investment funds available have been designed, following advice from the Plan's investment advisor, with the specific needs of the Plan's members in mind.
- The structure of the default arrangement, the Aon Managed Retirement Pathway Fund range, reflects how members are expected to access their funds at retirement i.e. drawdown. A wide range of investment options are available to members and the Trustees have a process in place to review the investment strategy on at least a triennial basis.
- The Plan provides members with an appropriate range of fund options. The investment strategy and performance are regularly monitored and reviewed by the Trustees.

### Administration

- The Trustees believe that good administration and record keeping play a crucial role in ensuring that scheme members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.
- The Trustees regularly monitor the Plan's administration and over this period found that the necessary administration standards were being achieved. The Plan's administrators, Capita, attend the quarterly Trustee meetings, where they present their administration report.
- The Trustees are satisfied that there are processes in place to monitor standards of administration and record-keeping for the Plan.
- The Trustees recently reviewed processes with the Plan administrators and flowcharts were produced to help ensure timely and efficient processing of transactions.

### Member communications and engagement

- The Trustees believe that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.
- The Plan provides members with clear, regular communications regarding any changes to the Plan's investments, as well as quarterly fund performance factsheets that are available to members via the website (<https://www.kraftheinzpension.co.uk>), benefit statements and "at retirement" communications.

# DC Governance Statement

## Value for Members Assessment (continued)

### Member communications and engagement (continued)

- Members have access to the Plan website which contains all Plan booklets and investment guide information, "I am" example personas to show the impact of small changes to members funds and the use of videos to further assist members. The Plan website also has contact details for the administrator (e-mail, telephone and address).
- A quarterly investment update is published on the Plan website, giving members information on how the main default funds have performed, an update on any changes made to the investments and summary information on market performance.

### Overall view

The Trustees' assessment for this reporting period concluded that the charges and transactions costs borne by Plan members represent good value for members relative to the benefits of Plan membership.

# DC Governance Statement

## Trustees' Knowledge and Understanding (continued)

### Requirement

The Trustees have a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members/beneficiaries.

The core financial transactions are undertaken on behalf of the Trustees by the Plan administrator, Capita, and the Company is responsible for ensuring that contributions are paid to the Plan promptly. The timing of such payments is monitored by the Trustees from quarterly administration reports provided by Capita.

In order to determine how well the administrator is performing, the Trustees have service level agreements (SLAs) in place with Capita. The SLAs detail a number of key administration processes to be performed and the target timescales within which each of these processes needs to be completed. There are targets in place for all core financial transactions. Under the current SLAs, Capita aims to accurately complete all financial transactions within 5 working days, which includes investment of contributions. Over the period 94.6% of core financial transactions were achieved within the target SLAs.

The Trustees have also reviewed the key processes adopted by the administrator and output in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- Monthly unit reconciliations are carried out by Capita to reconcile fund manager holdings with the administration system records.
- Flowcharts that outline the steps and checks in place for each of the core financial transactions, including key dates to be met.
- Effective management is evidenced through the quarterly stewardship report provided by Capita, which includes details of the core financial transactions over the period, including: membership movements, investment of contributions, cashflow management and settlements from the Plan.
- All work processes are documented and subject to a peer review process. Work undertaken by Capita is calculated and independently checked by another member of the team.
- Capita's pensions administration staff are actively encouraged to obtain formal qualifications in relevant areas. Many hold formal pensions-related qualifications from e.g. the Pensions Management Institute. All staff members complete annual regulatory training.
- An annual unit reconciliation is undertaken at a Plan level by Capita and audited at the year-end by JW Hinks.

In addition, the Trustees meet with Capita on a quarterly basis at Trustee meetings to discuss the administration of the Plan. These meetings provide an opportunity to discuss any issues that might arise.

# DC Governance Statement

## Trustees' Knowledge and Understanding (continued)

Capita completed a review of the common data (basic member information e.g. name, address, national insurance number etc) in May 2024 and the Plan received a score of 93.1% The main issue with the common data quality was missing addresses.

Capita have since conducted tracing to try to locate members with missing current addresses and is reviewing national insurance numbers with the Company to resolve the missing data.

The Trustees are satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions and;
- all core financial transactions have been processed promptly and accurately during the Pla year.

# DC Governance Statement

## Trustees' Knowledge and Understanding (continued)

### Requirement

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The Trustees have processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- A structured training programme for newly appointed Trustees including completion of the Pension Regulator's Trustees toolkit, which is an online learning programme.
- Assessing training needs and identifying gaps in knowledge through annual assessments.
- Undergoing regular training for the year this included training on TPR's proposed new General Code of Practice.
- Maintaining training logs for each Trustee which supports the above.

In addition, individual Trustees received additional training from advisers through main board meetings – four main board meetings in total were held during the year.

The Trustees have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. The Trustees are familiar with the key Plan documents such as the Trust Deed & Rules, Trustee Report & Accounts and Statement of Investment Principles, and have used this knowledge to exercise their functions. A few of the activities undertaken during the year that support this statement are set out below:

- Production of an Implementation Statement.
- Sign off of the Trustees' Report and Accounts for the year ending 31 December 2023.
- Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
- Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Plan aims and objectives, as set out in the Statement of Investment Principles.
- Maintaining a regime for proper governance - reviewing and updating the Trustees governance framework for the DC Section of the Plan.

The Trustee board is made up of four Trustees with varying skill sets. The Trustee board incorporates a range of skills and experience and a diverse mix of backgrounds, including representatives from finance, IT, audit and production. During the year, there were two Employer-Nominated Trustees and two Member-Nominated Trustees.

# DC Governance Statement

## Trustees' Knowledge and Understanding (continued)

In summary, the Trustees consider that they meet the Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as the Trustees of the Plan.

Signed on behalf of the Trustees of the Heinz UK Pension Plan by the Chair of Trustees

Name Phil Ashton

Signature \_\_\_\_\_

Date 23-07-2025 | 6:01 PM BST

## DC Governance Statement

### Appendix 1 – Aon Managed Retirement Pathway Fund Charges

Below is the full list of charges for the Aon Managed Retirement Pathway Funds as at 31 December 2024.

Fund Name	TER %p.a.	Transactions Costs %p.a.*	Total costs %p.a.
Aon Mgd Ret Pthwy Perpetual	0.30	0.09	0.39
Aon Mgd Ret Pthwy 2019-2021	0.30	0.09	0.39
Aon Mgd Ret Pthwy 2022-2024	0.30	0.09	0.39
Aon Mgd Ret Pthwy 2025-2027	0.31	0.09	0.40
Aon Mgd Ret Pthwy 2028-2030	0.31	0.08	0.39
Aon Mgd Ret Pthwy 2031-2033	0.31	0.08	0.39
Aon Mgd Ret Pthwy 2034-2036	0.31	0.07	0.38
Aon Mgd Ret Pthwy 2037-2039	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2040-2042	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2043-2045	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2046-2048	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2049-2051	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2052-2054	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2055-2057	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2058-2060	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2061-2063	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2064-2066	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2067-2069	0.31	0.06	0.37
Aon Mgd Ret Pthwy 2070-2072	0.31	0.06	0.37
Aon Mgd Ret Pthwy to Annuity Perpetual	0.28	0.00	0.28
Aon Mgd Ret Pthwy to Annuity 2019-2021	0.28	0.00	0.28
Aon Mgd Ret Pthwy to Cash 2019-2021	0.28	0.13	0.41
Aon Mgd Ret Pthwy to Cash 2022-2024	0.28	0.01	0.29

## DC Governance Statement

### Appendix 2 – Aon Managed Recruitment Pathway Funds Performance

Below is the full list of performance for the Aon Managed Retirement Pathway Funds as at 31 December 2024.

Fund Name	One Year (%)	Five Year (%)
Aon Mgd Ret Pthwy Perpetual	5.8	2.9
Aon Mgd Ret Pthwy 2019-2021	7.0	3.7
Aon Mgd Ret Pthwy 2022-2024	7.7	4.0
Aon Mgd Ret Pthwy 2025-2027	8.8	4.4
Aon Mgd Ret Pthwy 2028-2030	9.9	4.9
Aon Mgd Ret Pthwy 2031-2033	11.1	5.5
Aon Mgd Ret Pthwy 2034-2036	12.4	6.7
Aon Mgd Ret Pthwy 2037-2039	13.6	7.4
Aon Mgd Ret Pthwy 2040-2042	13.9	7.4
Aon Mgd Ret Pthwy 2043-2045	13.9	7.4
Aon Mgd Ret Pthwy 2046-2048	13.9	7.4
Aon Mgd Ret Pthwy 2049-2051	13.9	7.4
Aon Mgd Ret Pthwy 2052-2054	13.9	7.4
Aon Mgd Ret Pthwy 2055-2057	13.9	7.4
Aon Mgd Ret Pthwy 2058-2060	13.9	7.4
Aon Mgd Ret Pthwy 2061-2063	13.9	7.4
Aon Mgd Ret Pthwy 2064-2066	13.9	7.4
Aon Mgd Ret Pthwy 2067-2069	13.9	7.4
Aon Mgd Ret Pthwy 2070-2072	13.9	7.5
Aon Mgd Ret Pthwy to Annuity Perpetual	-1.7	-3.3
Aon Mgd Ret Pthwy to Annuity 2019-2021*	9.4	-3.3
Aon Mgd Ret Pthwy to Cash 2019-2021*	5.3	1.8
Aon Mgd Ret Pthwy to Cash 2022-2024	5.2	2.9

\* Performance as at 30 September 2024. These funds have now been closed. Members in Aon Mgd Ret Pthwy to Annuity 2019-2021 were moved to Aon Mgd Ret Pthwy to Annuity Perpetual. Members in Aon Mgd Ret Pthwy to Cash 2019-2021 were moved to Aon Managed Liquidity Fund. Both Retirement Pathway Funds were beyond their target date and members were moved to funds consistent with the 'at retirement' asset allocation.