

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024

This statement is produced pursuant to governance rules contained in The Occupational Pension Schemes (Charges and Governance) Regulations 2015 apply to defined contribution pension arrangements from 6 April 2015. These rules include the requirement for trustees to prepare an annual statement of governance. This statement explains how the Trustees of the Toyota (GB) Retirement Benefits Plan (1979) (“the Plan”) are meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits, in respect of the Money Purchase Section (i.e. Defined Contribution schemes – DC) and, in respect of the Defined Benefit Section - Additional Voluntary Contributions (AVCs). This statement covers the period 1 April 2023 – 31 March 2024 (the “Plan Year”).

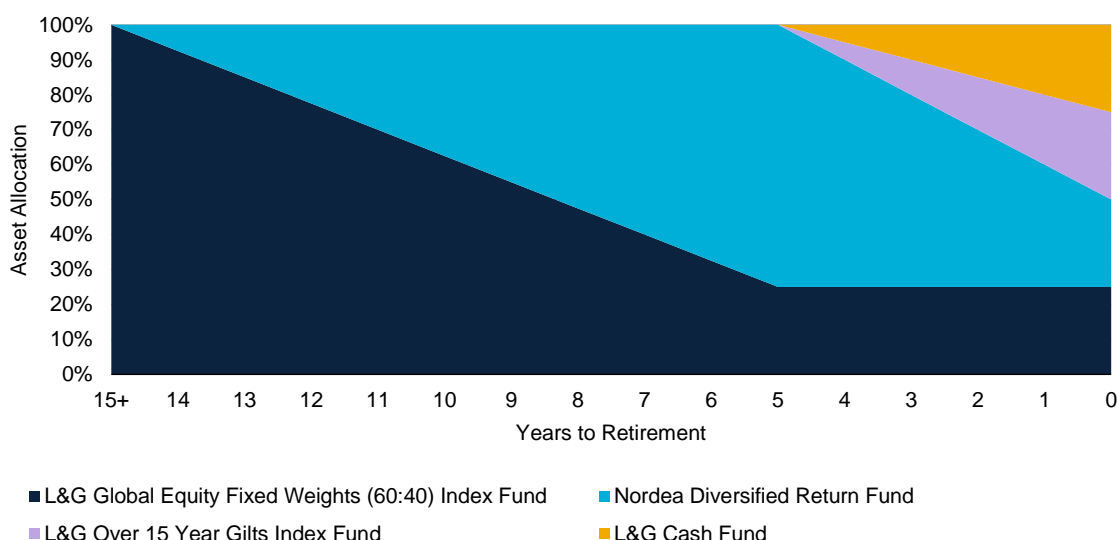
Default arrangement

Members of the Plan who do not make an explicit choice regarding the investment of their funds will be invested in the default arrangement chosen by the Trustees with the advice of their Investment Consultant. The Plan’s default investments are held on an investment platform provided by Mobius Life Limited.

The Trustees have implemented a lifestyle strategy as the Plan’s default arrangement. This gives members exposure to more growth opportunities when they are further from retirement before reducing risk as members approach retirement.

Under the current default arrangement, members are fully invested in the L&G Global Equity Fixed Weights (60:40) Index Fund up to 15 years before their target retirement date in order to maximise investment growth potential at a time when members can afford to take on more investment risk. At that point, assets begin to switch into the Nordea Diversified Return Fund; this Fund is a multi-asset fund which invests in a diversified array of assets such as equity, bonds and cash from around the world. The fund aims to provide greater downside protection compared to equities while still offering reasonable growth prospects.

Once members are 5 years from retirement, their allocation to equities remains at 25%, while assets are gradually moved out of the Nordea Diversified Return Fund and into the L&G Over 15 Year Gilts Index Fund, which invests in long dated government bonds, and the L&G Cash Fund, which invests in cash and short-dated cash-like securities; these switches aim to protect savings further in the years leading up to retirement. When members reach retirement, they will have 25% of their assets allocated to each of the four funds, giving them a diversified portfolio which targets a flexible approach to retirement. The strategy can be illustrated using the following graph:



CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

The default arrangement is described in further detail in the Plan's Statement of Investment Principles (SIP) dated September 2024, a copy of which is submitted alongside this governance statement. The default investment strategy and SIP are reviewed as a minimum every three years or as soon as any significant developments in investment policy or member demographics take place. The Trustees received an advice letter in August 2023 confirming that the SIP dated September 2020 was reviewed and remained compliant with Section 35 of the Pensions Act 1995 as amended. Following the Plan year end, the SIP was reviewed and updated in September 2024 to reflect the Trustees' policy in respect of investment in illiquid assets.

The Plan's investment strategy was formally reviewed during the last Plan Year end (see below). The Trustees continually monitor the performance of the Plan's investments throughout the year. The Trustees receive quarterly investment monitoring reports from Mobius which are reviewed at quarterly Trustee meetings. The Trustees are happy with the performance over the period covered by this statement and have no major concerns regarding the funds used in the Plan.

The Trustees have set up processes to publish relevant information on the default arrangement, including this Statement online at the following URL: <https://www.toyota.co.uk/footer/legal> and will notify members about this in their annual benefit statements and via members' online portal.

Reviewing the default arrangement

The last investment strategy review took place during the Plan Year to 31 March 2023, covering various aspects such as the default arrangement, self-select fund range, and potential improvements. The review covered a comprehensive recap of the investment arrangements currently in place; gaining an understanding of the membership including age profile, pot sizes and investment choice; a review of the design of the current default arrangement and areas of potential improvement; consideration of ESG integration; a review of what the default assumes members will do with their savings at retirement, including the potential value to members of launching additional lifestyle strategies; and a review of the self-select fund range options. At the 28 March 2023 meeting, several changes were tentatively agreed upon and were being considered for implementation in this Plan Year that ended on 31 March 2024. The implementation of the proposed changes is on hold pending discussions between the Trustee and Company.

Processing Plan transactions

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

These core financial transactions are undertaken on the Trustees' behalf by the Plan administrator, Aptia (previously Mercer), and the platform provider, Mobius Life Limited. Effective 1 January 2024, Aptia acquired Mercer's UK pension administration business. There have been no material changes to administration teams and processes as part of this change, which the Trustees will continue to monitor closely.

The Trustees periodically review the processes and controls implemented by those organisations and consider them to be suitably designed to achieve these objectives. The Trustees have a service level agreement (SLA) in place with the Plan administrator which covers the accuracy and timeliness of all core transactions and receive regular reports to monitor the performance against those service levels. The SLA details the time in which the Trustees expect all transactions relating to the Plan to be completed with an explanation of any cases which are not completed within the agreed timescales. The Plan administration manager is present at every quarterly Trustee meeting where administration experience and any issues over the preceding quarter are discussed in detail. These service level standards are noted in the table below.

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

Work Type	Service Standard
Settlement of benefits due;	
Acknowledgement letter	10 days
Payment of refunds	5 days
Transfer in processed	15 days
Transfer out acceptance	15 days
Transfer in request for payment	15 days
Retirements (all)	10 days
Death in deferment	5 days
Death in retirement/service/spouse/dependant	5 days
Provision of benefit quotations;	
Acknowledgement letter	10 days
Leaver statements	10 days
Transfer in quotations	15 days
Transfer in request for information	15 days
Transfer out quote	15 days
Contribution processing;	
Contribution payment to investment managers	5 days
Contribution investment change	10 days
Switch of member fund (AVCs)	10 days
Data amendment	10 days
DSS query	30 days
Benefit statement query	15 days
Specified Core Scheme activities	
Benefit Statements	As agreed
Provision of activity report	Quarter yearly for meetings
Provision of Trustee Report and Account	As agreed
Annual Pension Increases	As agreed
Ad-hoc requests	As agreed

The processes adopted by the Plan administrator to help meet the SLA and ensure that core financial transactions are processed promptly and accurately include dynamic checklists, a dedicated contribution processing team and four eyes checking of investment and banking transactions and daily monitoring of bank accounts. During the period covered by this statement, 96.5% of all core financial transactions were completed on time. The core financial transaction processes and their respective service standards are noted below:

Work Type	Service Standard
Retirement Payments	10 days
Death Quotations	5 days
Death Settlements	5 days
Transfer Out Payments	15 days
Cash Management	5 days

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

The Trustees hold monthly calls with the administration team to discuss and monitor performance. Controls around administration and the processing of core financial transactions are also documented in the Plan's risk register, which is regularly reviewed. No members have been financially disadvantaged as a result of missed SLAs during the Plan Year. The Trustees will continue to challenge Mercer to improve performance against the SLAs and continue to monitor performance against the SLA on a regular basis.

In addition, the Trustees receive an annual Assurance Report on Internal Controls (AAF 01/06) from Mercer and perform periodic assessments of methods and efficiency of the Plan's administrators and challenge them where needed. The latest report covers the year to 31 December 2023 and highlighted no major issues.

The Trustees consider that the requirements for processing core financial transactions specified in the Administration Regulations (The Occupational Pension Schemes (Scheme Administration) Regulations 1996) have been met. The quality of the Plan's Common Data was 92% and 84.4% for Conditional data as noted on 1 March 2023.

Charges and transaction costs – default arrangement and additional funds

The law requires the Trustees to disclose the charges and transactions costs borne by DC scheme members and to assess the extent to which those charges and costs represent good value for money for members. These transaction costs are not limited to the ongoing charges on member funds but should also include trading costs incurred within such funds. The Trustees have taken account of statutory guidance when preparing this section of the report.

In this context, "charges" means (subject to some specific exemptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

Transaction costs have been provided by the Plan's investment manager and they are calculated using slippage methodology. That is, the transaction costs represent the difference between the expected trading price of a security within a fund and the price at which the trade is actually executed at (as typically a trade is executed a few working days after an order is placed). Therefore, in a buy order, for example, if the execution price is less than the expected price, a transaction cost may be negative.

Details of the Annual Management Charge (AMC), Total Expense Ratios (TERs) and the transaction costs payable for each fund within the default arrangement, as at 31 March 2024, are as follows:

Fund	AMC (%)	TER (%)	Transaction Cost (%)
Growth Fund (<i>LGIM Global Equity Fixed Weights (60:40) Index Fund</i>)	0.080	0.130	0.061
Nordea Diversified Return Fund	0.550	0.730	0.186
Secure Fund (<i>LGIM Over 15 Years Gilts Index Fund</i>)	0.068	0.098	-0.002
Cash Fund (<i>LGIM Cash Fund</i>)	0.080	0.125	0.078

Source: Mobius Life as at 31 March 2024.

The TERs noted above are lower than the maximum TER of 0.75% allowed for default arrangements.

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

The Trustees also make available a range of funds that may be chosen by members as an alternative to the default arrangement. These funds allow members to take a more tailored approach to managing their own pension investments and attract annual charges and transaction costs as follows:

Fund	AMC (%)	TER (%)	Transaction Cost (%)
Growth Fund (<i>LGIM Global Equity Fixed Weights (60:40) Index Fund</i>)	0.080	0.130	0.061
Nordea Diversified Return Fund	0.550	0.730	0.186
Secure Fund (<i>LGIM Over 15 Years Gilts Index Fund</i>)	0.060	0.098	-0.002
Cash Fund (<i>LGIM Cash Fund</i>)	0.080	0.125	0.078
LGIM UK Equity Index Fund	0.059	0.099	0.044
LGIM Emerging Markets Equity Index Fund	0.330	0.360	0.195
LGIM Over 5 Years Index-Linked Gilts Index Fund	0.068	0.098	0.040

Source: Mobius Life as at 31 March 2024.

We are comfortable that the costs for the default arrangement and self-select funds are reasonable both in terms of the outcomes the funds are targeting and the fees in the wider market applicable to similar investment strategies

Additional Voluntary Contributions (AVCs) The Trustees also make available a facility for members to pay in additional contributions to boost Defined Benefit section benefits. The AVC arrangements are reviewed at the same time as the review of the main Plan benefits. The facility is provided via Aviva and Royal London and below are the available funds together with associated fees.

Fund	TER (% p.a.)	Transaction Cost (% p.a.)
Aviva European Equity	0.88	0.066
Aviva Global Bond	0.88	0.059
Aviva Global Equity	0.88	0.041
Aviva Gilt	0.88	0.098
Aviva Property	0.88	0.088
Aviva UK Equity	0.88	0.042
Aviva Mixed Invest (40-85% Shares)	0.88	0.060
Aviva With-Profit	0.88	0.039
Aviva With-Profit Guaranteed	0.88	0.039
Aviva Pacific Equity	0.88	0.100
Aviva US Equity	0.88	0.005
Aviva Deposit	0.88	0.000
Royal London Pension With Profits Fund	1.00	0.036*
Royal London Pension Fixed Interest Fund	1.00	0.000*
Royal London Pension Deposit Fund	1.00	0.000*
Royal London Pension Managed Fund	1.00	0.000*
Royal London Pension Global Managed Fund	1.00	0.035*
Royal London Pension European Fund	1.00	0.000*
Royal London Pension UK Equity Fund	1.00	0.040*

Source: Aviva, Royal London. Transaction costs shown are for the 1 year period to 31 March 2024 except where stated.

*Royal London transaction costs are for the 1 year period to 31 December 2023.

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

Cumulative effect of charges

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustees have prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance has been considered when providing these examples.

The illustrations take into account the following elements:

- Savings pot size;
- Contributions;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

In order to represent the range of funds available to members we are required to show the effect on a member's savings of investment in a selection of significant funds within the Plan. The funds we are required to illustrate to represent the fund range (with the specific fund within the Plan in brackets) are:

- The fund or strategy with the most members invested (*the Default Arrangement*)
- The most expensive fund (*the Royal London Pension Global Managed Fund*)
- The least expensive fund (*the LGIM UK Equity Index Fund*)

To illustrate the impact of charges on a typical active member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the TER, transaction costs (annualised over 5 years where possible but not possible for Nordea Diversified Return Fund due to inception of strategy and for LGIM Emerging Markets Index Fund) and inflation.

Illustrations for an "Average" member						
Years from now	Default Strategy (most popular option)		Royal London Pension Managed Fund (most expensive fund)		LGIM UK Equity Index Fund (least expensive fund)	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£44,351	£44,286	£43,603	£43,140	£44,359	£44,299
3	£65,356	£65,110	£62,483	£60,788	£65,389	£65,159
5	£87,551	£86,897	£81,958	£78,607	£87,934	£87,461
10	£146,810	£143,196	£133,372	£123,916	£151,656	£150,194
15	£209,724	£199,609	£188,932	£170,336	£227,477	£224,332
18 (retirement)	£251,253	£237,492	£224,395	£198,731	£279,716	£275,137

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE:

1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

Illustrations for a "Young" member						
Years from now	Default Strategy (most popular option)		Royal London Pension Managed Fund (most expensive fund)		LGIM UK Equity Index Fund (least expensive fund)	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£3,064	£3,059	£3,023	£2,991	£3,064	£3,060
6	£12,634	£12,562	£11,839	£11,365	£12,643	£12,576
11	£24,010	£23,776	£21,367	£19,944	£24,041	£23,823
16	£37,531	£37,008	£31,662	£28,733	£37,604	£37,114
21	£53,603	£52,621	£42,788	£37,738	£53,741	£52,823
26	£72,705	£71,045	£54,810	£46,963	£72,943	£71,387
31	£95,411	£92,785	£67,803	£56,413	£95,790	£93,326
36	£120,078	£115,181	£81,842	£66,096	£122,976	£119,255
41	£144,144	£134,474	£97,014	£76,015	£155,323	£149,898
46 (retirement)	£169,926	£155,242	£113,409	£86,177	£193,812	£186,112

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

Assumptions	
<p>The above illustrations have been produced for an “average” member and a “young” member of the Plan based on the Plan’s membership data. The “Default Strategy” illustration assumes the member’s asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member’s assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today’s money, to help members have a better understanding of what their pension pot could buy in today’s terms, should they invest in the funds above as shown.</p>	
Age	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>47 (<i>the average age of the Plan’s membership</i>)</p> <p>19 (<i>the age of the youngest member</i>)</p>
Plan Retirement Age	65
Starting Pot Size	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£34,380.00 (<i>the median pot size of the Plan’s membership</i>)</p> <p>£1,340.00 (<i>the median pot size for the youngest 10% of members</i>)</p>
Starting Salary	
<ul style="list-style-type: none"> • “Average” member • “Young” member 	<p>£47,910.00 (<i>the median salary of the Plan’s membership</i>)</p> <p>£22,000.00 (<i>the median salary for the youngest 10% of members</i>)</p>
Inflation	2.5% p.a.
Rate of Salary Growth	2.5% p.a.
“Average” member contributions	18% p.a.
“Young” member contributions	7.5% p.a.
Expected future nominal returns on investment:	
<ul style="list-style-type: none"> • Default Strategy <ul style="list-style-type: none"> ○ Growth Fund ○ Secure Fund ○ Cash Fund • Royal London Pension Global Managed Fund • LGIM UK Equity Index Fund 	<p>1.0% above inflation</p> <p>2.1% above inflation</p> <p>3.0% below inflation</p> <p>0.9% below inflation</p> <p>1.0% above inflation</p>

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

Return on Investments

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of 'relevant' occupational pension schemes.

From 1 October 2021 trustees of all relevant pension schemes are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustees have taken account of statutory guidance when preparing this section of the report.

The tables below show performance, net of all charges and transaction costs, of all funds available to members during the Plan Year.

Default strategy	Annualised returns to 31 March 2024 (%)	
Age of member at start of period	1 Year	5 Years (p.a.)
25	12.5	7.8
45	12.5	7.8
55	8.7	4.5

Source: Data from Mobius Life, as at 31 March 2024, and Mercer calculations in July 2024.

Fund performance is net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous page.

Self Select Fund - Net Performance	Annualised returns to 31 March 2024 (%)	
	1 Year	5 Years
LGIM Global Equity Fixed Weights (60:40) Index Fund*	12.5	7.8
Nordea Diversified Return Fund*	4.2	3.4
LGIM Over 15 Year Gilts Index Fund*	-4.7	-8.2
LGIM Cash Fund*	5.0	1.5
LGIM UK Equity Index Fund	8.5	5.5
LGIM Emerging Markets Equity Index Fund	5.5	3.2
LGIM Over 5 Year Index – Linked Gilts Index Fund	-6.9	-6.6

* denotes funds which also form part of the default investment strategy.

Source: Data from Mobius Life, as at 31 March 2024, and Mercer calculations in July 2024.

Fund performance is net of all charges and transaction costs.

The following section notes the annualised return of the DC additional voluntary contributions (AVCs) funds available to members of the DB section who joined the Plan after 1 January 1997 and elected to pay AVCs. For With Profits funds, annualised returns are based on declared bonuses.

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)
YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE:
1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

Self-Select Fund - Net Performance	Annualised returns to 31 March 2024 (%)	
	1 Year	5 Years
Royal London Pension Fixed Interest Fund	1.0	-3.4
Royal London Pension Deposit Fund	4.3	0.7
Royal London Pension Defensive Managed Fund	7.6	3.4
Royal London Pension Global Managed Fund	16.8	8.1
Royal London Pension European Fund	12.2	9.9
Royal London Pension UK Equity Fund	7.5	4.4
Royal London Pension With Profits Fund *	7.9	4.4
Aviva With Profits Fund	2.3	2.3
Aviva With-Profits Guaranteed Fund	4.0	2.8
Aviva Mixed Investment (40-85% Shares) S4	9.9	4.7
Aviva European Equity**	13.5	8.3
Aviva Global Bond **	2.7	-0.6
Aviva Global Equity	20.4	10.8
Aviva Gilt	1.5	-3.8
Aviva Property	-1.4	-0.8
Aviva UK Equity	1.6	1.7
Aviva Pacific Equity**	14.6	8.0
Aviva US Equity**	28.0	14.7
Aviva Deposit**	4.2	0.8

Source: Providers and Mercer estimates.

* With-Profits annualised returns are as at 31 December 2023.

Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age; therefore performance is shown in a different format to the lifestyle performance.

Asset allocation disclosure

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 (“the 2023 Regulations”) introduced new requirements for trustees and managers of certain occupational pension schemes.

For the first scheme year that ends after 1 October 2023, trustees or managers of relevant occupational pension schemes, are required to disclose their full asset allocations of investments from their default arrangements.

TOYOTA (GB) RETIREMENT BENEFITS PLAN (1979)

YEAR ENDED 31 MARCH 2024

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

There are no performance-based fees being charged for the Plan as at 31 March 2024.

	Percentage allocation – average 25 years	Percentage allocation – average 45 years	Percentage allocation – average 55 years	Percentage allocation – 65 years (NRD)
Cash	0.9%	0.9%	2.6%	11.9%
Other Bonds	0.1%	0.1%	0.0%	0.0%
Corporate Bonds	0.0%	0.0%	2.4%	1.6%
Government Bonds	0.0%	0.0%	0.0%	39.7%
Listed Equities	99.1%	99.1%	94.8%	46.7%
Private Equity	0.0%	0.0%	0.0%	0.0%
Infrastructure	0.0%	0.0%	0.0%	0.0%
Property/Real Estate	0.0%	0.0%	0.0%	0.0%
Private Debt/Credit	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.1%	0.1%

Source: LGIM and Nordea as at 31 March 2024. Figures may not sum to 100% due to rounding.

Notes:

Normal Retirement Date (NRD) is assumed to be age 65.

The following describes the types of investments covered by the above asset classes:

- **Cash:** Cash and assets that behave similarly to cash e.g. treasury bills and repurchase agreements.
- **Bonds:** Loans made to the bond issuer, usually a government or a company, to be repaid at a later date. This includes Corporate and Government Bonds, Securitized.
- **Listed Equity:** Shares in companies that are listed on global stock exchanges.
- **Private Equity:** Unlisted equities that are not publicly traded on stock exchanges.
- **Infrastructure:** Physical structures, facilities, systems, or networks that provide or support public services.
- **Property:** Real estate, potentially including offices, retail buildings which are rented out to businesses.
- **Private Debt:** Other forms of loan that do not fall within the definition of a 'Bond'.
- **Other:** Any assets that do not fall within the above categories. This includes Alternatives, Commodities, Absolute Return Funds and Volatilities.

Value for members

The Trustees continuously monitor the value provided to members and have a comprehensive understanding of the demographics of the Plan's membership. They strive to ensure that the outcomes for members are favorable as a whole.

Determining what constitutes "good value" is not a precise task. However, the Trustees believe that charges and transaction costs can be considered as "good value" for members if the combination of costs and the quality of services received is appropriate compared to other available options in the market.

It is important to note that value for members does not solely depend on selecting the cheapest offer. In their ongoing evaluations, the Trustees take into account various factors such as the quality of customer service, member communications and support, the efficiency of administration services, the strength of governance, fund management, and fund performance.

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

All investment options offered to DC only members of the Plan have received high ratings from our investment advisors, indicating their potential to achieve their objectives. The performance of these funds is reviewed quarterly. Based on this information, the Trustees have assessed the disclosed fees and are confident that they have negotiated a favorable deal for DC only members. The explicit charges for the Plan's funds are considered to provide good value for money when compared to similar investments available in the market for members with a similar profile.

Additional voluntary contribution (AVC) policies are held with Aviva and Royal London, while members are also able to choose from the DC fund range to invest their AVC assets.

Taking the above into consideration, the Trustees conducted a formal assessment of the value provided to members over the 12-month period covered by this statement. The assessment focused on three key areas: Price, Performance, and Productivity. Factors such as investment fees, investment performance, administration, governance, and member communications were evaluated. The assessment concluded that overall, the Plan offers good value to DC members across these areas. The charges are generally competitive compared to other funds in the market. Most of the Plan's funds have performed well, and in line with objectives over the long term, however the Trustees have noted performance of the default strategy has not met expectations at times over recent year.

The Company covers governance and administration costs. However, the AVC providers for the Plan offer less competitive value compared to the main DC assets. Most funds have performed well, meeting long-term objectives and maintaining high ratings. The Trustees have agreed to issue a communication to members holding AVC savings, to ensure these members are clear on the full range of fund options available to them.

The Plan provides a wide range of online tools, support, timely communications, and administration response times that largely meet agreed service level agreements. There is room for improvement in terms of online member tools.

The Trustees have established processes to publicly publish relevant information on the costs and charges of the default arrangement and self-select funds online. Members will be notified about this through their annual benefit statements.

Trustees' knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and 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 Plan 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 Codes of Practice 07 and 13.

The Trustees have put in place arrangements for ensuring that we take personal responsibility for keeping ourselves up-to-date with relevant developments. A self-assessment review of training requirements is undertaken by each individual Trustee to identify any gaps in training requirements. During the Plan Year, the Trustees have received training as follows:

- 22 June 2023: DC Investment Strategy Review
- 12 December 2023: Training on DC Master trusts
- 12 December 2023: Training on current pension issues
- 27 March 2024: Training on General Code

CHAIR'S ANNUAL STATEMENT REGARDING DC GOVERNANCE: 1 APRIL 2023 – 31 MARCH 2024 (CONTINUED)

In addition, the Trustees receive advice from professional advisors, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. The Trustees also include legislative updates and Trustee Knowledge and Understanding on the agenda for each of our meetings. The Trustee board also includes an experienced professional independent trustee who has familiarised themselves with these relevant documents to ensure they have adequate knowledge of the Plan.

Trustees are required to complete the Pension Regulator's Trustee Toolkit and all Trustees have completed this in its entirety. All the Trustees are required to familiarise themselves with the Plan's Trust Deed and Rules as well as Plan documents and policies; the Trustees demonstrated their knowledge of these documents and other Plan policies while reviewing the member newsletter. As part of this exercise, the Trustees reviewed the information available to members and continued to review the online platform to enable members to receive real-time information of their funds and their performance. Furthermore, the Trustees also demonstrate their knowledge and understanding when considering member cases, understanding their duties.

The Trustees demonstrated a working knowledge of the Plan's Statement of Investment Principles and their knowledge and understanding of the relevant principles relating to investments in DC while continuing to carry out a review of the Plan's investment strategy and default arrangement. The Trustees also regularly review the performance of the DC assets and reviewed the Value for Members' Assessment and Chair's Statement requirements during the year.

The Trustees demonstrated a working knowledge and understanding of the law relating to pensions and trusts by receiving documents relating to current pensions issues at meetings, where legal issues are also discussed. The Trustees seek legal advice as and when required from their advisors.

Over the year covered by the statement, the Trustees reviewed their risk register and requirements from the General Code released in March 2024. They also reviewed the requirements in relation to revising the DC Payment Schedule and reviewed the Internal Dispute Resolution Procedure. The Trustees are therefore satisfied that they have demonstrated a working knowledge of documents setting out the Trustees' current policies.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to us, the Trustees consider that we are enabled properly to exercise our functions as Trustees of the Plan. The Trustees assess their training needs each year and will carry out further training next Plan Year in the areas they feel are necessary.

In addition, the Trustees believe that awareness of member demographics and member behaviour constitutes to good knowledge and understanding and helps the Trustees understand whether the Plan remains fit for purpose.

Given the extent of the training above, the Trustees are comfortable that they have demonstrated sufficient knowledge of the law relating to pension schemes and trusts and the principles relating to the funding and investment of pension schemes. The Trustees have demonstrated a working knowledge of the Plan's trust deed and rules, Statement of Investment Principles and all other documents setting out the Trustees' current policies.

Chair's declaration

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustees to the best of my knowledge.

The Chair's statement regarding DC governance was approved by the Trustee and signed on their behalf by:

P a Marshall

Mr P Marshall

Chairman

Date: 25th October 2024