

JANUS HENDERSON GROUP UK PENSION SCHEME

Chairman’s Annual Statement on Defined Contribution (DC) Governance

Introduction

As Chairman of the Trustee, the law requires that I provide you with a yearly statement in relation to the defined contribution (‘DC’) Section of the Scheme which explains how we have met the governance standards set out in The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). The regulations set out what information has to be included in this statement, which we have covered in the various sections below. This statement covers the Scheme year from 1 January to 31 December 2024 (the Scheme year).

The governance standards are designed to help members achieve a good outcome from their pension savings and this statement gives us the opportunity to explain what the Trustee does to ensure that the Scheme is run as effectively as possible. The Trustee is committed to having high governance standards and, in conjunction with our professional advisers, we meet at least five times a year to oversee the running of the Scheme.

If you have any questions regarding this statement or require any further information, please contact the Scheme Secretary, at Muse Advisory at janushendersonmailbox@museadvisory.com.

The default investment arrangement

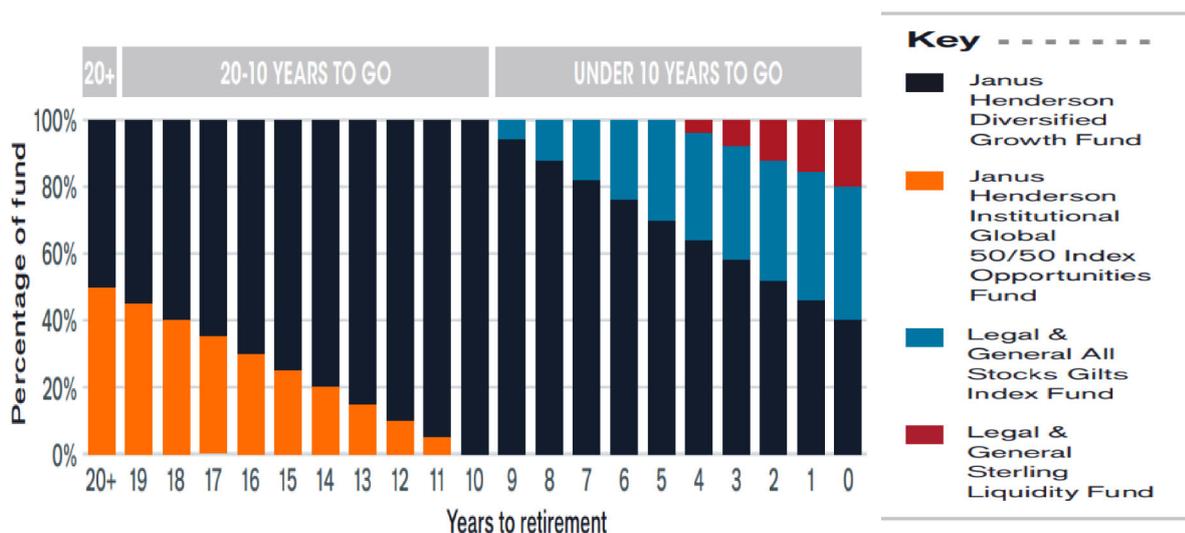
The Trustee is responsible for investment governance, which includes setting and monitoring the investment strategy for the Scheme’s default arrangement. The default investment arrangement is provided for members who join the Scheme and do not choose an investment option. The Trustee recognises that this option will not be appropriate for all members and encourages members to make their own investment decisions.

Details of the investment strategy and investment objectives, including for the default arrangement, are recorded in a document called the Statement of Investment Principles (SIP), a copy of which is appended to this statement. This statement can also be found at [SIP](#).

The key points to note in relation to the default arrangement, the Flexible Lifestyle Option, are as follows:

- When more than 20 years away from target retirement age the aim is to provide long-term growth by investing 50% in equities and 50% in a diversified growth fund
- From 20 years before target retirement age, the equity element is gradually switched to the diversified growth fund such that at 10 years from target retirement age the member is 100% invested in the diversified growth fund.
- During the 10 years leading up to target retirement age, the members account will gradually move into investments that are expected to have lower investment risk and better reflect how they intend to use their savings, to help protect the value of their account as they get closer to retirement. The Flexible Lifestyle Option is designed to be suitable for members who have not yet decided how they expect to use their pension account on retirement or might choose a combination of annuity and drawdown.

The chart below provides more detail on the Flexible Lifestyle Option’s investment approach:



The objective of the default arrangement is to optimise the potential for growth and secure the expected or planned income for retiring members, whilst managing the different risks that apply at the various stages of a members’ working life.

Reviewing the default investment arrangement

Ongoing monitoring

The Trustee regularly reviews the investment objectives and performance for the default arrangement, as well as the other investment options that the Scheme offers through quarterly reporting received. The reporting provided to the Trustee during the Scheme year outlined:

- Whether the funds had met their stated objectives by measuring performance against benchmark over various time periods;
- Assessed the potential for meeting those objectives in the future based on estimated market conditions; and
- Analysed the suitability of Legal & General as one of the Scheme's fund managers based on detailed research undertaken by the Scheme's investment adviser.

Based on the reporting and advice from the Trustee's investment advisers, the Trustee concluded that, on the whole, the default arrangement met its objective during the Scheme year. However, the Trustee noted that the performance of some elements of the strategy were below expectation and, as noted below, the Trustee commenced its latest formal strategy review to understand if changes to the strategy could help improve member outcomes.

Strategic review

In addition, to the above ongoing monitoring, the Trustee also undertakes a more detailed strategic review of the default arrangement at least every three years. The latest strategic review of the default arrangement was undertaken by the Trustee, with support from its investment adviser, during 2022 with the outcome of the review being formally agreed at the 14 July 2022 Trustee's meeting. Following the 2022 strategy review, the Trustee agreed the default arrangement remained appropriate and no changes were required. The Trustee has commenced its next review of the Scheme's default arrangement during the Scheme year and this was ongoing at the end of the reporting period. The review will be finalised during 2025 and the Trustee will report on the outcome of this in its next Statement for the year ending 31 December 2025.

Asset allocation reporting

The Trustee is required to assess and report on the allocation of assets in each default arrangement for the Scheme held at the end of the Scheme Year. When preparing this section of the Statement, the Trustee has taken into account of the Department for Work and Pensions' (DWP) statutory guidance on "Disclose and Explain asset allocation reporting and performance-based fees and the charge cap" and has not deviated from this.

The Trustee has shown the asset allocation for the Flexible Lifestyle in the table below. The asset allocation is shown for an average member aged 25, 45, 55 and prior to State Pension Age.

Asset class	Percentage allocation - average 25 year old (%)	Percentage allocation - average 45 year old (%)	Percentage allocation - average 55 year old (%)	Percentage allocation – average 1 day prior to State Pension Age (%)
Cash	0.5	0.7	0.6	18.3
Bonds	25.8	38.6	66.1	62.7
Listed equities	68.5	52.8	25.9	14.8
Private equity	0.0	0.0	0.0	0.0
Infrastructure	3.2	4.9	4.5	2.6
Property/real estate	0.0	0.0	0.0	0.0
Private debt/ credit	0.0	0.0	0.0	0.0
Other	2.0	3.0	2.8	1.6

Notes:

1. Age specific asset allocations shown are based on a member with a target retirement age of 60.
2. The asset allocations have been provided by Legal & General and Janus Henderson Investors.
3. The 'Other' assets relate to investments in alternative asset classes such as commodities.

Charges paid by members in 2024

In this Statement we are required to explain the charges which are paid by members. Although Janus Henderson, as the employer, meets the costs of running the Scheme, any charges applied by the investment managers are met by members and are taken directly from your investments. We would note that the annual management charge applying for the Janus Henderson funds is met by the employer for the active employees invested in the Scheme.

The table below shows the charges and transaction costs that applied to the Scheme's default arrangement as at 31 December 2024, followed by a brief explanation of each charge. We have shown these separately for active and preserved members to reflect that the Company does not apply an annual management charge to active employees for the Janus Henderson funds.

The charges for all of the alternative fund options invested in by members are set out in Appendix 1.

Flexible Lifestyle (default arrangement)

More than 20 years from target retirement age - invested 50% in the Janus Henderson Diversified Growth Fund and 50% in the Janus Henderson Institutional Global 50/50 Index Opportunities Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.00%	0.11%	0.11%	0.11%
Preserved members	0.33%	0.15%	0.48%	0.11%

10 years from target retirement age - invested 100% in the Janus Henderson Diversified Growth Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.00%	0.15%	0.15%	0.14%
Preserved members	0.45%	0.17%	0.62%	0.14%

5 years from target retirement age - invested 70% in the Janus Henderson Diversified Growth Fund and 30% in the L&G All Stocks Gilts Index Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.03%	0.10%	0.13%	0.11%
Preserved members	0.35%	0.12%	0.47%	0.11%

At target retirement age - invested 40% in the Janus Henderson Diversified Growth Fund, 40% in the L&G All Stocks Gilts Index Fund and 20% in the L&G Sterling Liquidity Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.07%	0.06%	0.13%	0.07%
Preserved members	0.25%	0.07%	0.32%	0.07%

From March 2024 the Janus Henderson Institutional UK Gilts Fund which was one of the component funds under the Scheme's lifestyle options was replaced with the L&G All Stocks Gilts Fund. The charges that applied prior to March 2024 are shown in the Appendix 1.

The Total Fund Charge is made up of two elements:

- Annual Management Charge (AMC) – is the amount charged each year by the fund manager for the provision of the fund manager's investment services and expertise. To put this into context, if the AMC for a fund is 0.2% you are charged 20 pence a year for every £100 invested in that fund. For employees, the AMC on investments in Janus Henderson funds is met by Janus Henderson.
- Fund expenses – these are recurring charges in addition to the AMC, which can include general administration charges and fees payable to auditors, lawyers and custodians. The fund expenses can vary from time to time.

Transaction Costs – these are the costs associated with buying and selling investments in each fund. The transaction costs shown in the table use the "slippage cost" methodology, which looks at the change in the value of the investment between the time the decision to buy or sell the investment is taken and the time that the transaction is actually executed. As the value of the investments can increase or decrease, this means the transaction costs identified by this method can be positive or negative.

If you are invested in one of the lifestyle options, your account is invested in one or more funds depending on how close you are to the target retirement age. The charges and transaction costs vary depending on how close members are to their target retirement age. The tables below illustrate this by showing the charges at different points for each

of the lifestyle options, for both active members (which are current employees) and preserved members (which are ex-employees).

Monetary Illustration of the Impact of Costs and Charges

Appendix 2 contains details of illustrations which demonstrate the effect of costs and charges across a range of example members and investment options. These illustrations have been prepared taking into account the statutory guidance and are reflective of typical members. The Trustee has not deviated from this guidance.

Investment returns

This section shows the annualised return over a range of time periods, after the deduction of member borne charges, for the default arrangement and investment options that members are able to select and in which members' assets were invested during the Scheme year. The Trustee was not able to provide performance covering the Scheme year for the Janus Henderson Gilts Fund as this was closed by Janus Henderson in March 2024 and so no performance applies after this point.

When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance and not deviated from this.

For the arrangements where returns vary with age, such as for the default strategy, returns are shown over the various periods for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

Flexible Lifestyle (Default)

Age of member in 2024 (years)	ACTIVE MEMBER			PRESERVED MEMBER		
	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)
25	6.49%	5.41%	7.54%	6.20%	5.12%	7.22%
45	5.57%	4.55%	6.09%	5.25%	4.23%	5.75%
55	2.75%	0.83%	1.72%	2.49%	0.58%	1.47%

Annuity Lifestyle

Age of member in 2024 (years)	ACTIVE MEMBER			PRESERVED MEMBER		
	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)
25	6.49%	5.41%	7.54%	6.20%	5.12%	7.22%
45	5.57%	4.55%	6.09%	5.25%	4.23%	5.75%
55	1.80%	-0.79%	0.25%	1.61%	-0.98%	0.07%

Drawdown Lifestyle

Age of member in 2024 (years)	ACTIVE MEMBER			PRESERVED MEMBER		
	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)
25	6.49%	5.41%	7.54%	6.20%	5.12%	7.22%
45	5.57%	4.55%	6.09%	5.25%	4.23%	5.75%
55	3.23%	1.65%	2.45%	2.94%	1.35%	2.16%

Investment Funds – Janus Henderson

Fund	ACTIVE MEMBERS			PRESERVED MEMBERS		
	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)	10 years (2015-2024)	5 years (2020 – 2024)	1 year (2024)
JHI Global 50/50 Index Opportunities	8.79%	7.55%	11.15%	8.57%	7.34%	10.87%
JHI Global Sustainable Equity	13.36%	12.55%	13.65%	12.48%	11.68%	12.75%
JHI Diversified Growth	4.19%	3.27%	3.92%	3.82%	2.90%	3.56%

Investment Funds – Legal & General

Fund	All MEMBERS		
	10 years	5 years	1 year

	(2015-2024)	(2020 – 2024)	(2024)
L&G Global Equity 70:30 Index	7.97%	6.89%	12.33%
L&G World Emerging Markets Equity Index	6.30%	3.81%	13.71%
L&G Global Real Estate Equity Index	5.11%	0.69%	3.30%
L&G Corporate Bond All Stocks Index	1.22%	-1.59%	1.04%
L&G Sterling Liquidity	1.34%	2.24%	5.23%
L&G All World Equity Index	Not available	11.38%	19.08%
L&G All Stocks Gilts Index	-0.60%	-4.85%	-3.42%

Notes:

1. The returns for the lifestyle strategies are based on the Scheme retirement age of 60.
2. Returns over a 5 and 10 year period are annualised.
3. Returns are net of the fund specific charges.
4. The returns have been provided by Legal & General and Janus Henderson Investors.
5. The Trustee will include longer term fund performance in future DC Governance Statements for all funds once the funds have been in place for the required performance time period.

Value for members

When considering whether the Scheme provides value for members, the Trustee has a legal duty to assess the value of the services and features that members pay for. In addition to this legal requirement, the Trustee has also considered broader elements of the services offered to members, to take a view on the extent to which they provide added value to members and to see where those services might be improved. During the Scheme year, members met investment related charges only. All other costs incurred by the Scheme, including costs of administration, legal costs, Scheme governance and communications, were met by the Company.

The Trustee reviews the assessment every year. At the Trustee's request, WTW carried out an assessment in May 2025 in respect of the Scheme year to 31 December 2024 that considered three areas:

1. The investment returns of the Scheme's Default arrangement – the Flexible Lifestyle strategy and how it performed against a range of master trust's 'off the shelf' default options. The assessment also considered the investment performance of the freestyle funds against their respective benchmarks.
2. Governance, administration and communication, including a comparison of the services and features offered by the Scheme against those observed across best practice DC arrangements.
3. The level of the charges members pay in comparison to those seen across a range of other trust based schemes.

Overall, reflecting on all aspects of the assessment the Trustee continue to believe the Scheme provides value to members in most areas but noted the performance of the default arrangement relative to alternative approaches in the market had detracted from the value provided. In response to this, the Trustee commenced our latest default investment strategy review during the Scheme year and as part of this process is considering potential changes to enhance the future return expectation for members to address this value area. The key findings from the assessment are set out below.

Investment returns

The assessment considered the performance of the Flexible Lifestyle at three different stages in comparison to the performance seen across a range of master trust providers default options. The Trustee also reviewed the performance of the Freestyle fund range against its performance objectives. The assessment showed that:

- In terms of the performance of the Flexible Lifestyle this was considered at three stages, the growth phase (measured at 35 years from retirement age), 10 years before retirement age and at retirement age. The analysis showed that the Flexible Lifestyle's performance at each stage was below average when compared to the performance seen across the master trust default options compared against. The lower returns were due to the lower risk taken in the Flexible Lifestyle option. This will be considered as part of the review of the Scheme' investment strategy that is currently underway and we will be considering changes that will aim to improve the return expectation under the Scheme's default strategy.

- The freestyle funds had all performed in line with their performance objectives over a 5 year period to 31 December 2024.

Scheme services

- This element of the assessment considered whether the Scheme offered services that are seen across best practice arrangements. The assessment showed that the Scheme offered the majority of these services including:
 - A range of lifestyle options are provided to members, and individual funds are offered to allow members to design their own investment strategy covering various asset classes.
 - Trafalgar House Pensions Administration (THPA) provides various member services including online tools and resources for members to monitor, review and update their savings.
 - As noted under the next section of the Statement, THPA's administration performance over the Scheme year had improved and was in line with expectations for the Defined Contribution Section.
 - The Trustee undertook a range of governance and monitoring activities during the Scheme year including regularly considering the administration and investment performance of the Scheme.

We will be considering how the value provided to members can be enhanced further in particular in relation to supporting members with their key savings and retirement decisions.

Cost and Charges

- The Trustee benchmarked the charges paid by members by comparing these to the charges seen across a range of pension schemes of a similar type and size, as well as the charges paid within the wider market (across contract based and master trust arrangements). The benchmarking showed that the charge for the Growth phase of the Flexible Lifestyle was below average for the active members but slightly above average for deferred members. The charges paid by all members will be factored into the ongoing investment strategy review noted above.
- The transaction costs for all of the Scheme's funds were benchmarked against an average cost for their respective asset class. The assessment showed that the majority of the funds were either below or broadly in line with the market average for their relevant asset class. Where these were above average this was due to the actively managed funds under the Scheme. The Trustee, and its investment adviser was comfortable with the costs relative to the performance delivered.

Core financial transactions

There are a number of core financial transactions that must be processed promptly and accurately, on behalf of members. These include:

- The receipt of all contributions to the Scheme
- The investment of those contributions
- Switching assets between different investment options within the Scheme
- Making payments from the Scheme to, or on behalf of, members.

The Trustee must ensure that all important financial transactions are processed promptly and accurately. In practice, we delegate this responsibility to the Scheme administrator, which during the Scheme year was Trafalgar House Pensions Administration (THPA). In this section we have set out how we have met this requirement.

Promptness of core financial transactions

The Trustee had a service level agreement (SLA) in place with THPA. The SLA includes the expectation of the timeliness of processing core financial transactions. The table below set outs examples of the THPA's SLAs relating to the core financial transactions:

Examples of core financial transactions	Target for completion (days)
Members transferring assets out of the Scheme	4
Members transferring assets into the Scheme	5
The switching of member assets between the investment options within the Scheme following member instructions	5

During the Scheme year, THPA completed 99% of Defined Contribution related tasks within the SLA. This is above the overall SLA target achievement rate of 95%. In addition, the performance of the core financial related tasks was also 99% over the Scheme year. The Trustee will continue to monitor THPA's performance to ensure it remains at the expected level.

Accuracy of core financial transactions

To help ensure the accuracy of the data used when processing core financial transactions, the Trustee reviewed the quality and accuracy of the Scheme's data through reporting received from THPA. These reports consider the Scheme's common data scores which are the data requirements that The Pensions Regulator (TPR) expects the Trustee to hold. The report also considers the wider Scheme specific data. The Trustee's aim is to hold 100% of the required common data. The Scheme's latest report as at 31 December 2024 showed that the common data score was 73% for the Scheme. The wider Scheme specific data score was 64%. This score relates to all data under the Scheme including the Defined Benefit section of the Scheme where the majority of the missing data applies. The missing common data for the Defined Contribution Section of the Scheme relate to missing member addresses or member information with none of these impacting on the ability to accurately pay a core financial transaction. In terms of the Scheme specific data this related to a variety of data items. We are working with THPA to resolve missing data where possible, including as part of the work in preparation for Pensions Dashboard.

Service monitoring

THPA provided quarterly reports to the Trustee during the Scheme year, which allowed the Trustee to monitor performance against the service level agreement and assess how quickly and effectively the core Scheme financial transactions were completed. The Trustee also expect THPA to report any issues, mistakes or delays, to investigate them thoroughly and take action to put things right as quickly as possible. A representative from THPA also attended three Trustee meetings during the Scheme year to discuss the administration performance.

Muse Advisory as the Scheme Secretary also hold monthly calls with THPA to support the Trustee with the monitoring of the administration service provided to members.

THPA also operated the below processes to ensure financial transactions were processed promptly and accurately.

- A dedicated DC processing team who are responsible for the receipt, processing and investment of member contributions
- "Four eyes" checking of financial transactions is in place which requires at least two individuals to check a transaction before payment is made.

In addition, THPA received an independent Approved Accounting Framework (AAF) 01/20 report during the Scheme year which assesses the internal controls in place. This did not identify any issues with the controls in place including those that would impact on the processing of core financial transactions.

I am pleased to be able to confirm that, in the last Scheme year, there have been no administration service issues which need to be reported here by the Trustee. The Trustee is therefore satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the Scheme year.

Trustee knowledge and understanding

The law requires the Trustee Board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Board. Each Trustee Director also undertakes an annual self-assessment of their knowledge against the Pension Regulator's (TPR) curriculum to identify any gaps in their knowledge and understanding. This allows us to work with our professional advisers to fill in any gaps. More detail on the latest assessment is set out further below.

A number of the Trustee Directors are longstanding with many years' experience of overseeing the Scheme and have a well-developed level of knowledge and understanding. The Trustee Board includes a professional independent trustee who is expected to have a higher level of knowledge and expertise and demonstrates this through the Continuous Professional Development ("CPD") activities they are required to undertake. The Trustee Board have a good working knowledge of the Scheme's governing documents and take advice from their advisers in relation to these as and when appropriate. The Board has the support from an experienced Trustee secretariat via Muse Advisory as well as professional advice from leading specialist advisers. The Trustee received support from its advisers during the Scheme year including:

- Reed Smith (Will Sutton) – legal advice
- WTW (Abbie Knight, Stephen Aries, Eleanor White and Mark Mitchell) – investment, actuarial and general pensions advice

All of the Trustee Directors have previously (outside of the Scheme year) completed TPR's Trustee Toolkit. Newly appointed Trustee Directors are expected to complete the Scheme's formal induction process within 6 months of joining the Board. This process includes completing the Trustee Toolkit, being provided access to the Scheme's key

documents and manuals, training from the Trustee's advisers. New Trustee Directors also are given access to the Pensions and Lifetime Savings Association's (PLSA) Trustee training courses. No new Directors were appointed during the Scheme year.

The Trustee receives advice and regular briefings from professional advisers and the relevant skills and experience of those advisers is a key criterion when evaluating adviser performance and when selecting new advisers. The Trustee maintains a schedule for regular reviews of all advisers and service providers but also undertakes out of cycle reviews if necessary.

2024 TKU activities

The Trustee is satisfied that they have met their knowledge and understanding duties during the Scheme year and their approach to meeting the TKU requirements during the Scheme year included:

- To support the Trustee's knowledge of key Scheme documents, the Trustee's undertook the following actions:
 - Considered the Trust Deed and Rules as part of decision making on certain member cases
 - Considered the Scheme's SIP at the July Trustee's meeting and agreed a number of changes including introducing a new policy on illiquid investments, updating with the Trustee's position on its stewardship activity and reflecting the replacement of the Janus Henderson Gilts Fund with the L&G All Stocks Gilts Index Fund
 - Considering the Scheme's Conflicts Register at each Trustee's meeting and reviewed the supporting Conflicts of Interest policy at the 19 March Trustee meeting
 - Reviewed and updated the Trustee's risk register at multiple meetings during the Scheme year
 - Reviewed its annual DC value for members assessment at the 23 May and 16 July Trustee meetings
 - Agreed a new Whistleblowing policy at the 23 May Trustee meeting
 - Reviewed and updated the following policies at the 19 September meeting
 - Over and underpayment policy
 - Pension Suspension Policy
 - IDRP policy
 - Reviewed the Trustee training policy at the 12 December Trustee meeting and agreed no changes were needed
- The Trustee review their skills and effectiveness annually and agree training accordingly. The majority of the training undertaken is guided by the business of the Scheme and the Trustee will receive appropriate training on specific activity or projects as part of their agenda. The Trustee's advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Examples of the training the Trustee received on DC related topics during the Scheme year include:
 - The Pensions Dashboard
 - Risk of pensions scams
 - The Pensions Regulator's General Code of Practice
 - Illiquid investments
 - Setting stewardship priorities including the DWP's guidance in this area
- The Trustee received general updates from their advisers about matters relevant to the Scheme including:
 - Updates from their legal advisers on the latest legal developments affecting the Scheme.
 - Updates on the performance of the Scheme's investment managers provided by the Trustee's investment advisor at each Trustee meeting.
- All Scheme documents are readily accessible via the Scheme Secretary.
- The Trustee Directors undertake individual training activities that support their roles. Examples over the Scheme year include cyber security training and attendance at industry conferences.
- The Trustee Directors recorded all training during the Scheme year via the Trustee training log.

Trustee effectiveness

The Trustee undertook a review of the 'effectiveness' of the Trustee Board during the Scheme year via online self-assessment questionnaire completed by each Trustee Director. The questionnaire comprised of questions covering key areas that support the Board's operation including:

- Board effectiveness
 - Understanding of Trustee roles and responsibilities
 - Structure, skills and diversity of the Board
 - Objectives and strategy of the Board
 - Effectiveness of meetings and relevant meeting papers
 - Relationship with the Company
 - Adviser review process
 - Conflicts of interest
- Behaviours
 - Effectiveness of Chair
 - Communication
 - Ability to challenge and debate
 - Ongoing learning and development mindset
- Trustee Knowledge and Understanding
 - Ongoing training and learning
 - Regular review of skills
 - Ability to identify and manage gaps in knowledge or skills

The results were considered at the 19 March Trustee meeting with this showing that the Board was being operated effectively with no significant issues identified that required immediate attention.

Review of TKU

The Trustee's approach to assessing the Board's required knowledge and understanding is done through a formal knowledge assessment undertaken via a survey of each Trustee Director. The latest self-assessment was completed during the Scheme year and reviewed by the Trustee at its 19 March meeting. Each Trustee undertook an online survey based on TPR's Code of Practice No 7 (Trustee Knowledge and Understanding) that was in place at the time, in relation to their knowledge across the key areas required to govern a trust-based arrangement. Overall, it was found that the Trustee Board had an above average level of knowledge and understanding and there were no significant knowledge gaps which required addressing. The Trustee agreed that the Trustee Board could benefit from refresher training in the following areas that impact on the DC assets of the Scheme:

- The law relating to pensions – the training paper delivered in 2023 by the legal adviser was re-circulated to the Trustee to support with the knowledge in this area
- Running a Defined Contribution (DC) occupational arrangement – this will be addressed by training from WTW in the 2025 Scheme year
- A working knowledge of the scheme's own trust documentation – this will be addressed by training from WTW in the 2025 Scheme year
- A working knowledge of the scheme's other relevant documents – this was addressed through training from Muse in the Scheme year and further consideration will be given to additional training from WTW in the 2025 Scheme year
- Pensions scams – this was addressed through training received from THPA during the Scheme year (as noted above)

TKU summary

Based on the above, each Trustee Director has a working knowledge of:

- The Trust Deed and Rules of the Scheme.
- The Statement of Investment Principles.
- All other documents recording the Trustee's current policies.

Each Trustee Director also has sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relating to funding and investment of the assets of pension schemes. The Trustee were able to demonstrate this knowledge through:

- The overall extensive experience of the Trustee Board with a number having been Directors for many years.
- Quarterly monitoring of the Scheme's investment arrangements including updates on each of the Scheme's fund manager's strategies.
- Updates provided on the Scheme's fund managers in between the quarterly meetings.
- The work undertaken in relation to reviewing the DC investment strategy during the Scheme year.
- The training received during the Scheme year covering pensions legislation and investment matters.

As a result of the training completed by the Trustee Directors, individually and collectively as a Board, and taking into account the experience of my fellow Trustee Directors and the professional advice available to the Trustee, I am confident that the combined knowledge and understanding of the Board enables us to exercise properly our functions as Trustee of the Scheme.

This Statement was approved by the Trustee and signed on its behalf by:

MG Clare
Chairman

Date: 18 July 2025

Appendix 1 – Investment charges and transaction costs

The tables below show the charges and transaction costs that applied to the Scheme's freestyle funds and the alternative lifestyle options as at 31 December 2024. We have shown these separately for active and preserved members to reflect that the Company does not apply an annual management charge to active employees for the Janus Henderson funds.

Freestyle funds - Active members

Funds available to members	Annual Management Charge	Fund expenses	Total charge	Transaction Costs
Janus Henderson Institutional Global 50/50 Index Opportunities	0.00%	0.07%	0.07%	0.080%
Janus Henderson Institutional UK Gilts*	0.00%	0.05%	0.05%	0.003%
Janus Henderson Diversified Growth	0.00%	0.15%	0.15%	0.141%
Janus Henderson Global Sustainable Equity	0.00%	0.07%	0.07%	0.103%
L&G Global Equity (70:30) Index	0.16%	0.06%	0.22%	0.024%
L&G All World Equity Index	0.20%	0.00%	0.20%	0.019%
L&G World Emerging Markets Equity	0.45%	0.02%	0.47%	0.001%
L&G Global Real Estate Equity Index	0.35%	0.01%	0.36%	0.024%
L&G AAA-AA-A Corporate Bond All Stocks Index	0.15%	0.00%	0.15%	0.000%
L&G Sterling Liquidity	0.13%	0.00%	0.13%	0.000%
L&G All Stocks Gilt Index	0.10%	0.00%	0.10%	0.046%

Freestyle funds - Preserved members

Funds available to members	Annual Management Charge	Fund expenses	Total charge	Transaction Costs
Janus Henderson Institutional Global 50/50 Index Opportunities	0.20%	0.12%	0.32%	0.080%
Janus Henderson Institutional UK Gilts*	0.15%	0.05%	0.20%	0.003%
Janus Henderson Diversified Growth	0.45%	0.17%	0.62%	0.141%
Janus Henderson Global Sustainable Equity	0.75%	0.10%	0.85%	0.103%
L&G Global Equity (70:30) Index	0.16%	0.06%	0.22%	0.024%
L&G All World Equity Index	0.20%	0.00%	0.20%	0.019%
L&G World Emerging Markets Equity	0.45%	0.02%	0.47%	0.001%
L&G Global Real Estate Equity Index	0.35%	0.01%	0.36%	0.024%
L&G AAA-AA-A Corporate Bond All Stocks Index	0.15%	0.00%	0.15%	0.000%
L&G Sterling Liquidity	0.13%	0.00%	0.13%	0.000%
L&G All Stocks Gilt Index	0.10%	0.00%	0.10%	0.046%

*Fund was closed in March 2024 and no assets remained invested at the end of the reporting period. Charges shown are the latest available prior to the Fund closing.

Drawdown Lifestyle and Annuity Lifestyle – Post March 2024

Growth phase

More than 20 years from target retirement age - invested 50% in the Janus Henderson Diversified Growth Fund and 50% in the Janus Henderson Institutional Global 50/50 Index Opportunities Fund:

	Annual Management Charge	Fund expenses	Total charge	Transaction costs
Active members	0.00%	0.11%	0.11%	0.11%

Preserved members	0.33%	0.15%	0.48%	0.11%
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10 years from target retirement age - invested 100% in the Janus Henderson Diversified Growth Fund:

	Annual Management Charge	Fund expenses	Total charge	Transaction costs
Active members	0.00%	0.15%	0.15%	0.14%
Preserved members	0.45%	0.17%	0.62%	0.14%

De-risking phase - Drawdown Lifestyle

5 years from target retirement age - invested 80% in the Janus Henderson Diversified Growth Fund and 20% in the L&G All Stocks Gilts Index Fund:

	Annual Management Charge	Fund expenses	Total charge	Transaction costs
Active members	0.02%	0.12%	0.14%	0.12%
Preserved members	0.38%	0.14%	0.52%	0.12%

At target retirement age - invested 60% in the Janus Henderson Diversified Growth Fund, 20% in the L&G All Stocks Gilt Index Fund and 20% in the L&G Sterling Liquidity Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.05%	0.09%	0.14%	0.09%
Preserved members	0.32%	0.10%	0.42%	0.09%

De-risking phase - Annuity Lifestyle

5 years from target retirement age - invested 50% in the Janus Henderson Diversified Growth Fund and 50% in the L&G All Stocks Gilt Index Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.05%	0.07%	0.12%	0.09%
Preserved members	0.28%	0.09%	0.37%	0.09%

At target retirement age – invested 75% in the L&G All Stocks Gilt Index Fund and 25% in the Legal & General Sterling Liquidity Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.11%	0.00%	0.00%	0.03%
Preserved members	0.11%	0.00%	0.11%	0.03%

Flexible Lifestyle, Drawdown Lifestyle and Annuity Lifestyle – Pre March 2024

Growth phase – all lifestyles

More than 20 years from target retirement age - invested 50% in the Janus Henderson Diversified Growth Fund and 50% in the Janus Henderson Institutional Global 50/50 Index Opportunities Fund:

	Annual Management Charge	Fund expenses	Total charge	Transaction costs
Active members	0.00%	0.19%	0.19%	0.14%
Preserved members	0.33%	0.20%	0.53%	0.14%

10 years from target retirement age - invested 100% in the Janus Henderson Diversified Growth Fund:

	Annual Management Charge	Fund expenses	Total charge	Transaction costs
Active members	0.00%	0.31%	0.31%	0.25%
Preserved members	0.45%	0.28%	0.73%	0.25%

De-risking phase - Drawdown Lifestyle

5 years from target retirement age - invested 80% in the Janus Henderson Diversified Growth Fund and 20% in the Janus Henderson Institutional UK Gilts Fund:

	Annual Management Charge	Fund expenses	Total charge	Transaction costs
Active members	0.00%	0.26%	0.26%	0.20%
Preserved members	0.39%	0.23%	0.62%	0.20%

At target retirement age - invested 60% in the Janus Henderson Diversified Growth Fund, 20% in the Janus Henderson Institutional UK Gilts Fund and 20% in the L&G Sterling Liquidity Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.03%	0.20%	0.23%	0.15%
Preserved members	0.33%	0.18%	0.51%	0.15%

De-risking phase - Annuity Lifestyle

5 years from target retirement age - invested 50% in the Janus Henderson Diversified Growth Fund and 50% in the Janus Henderson Institutional UK Gilts Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.00%	0.18%	0.18%	0.13%
Preserved members	0.30%	0.17%	0.47%	0.13%

At target retirement age – invested 75% in the Janus Henderson Institutional UK Gilts Fund and 25% in the L&G Sterling Liquidity Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.03%	0.04%	0.07%	0.00%
Preserved members	0.15%	0.04%	0.19%	0.00%

De-risking phase - Flexible Lifestyle

5 years from target retirement age - invested 70% in the Janus Henderson Diversified Growth Fund and 30% in the Janus Henderson Institutional UK Gilts Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.00%	0.26%	0.26%	0.20%
Preserved members	0.39%	0.23%	0.62%	0.20%

At target retirement age - invested 40% in the Janus Henderson Diversified Growth Fund, 40% in the Janus Henderson Institutional UK Gilts Fund and 20% in the L&G Sterling Liquidity Fund:

	Annual Management Charge	Fund expenses	Total Fund Charge	Transaction costs
Active members	0.03%	0.20%	0.23%	0.15%
Preserved members	0.33%	0.18%	0.51%	0.15%

Additional Voluntary Contributions (AVC) funds

In addition, to the funds set out above a small number of members under the Final Salary Section of the Scheme hold investments in legacy policies with Utmost Life and Pensions and Scottish Widows. These policies are closed to any further investment from members. The tables below show the charges and transaction costs applying to these policies as at 31 December 2024.

Funds	Annual Management Charge	Fund expenses	Total charge	Transaction Costs
Utmost Multi-Asset Cautious	0.75%	0.00%	0.75%	0.31%
Utmost Multi-Asset Moderate	0.75%	0.00%	0.75%	0.24%
Scottish Widows Unitised With Profits	See notes ¹			

Notes

- Scottish Widows has confirmed there is an equivalent charge for with-profits units which they currently expect to be 1.0%. A further deduction is made to the total value of the With-profits Fund to cover the costs of managing the With-profits Fund, but these costs are implicit in the annual bonus rate applying to members. Any transaction costs incurred by the Fund are not directly applicable to members and would be implicit in the annual bonus rate applying to members.

Appendix 2 - Monetary Illustration of the Impact of Costs and Charges

To help give a better understanding of the compounding effect of costs and charges, the tables that follow provide illustrations of the monetary impact on the value of member's benefits for both active and preserved members. The illustrations have been prepared in accordance with statutory guidance.

The tables give a summary of the projected fund and the impact of costs and charges up to a normal retirement age of 60. The figures are presented for three example active and preserved members; the youngest member, the average member and a member approaching retirement. Additionally, the tables include the performance of the funds over different time periods, depending on the age of the member, and include results for the default Flexible Lifestyle Option.

We would note that when reviewing the below illustrations, it is important to consider the assumptions used (see details below) and to bear in mind that there are other factors that impact what a member may receive on retirement. In addition, when considering what is a suitable investment choice charges are only one aspect, and other areas should be considered by members (such as potential for investment return and a member's own preferences and tolerances to various risks). It is important to highlight that lower charges do not necessarily equate to better value.

Active Member Illustrations:

Example Member	Years invested	Flexible Lifestyle		Janus Henderson Global 50/50 Index Opportunities		L&G World Emerging Markets Equity	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (active)	1	£6,900	£6,900	£6,900	£6,900	£6,900	£6,900
	3	£14,400	£14,400	£14,600	£14,600	£14,700	£14,500
	5	£22,300	£22,200	£22,900	£22,900	£22,900	£22,600
	10	£44,000	£43,400	£46,200	£46,000	£46,300	£45,000
	15	£68,600	£67,300	£73,800	£73,200	£73,900	£70,800
	20	£96,400	£94,100	£106,500	£105,300	£106,700	£100,700
	25	£127,000	£122,900	£145,300	£143,200	£145,600	£135,200

	30	£157,900	£151,400	£191,100	£187,800	£191,700	£175,200
	35	£189,400	£179,700	£245,500	£240,400	£246,400	£221,400
	40	£221,400	£208,500	£309,900	£302,400	£311,200	£274,800
	41	£227,500	£214,000	£324,100	£316,000	£325,500	£286,400
Average member (active)	1	£46,500	£46,400	£46,900	£46,800	£46,900	£46,700
	3	£70,200	£69,800	£71,900	£71,700	£71,900	£71,100
	5	£94,700	£93,800	£98,700	£98,300	£98,700	£97,000
	10	£158,500	£155,500	£174,100	£173,000	£174,300	£168,600
	15	£226,400	£220,400	£263,400	£260,900	£263,900	£251,400
	20	£296,100	£286,600	£369,300	£364,700	£370,100	£347,200
Member approaching retirement (active)	1	£73,000	£72,800	£74,300	£74,200	£74,300	£73,900
	3	£99,400	£98,800	£104,300	£104,100	£104,400	£103,100
	5	£126,000	£124,900	£136,500	£135,900	£136,500	£133,900

Preserved Member Illustrations:

Example Member	Years invested	Flexible Lifestyle		L&G Sterling Liquidity		Janus Henderson Global Sustainable Equity	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (preserved)	1	£4,100	£4,100	£4,000	£4,000	£4,200	£4,100
	3	£4,300	£4,200	£3,900	£3,900	£4,600	£4,400
	5	£4,500	£4,400	£3,900	£3,900	£5,000	£4,800
	10	£5,100	£4,900	£3,800	£3,800	£6,200	£5,700
	15	£5,800	£5,400	£3,700	£3,700	£7,700	£6,700
	20	£6,600	£5,900	£3,600	£3,600	£9,500	£8,000
	25	£7,400	£6,400	£3,600	£3,500	£11,900	£9,500
	30	£8,000	£6,700	£3,500	£3,400	£14,700	£11,400
	35	£8,700	£7,000	£3,400	£3,300	£18,300	£13,500
39	£9,200	£7,200	£3,300	£3,200	£21,800	£15,500	
Average member (preserved)	1	£33,100	£32,800	£32,300	£32,300	£33,900	£33,700
	3	£34,200	£33,400	£32,000	£31,900	£37,000	£36,100
	5	£35,300	£34,000	£31,700	£31,600	£40,400	£38,700
	10	£38,200	£35,700	£31,000	£30,600	£50,200	£46,000
	13	£39,600	£36,600	£30,600	£30,100	£57,200	£51,100
Member approaching retirement (preserved)	1	£60,900	£60,600	£59,700	£59,600	£62,700	£62,100
	3	£62,600	£61,600	£59,200	£58,900	£68,400	£66,600
	5	£64,100	£62,600	£58,600	£58,300	£74,600	£71,400

These illustrations should be read in conjunction with the following notes and assumptions:

1. Projected pension account values are shown in today's terms.
2. Contributions and costs/charges that are shown as a monetary amount and reductions are made halfway through the year.
3. The Flexible Lifestyle Option was selected for this illustration as it is the default option and, also has the highest number of members invested.
4. For the active members the L&G World Emerging Markets Equity Fund and the Janus Henderson Global 50/50 Index Opportunities Fund were selected for this illustration as they are the funds with the highest and lowest total fund charges respectively for active members at the end of the reporting period.

5. For the preserved members the Janus Henderson Global Sustainable Equity Fund and the L&G Sterling Liquidity Fund were selected for this illustration as they are the funds with the highest and lowest total fund charges respectively for preserved members at the end of the reporting period.
6. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
7. Switching costs are not considered in the Flexible Lifestyle Strategy.
8. Contributions for active members are assumed to be paid from age 18 to 60 for the youngest active member, 40 to 60 for the average aged member, 55 to 60 for the member approaching retirement.
9. Values shown are estimates and are not guaranteed.
10. The projected growth rates for each fund are as follow (these are shown gross of the below inflation assumption):
 - Flexible Lifestyle strategy – from 3.60%-5.00% (adjusted depending on term to retirement)
 - Janus Henderson Global Sustainable Equity Fund – 7.00%
 - L&G Sterling Liquidity Fund – 2.00%
 - Janus Henderson Institutional Global 50/50 Index Opportunities Fund – 6.00%
 - L&G World Emerging Markets Equity – 6.00%
11. Charges and costs are deducted before applying the above investment returns. The total charge applying to each of the above investment options are set out in the 'Charges paid by members in 2024' section of the statement and Appendix 1.
12. Inflation is assumed to be 2.5% each year and is deducted from the above returns as part of producing the illustrations.
13. Transactions costs and other charges have been provided by Janus Henderson Investors and Legal & General Investment Management and cover the period 1 January 2021 to 31 December 2024, as this the longest period the costs are held for these funds. The transaction costs have been averaged by WTW using a time-based approach. The transaction costs for blended holdings were estimated by WTW based on the transaction costs for the underlying funds.
14. Members are assumed to retire at age 60 in line with the Scheme's normal retirement age.
15. Example members
 - Youngest (active): age 19, total annual contribution: £3,500, starting fund value: £3,250
 - Average (active): age 40, total annual contribution: £10,500, starting fund value: £35,000
 - Approaching retirement (active): age 55, initial total contribution: £12,000, starting fund value: £60,000
 - Youngest (preserved): age 21, no ongoing contributions, starting fund value: £4,000
 - Average (preserved): age 47, no ongoing contributions, starting fund value: £32,500
 - Approaching retirement (preserved): age 55, no ongoing contributions, starting fund value: £60,000
16. The contributions (where applicable) and fund values used above are based on the average for each example member i.e. the for the 'Average (active)' member, the fund value and contribution amount is based on the average for all active members of the Scheme.
17. A zero cost has been used where there are negative transaction costs (i.e., an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one Scheme year may not accurately represent the actual transaction costs a member may expect to see in any future Scheme year.

Appendix 3 – Statement of Investment Principles

Statement of Investment Principles – Janus Henderson Group UK Pension Scheme (July 2024)

11th Edition

Introduction

- 1 This document is the Statement of Investment Principles ('SIP') prepared by the Trustee of the Janus Henderson Group UK Pension Scheme (the 'Scheme') in accordance with the requirements of Section 35 of the Pensions Act 1995 as amended and The Occupational Pension Schemes (Investment) Regulations 2005. The Scheme is a Registered Pension Scheme for the purposes of the Finance Act 2004.
- 2 The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy. Before finalising this SIP, the Trustee considered written advice from the Scheme's Investment Consultant (Towers Watson Limited) and consulted with the Sponsoring Employer. The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.
- 3 This document has been drafted in the light of the Pensions Regulator's General Code of Practice and the DWP's minimum governance standards applicable to the Money Purchase Section, and specifically the recommendations relating to the content of Statements of Investment Principles generally.

Investment managers

- 4 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Scheme competently.
- 5 The Trustee is not involved in the investment managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. Some individual Trustee Directors are employed by Janus Henderson Investors and as part of this separate role may have influence over the funds which are used by the Scheme. The Trustee Board has a duty to act in the best interests of members and any conflict of interest is declared and managed to ensure the Trustee Board can effectively meet this duty. The Trustee will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Scheme's long-term objectives, and an acceptable level of risk.
- 6 The Trustee recognises an investment's financial success is influenced by a wide range of factors including environmental social and governance (ESG) issues (including climate change) and stewardship. The Trustee's policy is that the extent to which social, environmental or ethical considerations are taken into account in these decisions are left to the discretion of its investment managers. However, the Trustee expects that the extent to which social,

environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment managers in the exercise of their delegated duties.

- 7 The Trustee recognises that active ownership (including the exercise of voting rights and engagement) can protect and enhance the value of investments. The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights), with respect to relevant matters, attaching to investments to the investment managers and to encourage the managers to exercise those rights.
- 8 The Trustees recognise the UK Stewardship Code as best practice and encourages its investment managers to comply with the code or explain where they do not adhere to this policy.
- 9 At present, the Trustee does not explicitly take account of non-financial matters in scheme design or strategy but may consider reflecting specific non-financial considerations in future.
- 10 The Trustee uses different investment managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, the investment options are consistent with the policies set out in this SIP, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. These considerations also apply in the appointment process of new investment managers and arrangements.
- 11 To maintain alignment, investment managers are provided with the most recent version of this SIP on a periodic basis to ensure managers are aware of the Trustee's expectations regarding how the Scheme's assets are being managed.
- 12 Should the Trustee's monitoring process indicate that an investment manager's fund is not aligned with the Trustee's policies, the Trustee will engage with the investment manager to understand the reasons for this and discuss possibilities for closer alignment. This monitoring process includes, but is not limited to, consideration of the sustainable investment/ESG characteristics and policies of the fund. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the Trustee may consider alternative options available, including the potential replacement of the investment manager.
- 13 For most of the Scheme's investment funds, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not proportionate, due to the nature of the strategy and/or the investment time horizon underlying decision making.
- 14 The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing an investment manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate an investment manager's appointment based purely on short term performance. However, an investment manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- 15 When considering its policy in relation to stewardship including engagement and voting, the Trustee expects investment managers to address broad ESG considerations taking into account the nature of the assets held under the relevant investment mandate.

- Given the nature of assets held within the DB section, the Trustee has limited scope for engagement.
 - Following engagement with DC members there has been no consensus of the relative importance of various ESG factors. In the absence of member views, the Trustee has agreed not to prioritise any particular area but to discuss ESG topics with the Scheme's investment managers to ensure they are comfortable with the managers' approaches in line with the Trustee's fiduciary duties and the financial security of its members.
- 16 Investment managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.
- 17 The Trustee reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover, through regular engagement with investment managers on this subject and the receipt of cost and charges reporting. There is no broad targeted portfolio turnover which the Trustee adheres to. The Trustee, with the help of the Investment Consultant, will monitor that the level of portfolio turnover remains appropriate in the context of the investment managers' strategy and the Scheme's investment strategy.

A. Final Salary Section

Scheme objectives

- 18 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries ("Members").
- 19 The investment objectives of the Final Salary Section are to achieve an overall rate of return designed to ensure:
- sufficient resources are available to meet all liabilities as they fall due
 - volatility in the Scheme's funding level is reduced as far as possible.

In seeking to achieve this objective, the Trustee is mindful of the need to:

- take account of current market conditions when positioning the portfolio at any time
 - limit the risk of the assets failing to meet the liabilities over the long term.
- 20 The Trustee will review this objective regularly and amend as appropriate.

Investment strategy

- 21 The Trustee has received advice to determine an appropriate investment strategy for the Scheme. The Trustee of the Scheme takes investment decisions as a complete body and has rejected the concept of a formal investment sub-committee, although sub-committees may be formed from time to time to examine specific issues.

- 22 The investment strategy makes use of a range of instruments that provide a better match to changes in liability values, which include gilts, derivatives, and annuities. The Scheme has fully de-risked from return-seeking assets and holds liability matching assets only.
- 23 The Trustees may introduce an allocation to other asset classes should they deem it appropriate to support the goal of meeting liabilities when they fall due.
- 24 The Scheme will hold assets in cash and other money market instruments from time to time as may be deemed appropriate.
- 25 The Trustee will monitor the liability profile of the Scheme and will regularly review, in conjunction with the Investment Consultant and the Scheme Actuary, the appropriateness of its investment strategy.
- 26 The expected return of an investment will be monitored regularly and will be directly related to the Scheme's investment objective.
- 27 The Trustee's policy is that there will be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in foreseeable circumstances so that the realisation of assets will not disrupt the Scheme's overall investments, where possible. The Trustee, together with the Scheme's administrators, will hold sufficient cash to meet benefit and other payment obligations.
- 28 The Scheme's assets consist predominantly of investments admitted to trading on regulated markets and investments not traded on such markets are kept to a prudent level.
- 29 The Scheme does not borrow money or act as a guarantor for the purpose of providing liquidity (unless it is temporary).

Other matters

- 30 The Scheme's additional voluntary contribution (AVC) arrangement provides for benefits to be accrued on a money purchase basis, with the value of members' funds being determined by the value of accumulated contributions adjusted for investment returns net of charges. In selecting appropriate investments, the Trustee is aware of the need to provide a range of investment options, which broadly satisfy the risk profiles of all members, given that members' benefits will be directly determined by the value of the underlying investments. The investment options available to AVC members are the same as those set out under the Money Purchase Section of the Scheme. In addition, a small number of AVC members hold investments with Utmost and Scottish Widows. These legacy providers are no longer open for members to contribute to or switch into. Towers Watson Limited provides assistance to the Trustee with regards to the monitoring of these legacy AVC policies.
- 31 The Trustee recognises a number of risks involved in the investment of the Scheme's assets:
- Deficit risk:
- is measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies.
 - is managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy.

Manager risk:

- is measured by the expected deviation of the return relative to the benchmark set and managed through regular monitoring the actual deviation of returns relative to the benchmark and factors supporting the managers' investment process.

Liquidity risk:

- is measured by the level of cashflow required by the Scheme over a specified period.
- is managed by the Scheme's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity.

Currency risk:

- the Scheme's final salary section has no exposure to non-UK assets.

Interest rate and inflation risk:

- is measured by comparing the likely movement in the Scheme's liabilities and assets due to movements in inflation and interest rates.
- is managed by holding a portfolio of matching assets (physical bonds and/or derivatives) that enable the Scheme's assets to better-match movements in the value of the liabilities due to inflation and interest rates.

Political risk:

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- is managed by regular reviews of the actual investments and through the level of diversification.

Sponsor risk:

- is measured by conducting periodic independent covenant assessments and receiving regular financial updates from the Employer

Derivatives risk

- Counterparty and operational risk – this risk is mitigated through collateral management, diversifying exposure across counterparties, and the use of robust ISDA, GMRA or other relevant derivatives documentation. This is managed by the Scheme's liability hedging manager.
- Liability risk – pension liabilities can only be estimated and there is a risk of divergence between the performance of the derivatives and the actual value of the liabilities (for example, due to changes in assumptions or demographics). This risk is mitigated by updating the liability hedging benchmark at appropriate regular intervals.

Buy-in insurer risk

- This is the risk that the buy-in insurer fail to pay the benefits secured under the buy-in contract. This is addressed by having selected a regulated insurer, reliance on the insurance regulatory regime and with appropriate termination rights which have been agreed with the insurers and written into the contracts.

B. Money Purchase Section

Scheme objectives

- 32 The objective of the Money Purchase Section is to provide investment options to allow members to choose those investments which approximate to their anticipated risk preferences at different times in their lives in order to maximise their income in retirement. A secondary objective is to allow members the freedom to vary the levels of risk they are prepared to accept. In seeking to achieve these objectives the Trustee is mindful of the administrative burden of offering multiple options and has therefore limited the number of investment options.

Overall investment strategy

- 33 The Trustee's policy is to seek to achieve its investment objectives through offering a suitable mixture of asset classes and funds. After due consideration, the Trustee has chosen pooled funds as the appropriate vehicle for the investment of the Scheme's members' assets, and for the following reasons:
- To achieve greater diversification and access to markets compared to investing directly into these markets;
 - Transparency to members of the values of their savings;
 - Simplification of administration.
- 34 Predominantly passively managed funds have been chosen for the Money Purchase Section, as the associated reduction in manager risk is felt to be appropriate to members' risk objectives. This is reviewed for appropriateness by the Trustee periodically.
- 35 The Scheme also offers a range of lifestyle strategies. The aim of the lifestyle strategies is to provide members with the potential for long-term growth for the majority of their working life before gradually reducing investment risk as members approach their target retirement age.
- 36 The Trustee may decide to allocate a proportion of the default strategy to illiquid assets should they deem this to be in the best interests of the Scheme's members. The default strategy does not currently include an allocation to illiquid assets.

Default investment strategy

- 37 The objective of the default investment strategy is to optimise the potential for growth and secure the expected or planned income for retiring members, whilst managing the different risks that apply at the various stages of a members' working life.
- 38 The Scheme's default investment option for members who don't make an active investment choice is the Flexible Lifestyle option. The Flexible Lifestyle initially invests 50% in an equity fund and 50% in a diversified growth fund before gradually moving investments to funds that are expected to have lower volatility as members approach retirement. The Scheme provides alternative lifestyles for those members wishing to target a specific retirement outcome.

- 39 When designing and reviewing the investment strategy for the default investment option, the Trustee will have regard to the sustainable investment principles outlined earlier in this Statement.

Expected risk and return

- 40 The investment options include the following assets and have the following risk and expected return characteristics:
- **Equities** – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be highly volatile in the short term.
 - **Diversified assets** – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.
 - **Property shares** – aims to provide good growth via diversified exposure to global developed property shares and global listed infrastructure markets. Capital values may be volatile in the short term.
 - **Bonds** – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term. The value of some bonds is expected to move broadly in line with the price of annuities, providing some protection to the ‘purchasing power’ of a member’s account near to retirement when used to provide a pension income (annuity).
 - **Cash** – low risk to capital and asset values are easily realisable with limited investment returns associated with the low risk nature of the assets.

Other matters

- 41 The Trustee recognises a number of risks involved in the investment of the Scheme’s assets:
- Defined contribution schemes place the investment risk with the individual scheme member. The Trustee has put in place a choice of lifestyle investment options, in the belief that this offers the most appropriate balance between risk and reward throughout an individual’s membership of the Scheme. For those nearer to retirement, they offer protection against volatility in retirement outcomes in exchange for potentially lower asset growth.
 - Within a particular lifestyle investment option, a transition between asset types has been determined to strike an appropriate asset balance depending on the age of the member.
 - In addition to the lifestyle options, members are free to make their own choice of funds (known as a “self-select” option) from a range selected by the Trustee, so as to provide a different spread of investment opportunities more specific to individual needs.

Manager risk:

- is measured by the expected deviation of the return relative to the benchmark set and by monitoring the actual deviation of returns relative to the benchmark and factors supporting the managers’ investment process.

- is managed through ongoing monitoring of the actual deviation of returns relative to the benchmark and factors supporting the managers' investment process.

Currency risk:

- is measured by the level of exposure to non-Sterling denominated assets.
- is managed through providing members with a range of options that invest in Sterling and non-sterling assets.

Inflation risk:

- is the risk that the real value of contributions will erode over time and help lead to an inadequate amount of benefit at retirement. This could be failing to achieve an adequate amount of return in excess of price inflation commensurate with the term of investment.
- is managed by the provision of equity or diversified assets for the purpose of managing this risk.

Political risk:

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
- is managed by regular reviews of the Scheme's investments and through the level of diversification provided through the investment options available

Retirement mismatch risk

- the risk that members' investment allocation in the years prior to retirement and/or once benefits are being accessed does not match their retirement objectives, exposing members to inefficient or uncertain outcomes.
- this is managed through the lifestyle options provided and the range of individual funds that allow members to design their own portfolios at retirement to match against their own risks

Pension conversion risk:

- is the risk that the value of a member's account when approaching retirement does not reflect the change in the cost of purchasing an annuity at retirement
- is managed by the provision of fixed interest gilt and corporate bond funds as strategies that target annuity purchase at retirement. An annuity targeting lifestyle is also offered that looks to match a member's investments at selected retirement age to changes in annuity pricing.

Capital risk

- is the risk that the member will lose part or all of their investment.
- is managed by ensuring the investment options are appropriately diversified and members are able to construct a balanced and diverse portfolio using a number of different asset classes

- 42 The Trustee seeks to offer only investment options that can be readily realised which allows members to access funds quickly and easily. The investments are daily dealt, and this aims to provide benefits on retirement or transfer to another pension arrangement without delay.
- 43 Members are free to choose how they wish to realise their benefits at retirement. The Scheme rules provide for members to secure their pension at retirement by the purchase of an annuity. Members can also choose to take their pension as a full lump sum. Should members wish to secure retirement income in a different form, they can transfer their benefits to another pension arrangement.

Signed: M Clare

Name: Mike Clare

Date: 30/07/2024

Authorised for and on behalf of the Trustee of the Scheme

Appendix A

Investment Strategy – Final Salary Section

Matching Portfolio

The Scheme invests in a segregated liability driven investment (LDI) portfolio which aims to move in line with the Scheme's liabilities due to changes in interest rates and inflation.

The Scheme also holds a bulk annuity in the form of a buy-in asset, the cashflows from which will match a section of the Scheme's liabilities.

Appendix B

Investment Strategy – Money Purchase Section

The Scheme offers members three lifestyle options, and also a range of funds available through the freestyle options. The default investment option for the Scheme is the Flexible Lifestyle option.

Lifestyle investment option

The three Lifestyle options all invest in exactly the same way until members are 10 years from their target retirement age. In the 10 years leading up to target retirement age, each option then follows a different de-risking strategy, depending on how the member expects to use their savings to provide their retirement income. The options are:

Flexible Lifestyle	For members who have not yet decided how they expect to use their pension account on retirement or might choose a combination of annuity and drawdown
Annuity Lifestyle	For members who expect to buy an annuity when they retire
Drawdown Lifestyle	For members who expect to keep their money invested after retirement and draw income from it as and when they need it.

Other attributes of the lifestyle options include:

- The default target retirement age will be 60 which is the point the lifestyle will de-risk towards unless they choose a different age.
- When more than 20 years away from target retirement age the aim is to provide long-term growth by investing 50% in equities and 50% in a diversified growth fund
- From 20 years before target retirement age, investments gradually switch from equities to the diversified growth fund such that at 10 years from target retirement age the member is 100% invested in the diversified growth fund
- During the 10 years leading up to target retirement age, the members account will gradually move into investments that are expected to have lower investment risk and better reflect how they intend to use their savings, to help protect the value of their account as they get closer to retirement
- Lifestyle switching will be undertaken quarterly.

Freestyle investment option

Fund Name	Invests in	Benchmark Index / Target
Janus Henderson Diversified Growth Fund	A wide range of different asset classes, including equities, property, commodities, bonds, hedge funds and cash	SONIA +4%
Janus Henderson Global Sustainable Equity Fund	Global companies whose products and services are considered by the Investment Manager as contributing to positive environmental or social change and have an impact on the development of a sustainable global economy	MSCI World Index
Janus Henderson Institutional Global 50/50 Index Opportunities Fund	50% UK & 50% overseas shares	Composite of 50% UK and 50% overseas indices
Legal & General AAA-AA-A Corporate Bond - All Stocks - Index Fund	Corporate fixed interest securities denominated in sterling	Markit iBoxx Sterling Non-Gilts (ex-BBB) Index
Legal & General All World Equity Index Fund	Shares in line with global market capitalisation	FTSE All World Index
Legal & General Global Equity (70:30) Index Fund	70% UK & 30% overseas shares	Composite of 70% UK and 30% overseas indices
Legal & General Global Real Estate Equity Index Fund	Listed real estate companies and real estate investment trusts (REITs)	FTSE EPRA/NAREIT Developed Real Estate Index
Legal & General Sterling Liquidity Fund	A diversified portfolio of high credit quality short term fixed income and variable rate securities	SONIA
Legal & General World Emerging Markets Equity Index Fund	Shares in a range of developing economies and markets	FTSE Emerging Markets